



# Colorado Metropolitan Districts

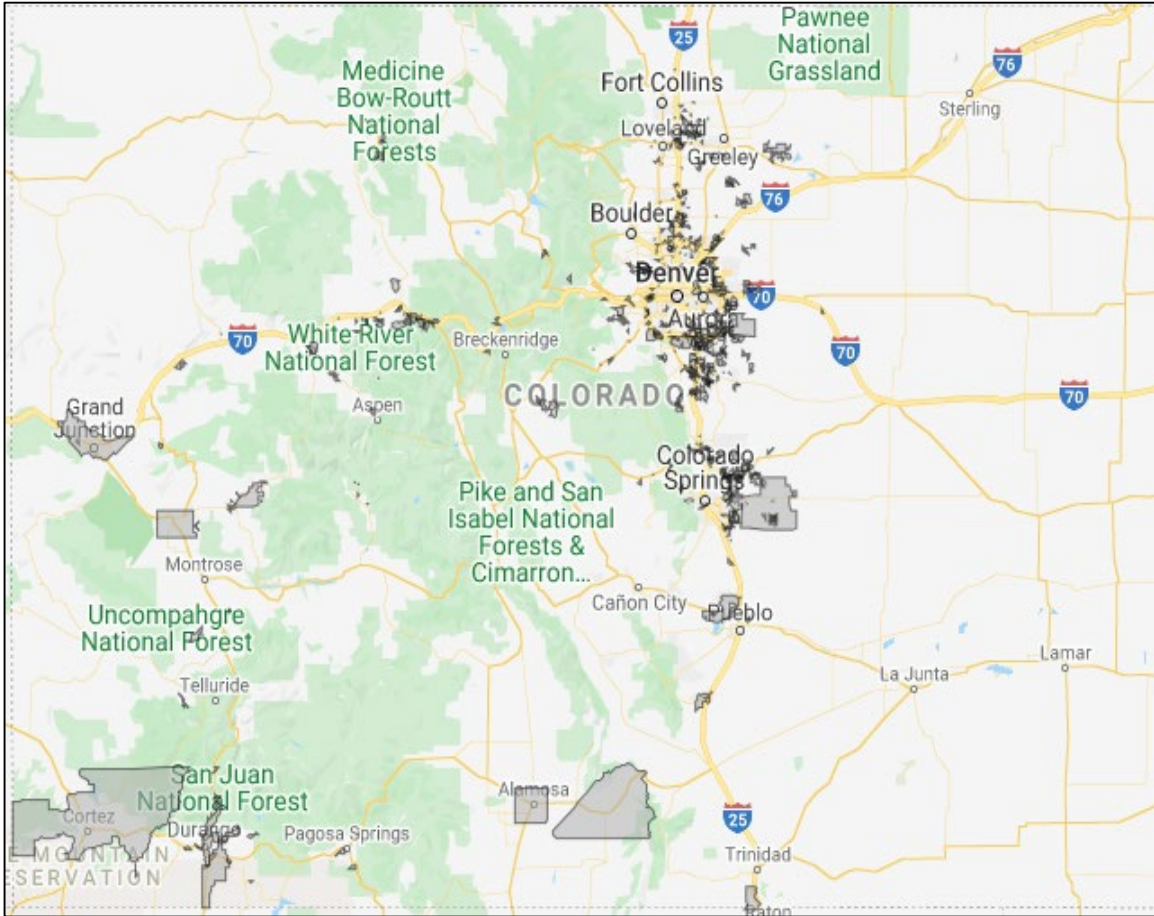
Overview & Approval Criteria

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# Colorado metropolitan districts

1,859 active metropolitan districts throughout Colorado (per DOLA)



Source: <https://data.colorado.gov/Local-Aggregation/Metro-Districts-in-Colorado/knbf-ggf2/data>.



# Metropolitan districts by county

174



Larimer County

266



Adams County

199



Douglas  
County

271



Arapahoe  
County

28



Boulder County

310



Weld County

Source: Colorado Department of Local Affairs;  
Active Colorado Local Governments (February 2020)



## Business should lead push to end metro district abuse

By Tim Leonard  
Guest Commentary

"I would hire another manager," a Burger King franchisee told me when I asked what else he could do with the additional property tax he would have to pay to one of Colorado's many special taxing districts. He didn't have any doubts about the districts and their functions; he was just frustrated about not knowing if he would be getting value for tax payments that never seemed to end.

Challenges are paid back only by homeowners and businesses, so new development "pays its own way."

But, like anything else in life, the 80/20 rule has some districts giving everyone else a bad rap. I was evaluating a new site for a Burger King restaurant a few years ago in Commerce City near a competitor. When I found out that the North Range Metropolitan District was imposing 88 mills on the land in addition to 27 mills from another district, the Commerce City North Infra-

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## Red flags are flying over Colorado's special districts

By Tim Holles  
Guest Commentary

118 special districts of various

homeowners and businesses, not the city. Each district purports

versities involving districts. One is the Colorado Springs

schools All Sports (lured by a

Tax authorities created by builders, developers leave homeowners paying bill indefinitely

By David Migoya • The Denver Post

The two-story, five-bedroom place just east of Loveland was as sweet as Tlone and Tyle Sterkel dreamed it would be, from the custom finishes in the basement to the granite countertops and the en suite master bedroom.

By John Henderson  
Guest Commentary

How new homes get saddled with a pile of debt

In 2016, a neighbor posted a screenshot of a

## Denver Post Series Uncovers the Corruption of Tax Districts Created by Developers

move-in, but some are trying to take back control

By David Migoya  
The Denver Post

Nov. 3, 2015, was a big day for the 8,672 people who are one day expected to move into the Coal Creek Metropolitan District on the eastern edge of Aurora near Murphy Creek.

It was Election Day, and all the eligible voters within the 598 acres that made up the district were to cast their ballots on several key questions that would impact Coal Creek residents for generations.

The ballot questions took up 23 pages, but the most critical, after actually creating the five metro district pieces that make up Coal Creek, was whether the dis-

day with nearly a 100% turnout. Every single one of the 28 questions on the ballot — including one that did away with term limits for the newly elected board members — passed unanimously.

Six to zero. It was precisely the same outcome for all five of Coal Creek's metro districts because the same six people were voting.

"It might be years before this community is ever built, but on that day, a simple vote of six people determines the debt load for hundreds of families, many of them not even in existence yet," said John Henderson, a longtime critic of how metro districts are formed. "As an attorney, I just find it repulsive."

## CONFLICTS, RESIDENCY ISSUES RIFE ON BOARDS

David Migoya  
The Denver Post

Bruce Rau is one of the most elected men in Colorado. And it's unlikely you've ever heard of him.

The 48-year-old Centennial resident sits on at least three dozen metropolitan district boards that, if fully developed and put together, would easily rank among the state's top 10 biggest cities.

## Debt & Democracy Residents seek control of their metro districts

By David Migoya  
The Denver Post

Homeowners in several metro districts across Colorado are pressing for greater transparency and financial details from the developer-controlled boards that govern them — a few are pushing for their out-

right master via a recall — in light of Denver Post stories highlighting their operations.

With about four years remaining for metro district residents to file the paperwork needed to run for their local board of directors — seats on dozens of metro district boards



# Overview of Day

9:15 am

- MD Basics and Approval Criteria
- Goal: Understanding of what a district is and criteria of the approval process

10:45 am

- Fort Collins Case Study
- Goal: Understanding of what one CO City is doing

1:00 pm

- Development *pro forma*
- Goal: Understand gap analysis and investor returns

2:15 pm

- Best Practices Round Table
- Goal: Be in a position to develop a policy for approval of metropolitan districts



# Colorado Metropolitan Districts

Metropolitan district basics

February 21, 2020

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# What is a metropolitan district?

A type of Colorado special district that provides at least two types of services in accordance with the Special District Act

(Title 32, Article 1, C.R.S)

**Typical  
Metro  
District  
Services**

Parks and recreation
Sanitation sewer and storm water improvements
Traffic and safety controls
Street improvements
Water system improvements
Public transportation
Television relay and translation systems
Fiber optic communication systems
Mosquito control
Fire protection



# Their purpose

Finance public improvements for the use and benefit of the district's property owners and residents



The tax exempt nature generally results in significantly lower financing costs than what would be the case with private financing

Metropolitan Districts can be a great tool for development





# Metropolitan district powers

## Levy, collect taxes & fees

- Debt Service Ad Valorem Tax
- Operations & Maintenance Ad Valorem Tax
- Public Improvement Fee

## Issue debt

## Provide services & facilities

## Own & dispose of property

## Manage business & affairs

## Eminent domain (for limited purposes)

“All rights and powers necessary or incidental to or implied from the specific powers granted...”



# Creating a metropolitan district

Initiated by filing a Service Plan within the municipality that has jurisdiction

- If within a county, Colorado law requires a public notice and hearing process
- If within a city/town, process is more flexible

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A Service Plan is the governing document detailing how services and infrastructure will be provided and paid for, including

The nature and extent of services to be provided

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How such services will be financed

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The boundaries of the district

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# Service plan components

## Description of proposed services

- ✓ Parks and recreation
- ✓ Sanitation sewer and storm water improvements
- ✓ Traffic and safety controls
- ✓ Street improvements
- ✓ Water system improvements
- ✓ Public transportation
- ✓ Television relay and translation systems
- ✓ Fiber optic communication systems
- ✓ Mosquito control
- ✓ Fire protection

## Financial plan showing how proposed services will be financed

- ✓ Revenues – including operating budget
- ✓ All proposed indebtedness
- ✓ Timing of proposed indebtedness
- ✓ Finance Plan modification
  - “The board of directors of the district shall notify the board of county commissioners or the governing body of the municipality of any alteration or revision of the proposed schedule of debt issuance set forth in the financial plan.”

Source: § 32-1-202(2)



# Service plan components (continued)

## General description and standards of facilities to be constructed

- ✓ Compatibility with county/city/special district services
  - Engineering/architectural
  - Artists renderings
  - Maps

## General description of estimated costs

- ✓ Acquiring land
- ✓ Engineering services
- ✓ Legal services
- ✓ Administrative services
- ✓ Initial proposed indebtedness and estimated proposed maximum interest rates and discounts
- ✓ Other major expenses related to the organization and initial operation of the district

Source: § 32-1-202(2)



# Service plan components (continued)

## Intergovernmental agreement

- Generally with the approving entity or another special district (e.g. water/sewer, parks and rec, etc.)

## Such additional information as approving entity may require

- Generally set by resolution or formalized policy

Source: § 32-1-202(2)



# The municipal role

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**Mandated**    Decision on service plan

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Decision on material modifications

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**Permitted**    Opposition to inclusions, exclusions, consolidations

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Requesting dissolution

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Oversight and enforcement

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# Decision options



**Approve the service plan  
(without condition)**



**Disapprove the service plan**



**Conditionally approve the  
service plan (subject to  
the submission of  
additional information  
relating to or the  
modification of the  
proposed service plan)**





# “Shall” disapprove if evidence satisfactory to the board is not provided that...

- A** There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district.
  - B** The existing service in the area to be served by the proposed special district is inadequate for present and projected needs.
  - C** The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries.
  - D** The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.
- Source: § 32-1-203(2)*



# “May” disapprove if evidence satisfactory to the board, at its discretion is not provided

- A Adequate service is not, or will not be, available to the area through the county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.
- B The facility and service standards of the proposed special district are compatible with the facility and service standards of each county within which the proposed special district is to be located and each municipality which is an interested party under section 32-1-204(1).
- C The proposal is in substantial compliance with a master plan adopted pursuant to section 30-28-106, C.R.S.
- D The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.
- E The creation of the proposed special district will be in the best interests of the area proposed to be served.

Source: § 32-1-203(2.5)



# Municipal review: material modifications

“Changes of a basic and essential nature” to the service plan require municipal board approval

*(CRS 32-1-207(2)(a))*

Does not include changes only to execute the original service plan or boundary changes

Material departure from a service plan can be enjoined by a court, interested party, or the municipal entity

*(CRS 32-1-207(3)(a))*



# Colorado Metropolitan Districts

Best Practices Roundtable Discussion

February 21, 2020

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# “Shall” approve criteria

**A**

## **Sufficient Existing and Projected Need**

- ☐ How is this determined in your community?

**B**

## **Existing Service is Inadequate**

- ☐ What service level is desired?



## “Shall” approve criteria (continued)

C

### Capability to Provide

- ☐ Extraordinary Costs
- ☐ Developer Pro Forma?

D

### Financial Ability

- ☐ Market Study or other data supporting Financial Plan assumptions
- ☐ External Financial Advisor Certificate



## “May” disapprove criteria

A

### **Service Availability is Timely**

- ☐ How is this measured?
- ☐ What information do you need?

B

### **Incompatibility with Existing Services/Facilities**

- ☐ How is this determined?
- ☐ What information is required?





## “May” disapprove criteria (continued)

C

### Compliance with Master Plan

- ☐ What information is necessary?
- ☐ Meeting strategic goals

D

### Compliance with Long Range WQP

- ☐ What information is required?



## “May” disapprove criteria (continued)



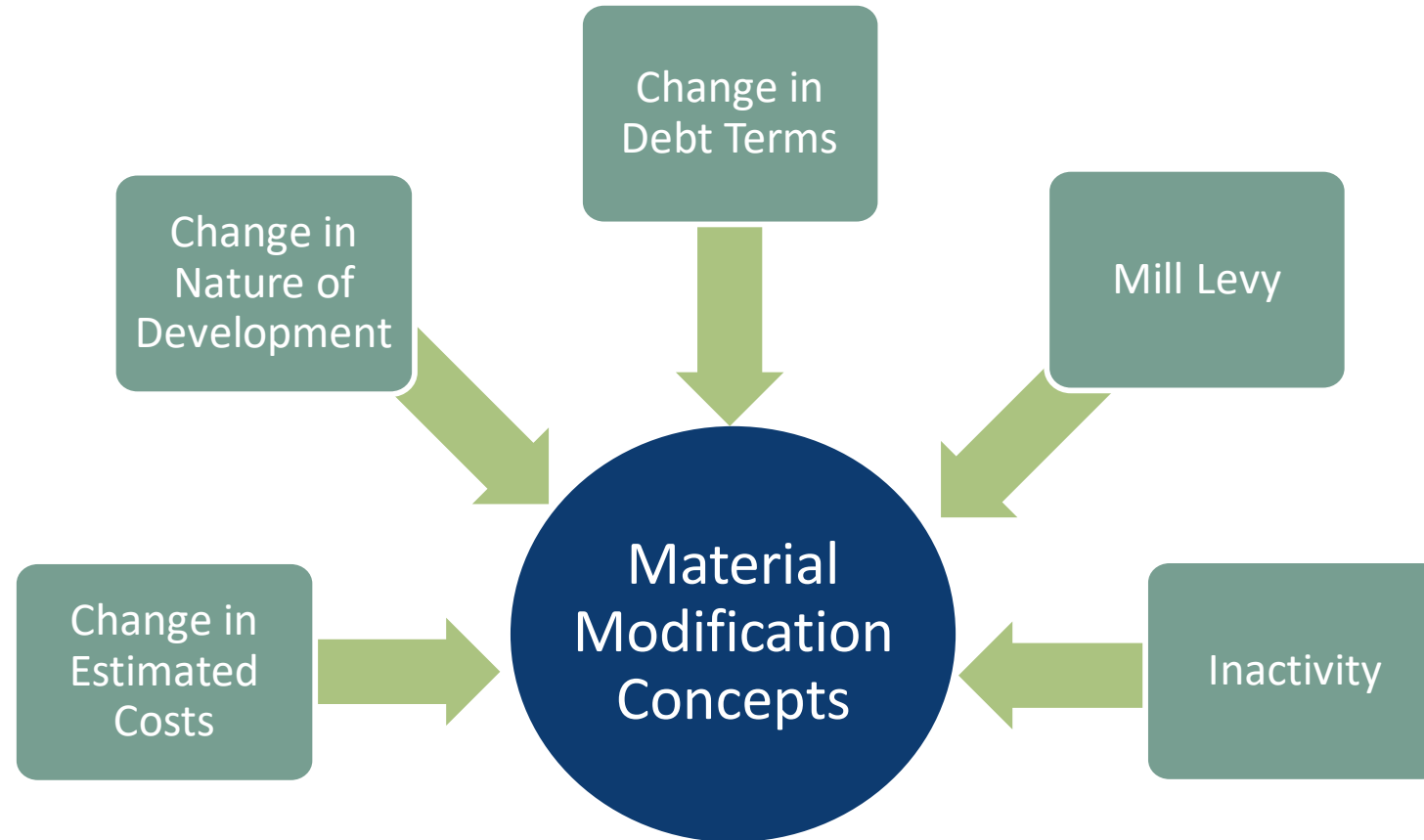
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### Best Interests of the Area

- ❑ Established "But For" criteria
  - Meeting community & strategic goals
  - Resident/Business Needs
  - Taxes/PIF/HOA Fees



# Material modifications





# Key considerations



Transparency



Future Ballot Initiatives



Appropriate Level of Review



Submission Deadlines & Timing