

# AGENDA ITEM SUMMARY

City Council



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## STAFF

Josh Birks, Deputy Director, Sustainability Services Area

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## SUBJECT

**Strauss Lakes Metropolitan Districts Conceptual Review Hearing.**

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## EXECUTIVE SUMMARY

The purpose of this item is to conduct a Conceptual Review Hearing pursuant to the City Policy for Reviewing Service Plans for Metropolitan Districts (Metro District Policy) to allow Council and members of the public to provide preliminary comments in response to an applicant's Letter of Interest so that the applicant may better determine whether or not to submit a formal application and what a formal application should include.

Metropolitan Districts (Metro Districts) must provide exceptional public benefits in a variety of categories to gain Council approval. Staff evaluates the Metro Districts' proposed public benefits guided by the current 2021 Council-approved Metro District Policy, which includes a score card related to housing and residential development. The City's Metro District Policy requires this Conceptual Review Hearing with Council to give the applicant the opportunity to present its proposal and to seek feedback from Councilmembers and the public about the proposed Metro Districts, which the applicant may use to determine whether to submit a formal application.

### Hearing Process Overview

The process for reviewing and considering approval of Metro Districts generally proceeds as follows:

1. Applicant submits Letter of Interest
2. Staff reviews Letter of Interest and provides an informal, non-binding response
3. Council Conceptual Review is conducted, where Council considers and discusses the public benefits proposed in the Letter of Interest
4. If Applicant decides to proceed, Applicant submits formal application for Metro District(s) along with Service Plan
5. Staff reviews application and Service Plan
6. Council Finance Committee reviews submittal and provides feedback to applicant
7. Council considers application and Service Plan at a public hearing

As stated in the Metro District Policy, if it so chooses to do so, Council may consider a motion at the conclusion of the hearing to express its opinion whether the service plan of the Strauss Lakes Metro

Districts, as proposed, should be brought forward to Council for its formal consideration. That motion may also include any recommendations Council may have concerning what should or should not be included in the applicant's formal application. However, the Policy also clearly states that any such motion adopted and any comments, suggestions, or recommendations made by any Councilmember concerning the proposal will not bind or otherwise obligate any Councilmember or other City decision maker to any course of conduct or decision in any subsequent formal application under the Policy. Sample motions are provided below.

**It should be noted that the Council is not required to adopt a motion related to the Metro Districts, and the Conceptual Review Hearing is meant solely for Councilmembers to provide feedback on the proposed Metro Districts and is not meant for the Council to comment on, or make specific recommendation regarding, any development aspects that may later come to Council for review and decision-making.**

Strauss Lakes is a proposed mixed-use development at the northeast corner of Horsetooth Road and Ziegler Road proposed by Cottonwood Land and Farms, LLC ("Cottonwood"). On February 5, 2024, Cottonwood submitted a revised Letter of Interest outlining the public benefits to be provided by the proposed Strauss Lakes Metropolitan Districts, pursuant to the City's Metro District Policy. Staff finds the applicant's proposed public benefits generally conform with the requirements of the Metro District Policy, however, all elements of the proposed public benefits will require additional analysis by staff to confirm they meet the requirements of the Metro District Policy. Staff will provide a final assessment and recommendation on the Strauss Lakes Districts upon formal submittal.

## **STAFF RECOMMENDATION**

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Staff recommends Council consider adopting a motion addressing whether Council believes the applicant's application for Council's consideration of the service plan for Strauss Lakes Metro Districts, as proposed, should proceed to Council for formal consideration.

### Sample Motions:

- I move that the City Council recommend to the applicant that it not proceed with its formal application for Council's consideration of the proposed service plan for the Strauss Lakes Metro Districts unless that application includes the following: [Describe recommended modifications or additions to the formal application].
- I move that the City Council recommend to the applicant that it proceed with its formal application for Council's consideration of its proposed service plan for the Strauss Lakes Metro Districts.

## **BACKGROUND / DISCUSSION**

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### **Policy Context**

Council adopted Resolution 2008-069 in July 2008 to establish policies and guidelines related to forming and reviewing Metro Districts (2008 Policy). Metro Districts are a special district providing at least two types of governmental services. Typically, developers form a Metro District to facilitate building, financing, and maintaining infrastructure. A Metro District service plan is the document that authorizes the establishment of a Metro District and grants to it the powers it may have to issue debt, impose taxes and fees, construct public improvements, and provide certain governmental services (Service Plan). The Service Plan for a Metro District to be organized within the City must first be approved by Council. The 2008 Policy provided that the City would not consider Service Plans that proposed Metro Districts to serve only residential development, but instead would only consider Service Plans for "predominately commercial" developments, meaning developments having an estimated assessed value for "non-residential uses" of no less than 90% of the entire development.

Since adopting the 2008 Policy, Council has adopted a series of amendments to this policy in 2018, 2019, and 2021. With Resolution 2018-079, Council permitted consideration of Metro Districts that were predominately residential. Residential Metro Districts must provide public benefits that are secured through Public Benefits Agreements. Resolution 2018-079 also contained Model Service Plans that served as templates for new Metro Districts. Resolution 2019-016 amended the Metro District Policy to refine the Council approval process and add workforce and attainable housing as public benefits.

Council most recently adopted Resolution 2021-045 approving an amended Metro District Policy on April 20, 2021. This new Policy applies to Metro Districts where more than 10% of the estimated assessed value of the project is residential. The application process includes an additional residential scorecard with minimum requirements. Applications gain points by providing public benefits in a number of categories. As part of this approval process, the new Metro District Policy requires a pre-application hearing with Council called a "Conceptual Review". This Conceptual Review hearing allows Council and members of the public the opportunity to provide direction and feedback on the Metro District's proposed public benefits prior to submitting a formal application.

Pursuant to the Metro District Policy, the City may support the formation of a metropolitan district where it will deliver extraordinary public benefits that align with the goals and objectives of the City. In determining whether the district delivers extraordinary public benefits, the City may consider:

1. Ways in which the proposed improvements exceed the City's minimum requirements and standards
2. Ways in which the existence of the district facilitates the public benefits and whether the benefits are feasible without the district
3. Ways in which the proposed extraordinary benefits work together as a system to deliver greater benefit to the community than individually
4. Any other factors the City deems relevant under the circumstances.

In addition to requiring extraordinary public benefits, those districts proposed to serve predominately residential development shall be evaluated under the Residential Metro Districts Evaluation Points System table that is part of the City's policy. The Residential Metro Districts Evaluation Points System applies to Cottonwood's proposed development. Ultimately, it is Council's sole discretion whether or not to approve proposed Metro Districts' Service Plan.

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Staff received an initial Letter of Interest from the applicant on November 27, 2023. After reviewing the Letter of Interest, the applicant team and Staff review team met to discuss Staff's initial comments. Staff compiled their comments and submitted a formal response to the applicant team on January 9, 2024. The

applicant amended their Letter of Interest based on Staff feedback and submitted a revised Letter of Interest on February 5, 2024.

It should be noted that the applicant has previously submitted a Letter of Interest, which was set for a conceptual review hearing before Council on February 15, 2022. However, the applicant withdrew its application and no hearing was held.

### **Development Overview**

Strauss Lakes is a proposed mixed-use development of approximately 185 acres located at the northeast corner of Horsetooth and Zeigler Road (the Property) in and immediately adjacent to Fort Collins city limits. The majority of the subject property is not yet annexed into the City. As the applicant states in the Letter of Interest:

*"Cottonwood is proposing to redevelop the Property into a mixed-use development with a wide variety of housing options. These options will include single family and multifamily homes offered at a variety of price points including some affordable housing. In addition to housing, the proposed development would include a diverse array of business and commercial uses. It will also increase the community's access to recreational opportunities, including multimodal transportation options. Cottonwood is proposing a multiple metropolitan district structure to accommodate the diversity of uses within the districts as well multiple planned phases of development. Cottonwood asserts that the development will be economically feasible through a metropolitan district financing structure."*

### **Letter of Interest**

The applicant's Letter of Interest contains all of the necessary sections in conformance with the Metro District Policy. They also provided the required notices to the property owners and public as required by the City's policy.

According to the applicant's Letter of Interest the Strauss Lakes Metro Districts will meet the requirements of the evaluation scorecard in the following ways:

Category	Min. Points Required	Points Expected	Proposed Public Benefits
Housing	5	5	1(B) Limit unit size – 3 points . 2(A) - 10% affordable rental housing - 2 points
Energy Conservation and Renewables	10	10	1(A) - DOE Zero Energy Ready (ZER) Home Performance Path Certified with balanced mechanical whole dwelling ventilation - 4 points (for both affordable and market) . 2(A) Heat with electric heat – 2 points (affordable only). 2(C) - Air-tight homes with balanced whole dwelling ventilation with heat or energy recovery - 1 point (market only) . 2(E) - Installing qualified connected thermostats - 1 point (both affordable and market) . 2(F) Air source heat pump electric water heater – 2 points (affordable only) . 2(G) EV-installed charging for R-1 or R-2 occupancies – 1point (both affordable and market) . 3(A) - Installing solar to meet 50-75% of overall energy need - 3 points (market only)
Indoor Water Conservation	3	3	4(b) – Install leak detection and notification system - 1 point . 4(C) - Sub-metering - 1.5 points . 4(D) Efficient plumbing design - .5 points
Outdoor Water Conservation	7	7	5(A) - Efficient residential irrigation systems - 2 points . 5(B) - Water efficient landscaping for residential front yards - 2 points . 5(C) - Separate drip systems for trees within parkways and medians - 2 points . 5(E) – Stormwater Innovation- 1 point
Neighborhood Livability	5	5	1(A) - Off-site trail connections - 1 point . 1(C) - Level 3 EV charging stations - 1 point 1(D) - Trail connection provided to a school - 1 point . 2(C) - Community gathering spaces - 1 point . 3(A) - Access to parks & open spaces - 1 point

Section 5 (Pg 8) of the Letter of Interest also addresses the overall Additional Public Benefits that Cottonwood proposes to meet the baseline of providing community benefits, not just those related to housing and residential development.

**Staff Comments**

As an important reminder, the scorecard above was provided by the applicant as a self-assessment and does not reflect substantive analysis by City Staff. Additionally, Staff has not conducted formal Development Review processes, as those processes are outside the scope of this Conceptual Review

process and will occur at such time the applicant submits actual development proposals. The applicant's proposed means of accumulating points may meet the threshold requirements of the evaluation system, however, some areas of note include:

To achieve the points for providing solar energy to the development, Strauss Lakes will have to achieve the energy generation targets for the development, not just certain phases of the development.

- Staff will require more detail on the proposed air source heat pump water heaters to determine if Strauss Lakes will score points.
- As the project moves forward, Staff will want to understand the size, amenities and qualitative aspects of each park and open space to ensure each qualifies as a park or open space. Additionally, Staff will evaluate access through an equity lens to ensure all residents have equal access to parks and open space through an interconnected system of sidewalks, trails, pedestrian bridges, and bike lanes.

### **CITY FINANCIAL IMPACTS**

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None.

### **BOARD / COMMISSION / COMMITTEE RECOMMENDATION**

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None.

### **PUBLIC OUTREACH**

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Required notice was published, and a letter sent to the property owner.

### **ATTACHMENTS**

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1. Letter of Interest Resubmittal
2. Letter of Interest Response
3. Affidavit of Publication of Council Conceptual Review
4. Letter to Property Owner
5. Metropolitan District Policy with Exhibits A and B
6. Applicant Presentation
7. Staff Presentation