

**Metro Verde Special Assessment District (SAD)
Proposal**



City of Las Cruces[®]

PEOPLE HELPING PEOPLE

TO: Robert Garza, P.E., City Manager

FROM: Loretta M. Reyes, P.E., Public Works Director 

DATE: June 2, 2014 **FILE:** PW-14-258

SUBJECT: June 9, 2014 Work Session
Metro Verde Special Assessment District (SAD) Proposal

The City of Las Cruces has been approached by Sierra Norte Land Holdings, LLC with a proposal to establish a voluntary assessment district (VAD), through a development agreement, to build major roadway, sanitary sewer, and drainage infrastructure for the Metro Verde area. A copy of the proposal letter from Sierra Norte Land Holdings, LLC is attached for your review.

Staff is seeking Las Cruces City Council's direction on whether to proceed with the VAD and the associated funding necessary to pay for the infrastructure.

The presentation will be given in two parts: My presentation will describe the VAD process, summarize the Sierra Norte Land Holdings, LLC proposal, and provide the next steps regarding the development agreement. The Finance Department will then explain how the VAD will be financed and the process to obtain the funding.

Staff will be available to answer questions related to the presentation. The Developer will attend the presentation and will also be available to answer questions, especially those questions specific to the Metro Verde development.

I am available, at your convenience, to discuss this issue. If you have any questions or require additional information, please do not hesitate to contact me at x3136 or by email at lreyes@las-cruces.org.

Attachment

cc: Brian Denmark, Assistant City Manager/COO 



SIERRA NORTE LAND HOLDINGS, LLC
3590 W. Picacho Avenue
Las Cruces, NM 88007
575-496-7115
info@brightviewland.com

May 30, 2014

Mr. Robert Garza
City Manager
City of Las Cruces
700 N. Main Street
Las Cruces, NM 88001-3512

Dear Mr. Garza,

Our development group wants to thank you and your staff for meeting with us to discuss issues related to major infrastructure in Metro Verde.

We believe that the completion of selected major infrastructure in Metro Verde will provide several important public benefits to the City and that the best way to facilitate the building of this infrastructure is through a development agreement between the City and the developer that would include establishment of a voluntary assessment district that would fund the costs of construction. Here are some of the public benefits:

1. Implementation of "complete streets" policy (CLC Strategic Plan), with construction to include driving lanes, bike lanes, activity trails, sidewalks, street lights, and landscaping.
2. Increased safety for school routes (roads to nearby schools currently lack sidewalks, bike lanes, and street lights).
3. Construction of a regional drainage system (thereby not only reducing problems caused by upstream construction outside Metro Verde but also increasing the value of State land that has borne the majority of the burden of those problems).
4. Reduction of the City's maintenance costs by building major road infrastructure in a consistent cross-section and at one time.
5. Elimination of the City's responsibility to share in the cost of the major drainage crossing at Arroyo Road.
6. Encouragement of the Smart Growth principles that have been incorporated in the Metro Verde PUD.
7. Access to the Dona Ana Mountains portion of the Organ Mountains-Desert Peaks National Monument (by means of Arroyo Road, whose westernmost point in Metro Verde adjoins the Monument).
8. Cooperating with the Las Cruces Public School District and the City in the selection of an appropriate site within Metro Verde for an elementary school in a location that will result in a neighborhood school without any off-site challenges for the School District or the City.



Since 2009 the developer has invested over \$10,000,000 in developmental infrastructure and in the completion of Red Hawk Golf Club (see Exhibit 1). Still, many important infrastructure components—mostly major roads—remain to be built. We are proposing to work with the City in negotiating a development agreement that would set forth the terms under which much of this infrastructure would be built. The City has experience with such development agreements, most notably for the construction of Northrise Drive. Exhibit 2 provides a list of the highest priority infrastructure in Metro Verde. As proposed, the total cost of the infrastructure, all of which will be dedicated to the City upon completion, will be \$14,149,537, included GRT of \$994,825.

Through a development agreement that would serve as the foundation for a voluntary assessment district made up of all of our development land (approximately 1,600 acres), we are confident that a reasonable assessment formula can be established to justify funding for the infrastructure in Exhibit 2, all of which infrastructure has been discussed in detail with City staff. The funding of the infrastructure would be repaid by the developer as the assessed property is either sold or platted for development.

Please note that the major roads that would be built would adhere to cross-sections approved by the City and would abide by the City's "complete streets" policy, thus avoiding the piecemeal approach that has caused connectivity and maintenance problems for the City in other developments. This level of infrastructure far exceeds the City's current development standards. In addition, the developer would provide all of the engineering and construction drawings needed for the projects. The value of these drawings, based on industry standards, is more than \$1,500,000; this is part of the developer's contribution and would not be funded by the development agreement.

We look forward to City staff's presentation of this matter at the City Council work session on June 9.

Very truly yours,



John Moscato

enclosures

CONSTRUCTION IN METRO VERDE

<u>Project</u>	<u>Construction</u>	<u>Permit</u>	<u>GRT</u>	<u>Total</u>
Red Hawk Golf Road	\$1,324,034	\$57,198	\$97,763	\$1,478,995
Engler Road	750,431	38,000	54,919	843,350
Metro Verde South 1A	1,681,873	47,061	126,336	1,855,270
Metro Verde South 1B	801,609	25,689	57,948	885,246
Metro Verde South 1C	744,403	19,497	50,763	814,663
Metro Verde South 1D	935,392	32,821	64,285	1,032,498
Red Hawk Maintenance Bldg.	483,213	1,656	30,442	515,311
Red Hawk Cart Bldg.	168,029	882	12,068	180,979
Red Hawk Site Project	334,682		21,414	356,096
TOTAL	\$7,223,656	\$222,804	\$515,938	\$7,962,398

Not included in these totals is the expense of more than \$5,000,000 (mostly in salaries) to complete the construction of Red Hawk and then to operate it for the two and a half years since it opened. Also not included in these totals is the GRT paid on more than \$3,000,000 in sales at Red Hawk since it opened.

Metro Verde PUD
Development Agreement Proposal 2014

PROJECT	COST	NMGRT	TOTAL	Developer Engineering (Contributed)
Sonoma Ranch Blvd: Engler Rd to Dragonfly Rd	\$6,389,573.00	\$483,211.46	\$6,872,784.46	\$766,748.76
Arroyo Rd: Red Hawk Golf Rd to Jornada Rd	\$2,993,526.00	\$226,385.40	\$3,219,911.40	\$359,223.12
Arroyo Rd: Drainage Crossing	\$428,000.00	\$32,367.50	\$460,367.50	\$51,360.00
Regional Drainage System	\$200,000.00	\$15,125.00	\$215,125.00	\$24,000.00
Sanitary Sewer Infrastructure	\$952,908.00	\$72,063.67	\$1,024,971.67	\$114,348.96
Sonoma Ranch Blvd: Sierra Ventana Ave to Engler	\$135,000.00	\$10,209.38	\$145,209.38	\$16,200.00
Red Hawk Golf Rd: Soccer Park to Arroyo Rd	\$926,000.00	\$70,028.75	\$996,028.75	\$111,120.00
Peachtree Hills Rd: Sonoma to Metro Park Village	\$531,000.00	\$40,156.88	\$571,156.88	\$63,720.00
Arroyo Rd: Red Hawk Golf Rd to West Boundary	\$598,705.00	\$45,277.07	\$643,982.07	\$71,844.60
	\$13,154,712.00	\$994,825.11	\$14,149,537.11	\$1,578,565.44