



February 5, 2024

City of Fort Collins
Attention: Kim Meyer, AICP, Principal Planner
Via Email: kimeyer@fcgov.com

LETTER OF INTEREST

Strauss Lakes Metropolitan Districts

Dear Ms. Meyer:

Our firm represents Cottonwood Land and Farms, LLC (“**Cottonwood**”) with respect to its interest in organizing the proposed Strauss Lakes Metropolitan Districts (the “**Districts**”). As required under Section 3.B. of the City of Fort Collins’s (the “**City’s**”) Policy for Reviewing Service Plans for Metropolitan Districts (the “**Policy**”), Cottonwood submits this Letter of Interest for the City’s review.

1. Summary Narrative of Proposed Development and District

Cottonwood currently owns approximately 185 acres at the northeast corner of Horsetooth Road and Ziegler Road (the “**Property**”) in and immediately adjacent to the City, which is proposed to be included in the Districts. In the past, the Property has been used for sand and gravel mining, as well as a concrete batch plant. In conjunction with and supported by the proposed Districts, Cottonwood is proposing to redevelop and change the use of the Property in a way that will deliver significant community-wide benefits.

Cottonwood’s proposed development plans for the Property contemplate a mixed-use development with a wide variety of housing options. Specifically, the development will include a mix of high-quality single-family and multi-family residences that will be offered with a diversity of price points accommodating both market rate attainable housing, as well as affordable housing. The development will be made economically feasible through a metropolitan district financing structure.

In addition to the housing outlined above, the mixed-use development proposed would support a diverse array of business and commercial utilizations, including neighborhood support service uses. Because Cottonwood’s goal for the development is to create a community

where employment and housing options are harmoniously integrated, these business and commercial uses would be intentionally developed to complement surrounding housing options.

The proposed development also represents a prime opportunity to increase the community's access to recreational opportunities as well as utilization of the City's open space. Multimodal transportation options will be highly emphasized. Cottonwood envisions transforming the property into a walkable and bikeable community with multiple connections from housing, business, and commercial uses to surrounding open spaces, community parks, and trail systems. Cottonwood will collaborate with the City on trail and road connections to provide appropriate access to these amenities, responsibly maximizing their use and beneficial impacts on the community, including the possibility of making this area an alternative transportation hub for residents with convenient bus access to and from the park and Colorado State University.

Cottonwood is proposing a multiple metropolitan district structure to accommodate the diversity of uses within the Districts, as well as the multiple planned phases of development. As detailed herein, Cottonwood anticipates that the Districts will conform to the City's Model Service Plan.

2. Sketch Plan – Please see attached Exhibit 1 for the current sketch plan.

3. Why Districts Are Needed

The development within the Districts (the “**Project**”) involves and necessitates construction of significant public infrastructure, including, as an example, the reconstruction of the intersection at Horsetooth and Zeigler and several bridges over the Fossil Creek Reservoir Inlet Ditch (“**FCRID**”). Considering the extensive investment into public infrastructure required, the Project would not be workable using solely private financing methods.

The organization of the Districts would enable the development to provide the necessary capital infrastructure through the issuance of tax-exempt bonds for the Project. The financing structures that the Districts may access to finance construction of the public infrastructure make the Project as a whole economically feasible, including the additional public benefits that are only included in the Project because of the Districts. Access to lower cost public financing enables the provision of additional public improvements and extends the project's capability to provide valuable public benefits, as described in more detail below.

Additionally, in financing public improvements through metropolitan district financing, residents and property owners of the Districts ultimately pay their proportionate share of the public improvements over a 30-year period of time, as opposed to having those costs front-loaded through lot prices or premiums, or through special assessments imposed by a master homeowners' association. Further, those property owners within the Districts itemizing their taxes may be able to deduct their tax payments for the capital infrastructure on their individual tax returns. Further, residents and business owners within the Districts will realize benefits through the Districts, as opposed to a homeowners' association or other entity, by means of: (1) enhanced transparency and accountability above and beyond that which is required in the association context; (2) the ability to collect operational revenues through taxes (resulting in the same deduction benefits referenced above); and (3) lower, more cost-efficient operational costs.

4. Explanation of Public Benefits and Satisfaction of Exhibit B Residential Evaluation Points System

The planned development within the Project is anticipated to provide significant public benefit to the City and the community at large. The dynamic mixed-use ecosystem contemplated by Cottonwood would increase the number of employment opportunities available in the City, as well as decreasing motor vehicle traffic as compared with the City’s more traditional zoning designations because residents can work in the same community in which they live. Cottonwood has also pledged to collaborate with the City on trail and road connections to provide appropriate access to both the new recreation and open space amenities to be created on the Property, as well as existing City resources in the vicinity.

In addition to the substantial public benefits provided by the critical public infrastructure and extensive public improvements outlined above, the Project will also meet and exceed the City’s Residential Evaluation Points System (“**REPS**”) requirements, as detailed below. The development team is committed to achieving at least the minimum required points in each category. However, potential design shifts are possible as the development team and builders work with City staff through the development application process, which may require adjustments among the categories REPS points.

a. Housing – 5 Points Required - 5 Points Expected

HOUSING (Points Required: 5)	
	Points Achieved
1. Housing Supply, Diversity, and Choice	
A. 10% Home Ownership at <120% AMI	--
B. Limit Unit Size for 20% single family homes	3
C. Accessory Dwelling Units (ADU's)	--
2. Affordable Rental Housing	
A. 10% Affordable Rental Housing	2
B. 10% Affordable Rental Housing that does not utilize competitive funding sources	--
Points Achieved	5

Housing Supply, Diversity, and Choice (3 Points). Cottonwood is working with its homebuilder partners to ensure that 20% of the single-family homes within the Project will be of limited size that will not exceed 2,200 square feet,¹ and at least 5% of the attached or detached single family units will fall within two of the City’s identified breakpoint ranges (currently targeting 5% between 1,300 to 1,600 square feet and 5% between 1,600 and 2,200 square feet) (2

¹ Consistent with industry standards that are reflected on the Larimer County Tax Assessor’s website, Realtor.com, Zillow.com, and other realtor group publications, unfinished basements are not included in the density calculations for allotted square footage that have been used by the applicant in preparation of this LOI. Please see **Exhibit 2** for additional information.

points). Additionally, the housing units within the Project will meet the DOE Zero Energy Ready (ZER) standard, earning the additional point under this category (1 point).

Affordable Rental Housing (2 Points). Cottonwood is exploring the conveyance of approximately 7.5 acres of the Property to McDermott Properties LLC (“**McDermott**”). Cottonwood anticipates this portion of the Property will be developed by McDermott to include at least 10% of the total dwelling units for the Project as affordable rental units serving an income average that does not exceed 60% AMI, as prescribed under the City’s affordable housing regulations.

b. Energy Conservation and Renewables – 10 Points Required – 10 Points Expected

ENERGY CONSERVATION & RENEWABLES (Points Required: 10)		
	Points - Affordable Builder	Points - Market Builder
1. Enhanced Energy Performance		
A. DOE Zero Energy Ready (ZER) Home Performance Path Certified with balanced mechanical whole dwelling ventilation	4	4
B. OR HERS index of 47 or less without solar and single family detached and attached dwellings must achieve 2.0 or less ACH50 and provide balanced mechanical whole dwelling ventilation	--	--
C. OR Energy Rating Index (ERI) path single family detached and attached dwellings must achieve 2.0 or less ACH50 with balanced mechanical whole dwelling ventilation	--	--
D. OR Net Zero Energy Home Performance Path - HERS of 0 or less with balanced mechanical whole dwelling ventilation	--	--
2. Energy Components		
A. Heat homes with efficient electric heat	2	--
B. Build to Passive House Standard	--	--
C. Build airtight homes with balanced whole dwelling ventilation with heat or energy recovery	--	1
D. District Heating and Cooling for Neighborhood	--	--
E. Install qualifying connected thermostat	1	1
F. Install air source heat pump electric water heater	2	
G. Provide EV-Installed charging for buildings containing R-1 or R-2 occupancies	1	1
3. Renewable		

A. Install % of total energy need in solar (50/75/100%)	--	3
B. Smart storage and grid interactivity	--	--
Points Achieved	10	10

Market Homebuilder Single-Family Product.

Cottonwood is in discussions with several market homebuilders to construct homes within the Project. The homebuilder has indicated that it would be able to incorporate the following Energy Conservation and Renewables benefits into the residential units it constructs within the Project: (1) DOE Zero Energy Ready (ZER) Home Performance Path Certified with balanced mechanical whole dwelling ventilation (4 points); (2) air tight homes with balanced whole dwelling ventilation with heat or energy recovery (1 point); (3) qualifying connected thermostats (1 point); and (4) installation of 100% of total energy need in solar (3 points).

Affordable and Other Product.

McDermott and Cottonwood have indicated that they would be able to incorporate the following Energy Conservation and Renewables benefits into the residential units they construct within the Project, including the affordable housing units: (1) DOE Zero Energy Ready (ZER) Home Performance Path Certified with balanced mechanical whole dwelling ventilation (4 points); (2) heat homes with efficient electric heat (2 points); (3) qualifying connected thermostats (1 point); and (4) air source heat pump electric water heater (2 points).

Project-Wide Benefits.

Additionally, Cottonwood and its building partners will provide EV-Installed charging for 7% of the total parking spaces for buildings containing R-1 or R-2 occupancies, earning an additional point under this category for the project as a whole.

c. Indoor Water Conservation – 3 Points Required – 3 Points Expected

4. Indoor Water * (Points Required: 3)	
	Points Achieved
A. WaterSense fixtures performing above code	--
B. Install leak detection and notification system	1
C. Sub-metering	1.5
D. Efficient plumbing design	0.5
E. Indoor Water Use Innovation	--
Points Achieved	3.0

Within the Project, Cottonwood and its building partners intend to satisfy the Indoor Water REPS requirements with the following: (1) leak detection and notification systems (1 point), (2) sub-metering for multifamily units throughout the development (1.5 points), and (3) efficient

plumbing design through achievement of Section 3.3 of WaterSense New Home Specifications (1 point).

d. *Outdoor Water Conservation – 7 Points Required – 7 Points Expected*

5. Outdoor Water (Points Required: 7)	
	Points Achieved
A. Efficient Residential irrigation systems	2
B. Water efficient landscaping for residential front yards	2
C. Separate drip system for trees within parkways and medians	2
D. Common area water use performing above code	--
E. Stormwater Innovation	1
F. Rain barrels	
G. Outdoor Water Use Innovation	
Points Achieved	7

To meet the Outdoor Water REPS requirements, Cottonwood and its building partners plan to include (1) efficient residential irrigation systems, including WaterSense certified pressure reducing heads and weather-based irrigation controllers throughout the Project (2 points), (2) water efficient landscaping for residential front yards, with an average of 10 gallons or less of water usage per square foot, including high efficiency nozzles, flow sensors and master valves (2 points), (3) separate drip system for trees in all landscape areas (2 points), and (4) stormwater innovation, including Low Impact Development, as defined and illustrated in the City’s LID Implementation Manual (1 point).

Cottonwood acknowledges the City’s requirement that the Project treat 75% of the stormwater it generates through filtration devices. Though the Project is still in preliminary design, Cottonwood and its building partners plan to provide a high level of Low Impact Development (LID) integration that exceeds the City’s requirement through the strategic utilization of the scale, layout, and drainage patterns of the Property. Vegetated buffers and bioswale features along the site perimeters will direct storm flows through LID features. Storm sewers will be limited to conveying flows from roadways and building sites to the primary surface conveyance features, such as bioswales. The mixed-use, apartment, and paired home project sites will treat runoff via rain gardens, sand filters, permeable pavers, or similar LID methods on individual sites prior to discharge. A mixture of permeable pavers and rain gardens on Townhome sites will coordinate with planned vegetated buffers, bioswale, and rain garden features on the adjacent out lot and park spaces to drain stormwater. Single family home lots will drain through vegetated buffers prior to entering drainage swales or similar features. The overall approach plans to integrate the LID features from the point sources through the project downstream to the detention facility and discharge from the Property. Cottonwood will work closely to investigate and utilize the current best management practices and LID techniques.

e. *Neighborhood Livability – 5 Points Required – 5 Points Expected*

NEIGHBORHOOD LIVABILITY (Points Required: 5)	
1. Transportation	
	Points Achieved
A. Off-site Trail Connection	1
B. Exemplary Bicycle and Pedestrian Improvements	--
C. Level 3 EV Charging Stations	1
D. Trail Connection provided to a School	1
E. Transportation Innovation	--
2. Neighborhood Amenities	
A. Access to Essential Neighborhood Services	--
B. Vertical Mixed-Use Buildings	--
C. Community Gathering Spaces	1
D. Community Workspace	--
E. Common Areas Food Production	--
F. Innovative Neighborhood Amenities	--
3. Natural Environment	
A. Access to Parks & Open Spaces	1
B. Enhanced Habitat	--
C. Expansion of Adjacent Natural Habitat	--
D. Innovation in Natural Environment Protection	--
4. Health, Culture & Education	
A. Universal Design	--
B. 0.5% for Arts & Culture	--
C. Sustained Educational Programing	--
D. Excellence in Community Engagement	--
E. Health, Culture or Education Innovation	--
Points Achieved	5

Cottonwood’s plans for the Project are anticipated to exceed the City’s REPS requirements in the category of Neighborhood Livability. The Project is anticipated to include (1) numerous off-site trail connections to the Poudre Trail and existing city trails, including trails along William Neal and the two irrigation canals that run through the Project, as well as bike lanes on Ziegler Road (1 point); (2) level 3 EV Charging Stations in the mixed-use area (1 point); (3) connection to on-street and off-street trails to Fort Collins High School (1 point); (4) access to essential neighborhood services in the mixed-use area (1 point); (5) vertical mixed-use buildings anticipated in mixed use area (2 points); (6) community gathering spaces in the neighborhood parks as discussed in more detail below (1 point); (7) and access to parks and open space through East Community Park (1 point).

The open space plan for the Project is one that the development team is very proud of. It has been designed to ensure that every residential unit within the community is located within 1320 feet (a five-minute walk) or less from at least one of the Project's four parks. This design feature is illustrated in **Exhibit 3** to this submittal. The four parks within the Project will be the Silver Poplar Park, Flatiron Pond Park, Morrison Park, and Pollinator Park, and the Project will include numerous pedestrian and vehicular connections to the City's East Community Park. Silver Poplar Park, will be centrally located, and silver poplars will be propagated and incorporated prominently into the landscape design. Flatiron Pond Park, a site that would qualify for fill and development, would instead serve as an active recreation site for fishing, canoeing and paddle boarding, and would include walking trails for residents and the general public. Morrison Park will be designated for more passive recreation, while Pollinator Park will include plants and gardens that are intended to support pollinator species within the community. Other qualitative aspects of the Open Space Plan include a plaza/outdoor gathering space in mixed-use area, a number of tree-lined trails, and intentional placement of landscape along streets with ornamental grasses, low water, and low maintenance native plants as opposed to traditional turf in tree lawns.

5. Additional Public Benefits

In addition to the other public benefits mentioned above, all of which are synchronized with Exhibit B of the City's service plan policy, the Cottonwood has also, and through the development of the Project, will deliver additional considerable Public Benefits that align with the examples contemplated in Exhibit A of the City's service plan policy. These examples include the following:

Historical – Open Space, Parks, and Water

- Donation of the Strauss Cabin and surrounding property for preservation.
- Donation of 200+ acres of Open Space, now the Riverbend Ponds Natural Area.
- Donation of approximately 200 acres of Open Space, now the Running Deer Natural Area.
- Donation of 15 acres to the City. Now the Hageman Earth Cycle Operation.
- Bargain Sale and Donation of topsoil and fill material for the East Community Park. Estimated total gift value of approximately \$2,600,000.00.
- Coordination with the City on the removal of 700,000 yards of fill from the Rigden Reservoir to maximize storage capacity. Estimated total cost savings to the City of \$1,800,000.00.
- Donation of access easements to the POE Natural Area and East Community Park.
- The Foothills drainage channel and Drake drainage channel conveyances to City.

Future – Environmental Sustainability

- District Wide DOE Zero Energy Ready (ZER) Home Performance Path Certified compliance.
- Wider than required sidewalks and enhanced pedestrian crossings will be constructed throughout the project including over the FCRID and Box Elder Ditches.
- Up to 9 new bridges will be constructed over the Foothills Drainage Channel, FCRID and Box Elder Ditches, as well as removing and replacing the Horsetooth Road Bridge.

- Multiple electric vehicle charging stations will be located in the development.
- Limit individual yards. Replacing them with individual xeriscape courtyards, low water pocket parks and greenspaces (see additional detail below).

Future – Critical Public Infrastructure

- East Community Park access points through vehicle, bike and pedestrian connections.
- Contribute to the improvement of the Horsetooth and Zeigler intersection.
- Contribute to the improvement of Horsetooth Road east to the Box Elder Ditch so it meets Larimer County Street standards. Including the Horsetooth FCRID bridge.
- Contribute to the improvement of Zeigler Road including signalization at the William Neal Parkway intersection, and sidewalk improvements on the east side of Zeigler Rd.
- Construction of the Foothills Drainage Channel Auto/Bike/Pedestrian Bridge.
- Construction of a Bike/Pedestrian Bridge from the corner parcel to the east.
- Construction of a Bike/Pedestrian Bridge over FCRID along William Neil Parkway.
- Construction a multiple Bike/Pedestrian trails throughout the development to connect subdivisions to the west of Zeigler Road to the East Community Park.
- Contribute to the improvement of trails to connect to the Poudre River Trail.

Future – High Quality and Smart Growth Management

- Alley loaded construction.
- Smaller lot size, including use by easement of neighbors’ lots.
- Live/Work units.
- Increased Multifamily Development and Attached Single Family homes.
- Wider than required sidewalks.
- Enhanced pedestrian crossings, trails, and bridges.
- Trail system enhancements.
- Improved bus stop on William Neal.
- Four parks along with multiple greenspaces throughout the development.
 - Flatiron Pond Park (approximately 22 acres)
 - Pollinator Park (approximately 1.5 acres)
 - Silver Poplar Park (approximately 1.6 acres)
 - Morrison Park (approximately 2.0 acres)

Future – Strategic Priorities

- Affordable Housing for AMI’s ranging from 30-60% at least 10% of the total developed units.
- Consolidate wetlands.
- Facilitate job growth and sales tax.

6. Service Plan Specifics

Cottonwood anticipates that the Districts’ powers, purpose, and maximum mill levies will conform to the corresponding provisions outlined in the City’s Model Service Plan.

Likewise, the term of the Districts will conform to the parameters in the City's Model Service Plan. Cottonwood anticipates that one or more of the Districts will operate certain of the Public Improvements not dedicated to other governmental entities, so such Districts would continue to operate those Public Improvements until such operations are no longer necessary. The build-out period for the Project is estimated to be 20 years. Cottonwood hopes to work with the City for approval of the Districts' Service Plan in time to proceed with an organizational election on November 5, 2024. As mentioned above, the property within the Project is currently zoned industrial, and development approvals related to re-zoning of the property for the Project are proceeding through the City's review processes concurrently with the City's review of the proposed Districts.

The Project will require significant public infrastructure, both off-site and on-site. Based on current plans, and subject to revisions based on discussions with the City's Planning and Zoning team, on-site public infrastructure is anticipated to include water, storm and sanitary sewer, streets, landscaping, parks, recreation, and trail improvements. Off-site improvements are expected to include reconstruction of the Horsetooth and Zeigler intersection; demolition and replacement of the Horsetooth Road; sidewalk and road improvements to Zeigler Road and Horsetooth Road; construction of two additional bike and pedestrian bridges over FCRID; and construction of bike and pedestrian trails connecting to the Poudre River Trail and to Rigden Farm. Based on current plans, and subject to revisions based on discussions with the City's Planning and Zoning team, Cottonwood currently estimates the cost of the public improvements related to and required for the Project will be approximately \$92,482,466.95.

We appreciate the City's time in reviewing this Letter of Interest and look forward to answering any questions that you may have. Cottonwood will deliver to the City the Letter of Interest Submittal Fee in the amount of \$2,500 in conjunction with this submittal. Under the City's Policy, Staff is anticipated to provide a written response to the Letter of Interest within 30 days of receipt of the Letter of Interest and related Fee. Please let us know as soon as possible if the City anticipates that additional time may be needed. Should you have any questions or need any additional information, please do not hesitate to contact us.

Sincerely,



Robert G. Rogers, Esq.
WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Enclosures

Exhibit 1
Strauss Lakes Sketch Plan



STRAUSS LAKES SKETCH PLAN

01.25.24

LEGEND

- PROPERTY BOUNDARY
- CONCEPTUAL DEVELOPMENT BUBBLES
- 50' DITCH BUFFER (TOP OF BANK)
- 100' FLATIRON POND OFFSET
- POTENTIAL FUTURE CONNECTION
- CONCEPTUAL PARK LOCATIONS

RESIDENTIAL DENSITY CALCULATIONS	
GROSS ACREAGE (EXCLUDING EAST COMMUNITY PARK)	182.91 AC
NET ACREAGE	130.19 AC
NATURAL HABITATS AND FEATURES	45.34 AC
PARKS AND OPEN SPACE	5.33 AC
DEDICATED PEDESTIRAN / BICYCLE PATH CONNECTIONS	2.05 AC
TOTAL UNITS	1,323 UNITS
GROSS RESIDENTIAL DENSITY	7.23 DU/AC
NET RESIDENTIAL DENSITY	10.16 DU/AC

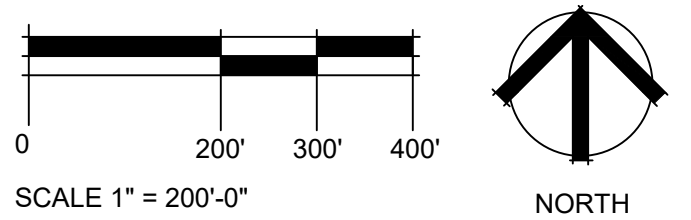


Exhibit 2
Square Footage Information

Basement Discussion

1. How is actual square footage determined?

The Assessor's Office uses exterior measurements of homes and buildings. This may cause the Assessor's estimate of square footage to differ from that estimated by the builder or realtor since they frequently use interior measurements. The valuation procedures used by the Assessor are adjusted to account for the use of exterior measurements, which helps to assure correct values.

Source: larimer.gov/assessor/faq

2. Generally, appraisers and listing agents don't count a basement toward the overall square footage of a home. Most appraisers will never count a basement if it's below grade, meaning it is beneath ground level.

Source: FastExpert.com

3. As a general rule of thumb, listing agents and appraisers don't count a finished basement toward the overall square footage, especially if the basement is completely below grade—a term that means below ground level.

Source: Realtor.com

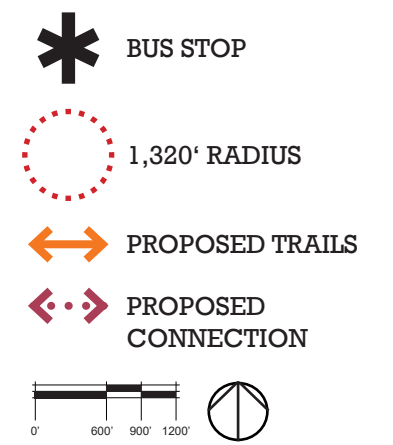
4. What is not included in a home's square footage?

All unfinished areas in the home are not included in the home's square footage. These typically include the following:

- Garage
- Attic
- Rooms with a sloping ceiling
- Unfinished basement
- Separate storage area
- Pool House
- Guesthouse
- Detached in-law quarters

Source: raleighrealityhomes.com/blog/measure-square-footage/

Exhibit 3
Strauss Lakes Open Space Plan



STRAUSS LAKES - OPEN SPACE PLAN

01.30.24