



# Metro District Review

07/15/2024

# Purpose

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- Respond to Council direction to:
  - Conduct a review of mill levy certifications and service plans for 2024 to ensure full compliance
  - Verify collected tax revenue is being spent in accordance with service plan
  - Research how other communities approach metro districts and infrastructure financing.
- Discuss next steps



# Metro District Review: Audit Background and Results Summary

Special Districts

07/15/2024

# Background

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- Motion at regular meeting 2/5/24
- Staff clarified additional direction from Council at 2/26/24 study session and 4/8/24 special meeting
- Staff worked with outside counsel and financial advisor to conduct review based on Council expectations

# Scope of Work

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- Collection of service plans
  - Identification of mill levy cap
  - Identification of adjustments
- Calculation of adjustment
  - Based on changes in assessment rate
- Comparison of certified mill levy to adjusted rate and mill levy cap
- Verification of debt service payments

# Summary

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- Majority of districts have mill levy lower than adjusted cap
  - Additional information required for 7 districts based on per parcel adjustments per SB 23B-001
- All districts are properly spending debt service funds



# Metro District Comparisons: Front Range Community Results Summary

Special Districts

07/15/2024

# Background

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- Council requested information on how other cities approach metro districts
- Alternatives to financing new infrastructure
- How Commerce City's regulations compare to other communities



# Scope of Work

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- Staff conducted research into other communities
  - Review of policies
  - Interviews with key staff
  - Analysis of development patterns
  
- Findings compiled into memo

# Summary

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- Many Front Range communities rely on metro districts for greenfield development
- Commerce City's metro district regulations are among the strongest in place
- Special Improvement Districts may be a viable alternative to metro districts



# Metro District Review: Alternate Funding Options Analysis

Special Districts

07/15/2024

# Discussion

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- Does this review answer Council's questions?
- How often does Council wish to conduct reviews such as this?
- Does Council want to consider SIDs/GIDs as alternatives to metro districts?

# Discussion

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- General Organizational structure of SIDs:
  - Organization is initiated by the City or the Metropolitan District adopting a resolution of intent to create the district, either on its own initiative or in response to a petition from property owners in the proposed district.
    - After notice, a hearing is held on the creation of the district, after which the governing body may adopt an ordinance or resolution organizing the district.
    - At or prior to this hearing, property owners in the proposed district may veto the district through a protest petition.
  - After notice, another public hearing is held on the levy of the assessments, at which point the entity puts on evidence supporting the assessments.
  - After the hearing, the entity adopts an ordinance or resolution imposing the assessments.
    - Must demonstrate special benefit to the assessed properties.
- Elections for SIDs are outlined in C.R.S 1-13.5-111, “regular special district elections must be held on the Tuesday succeeding the first Monday of May in every odd-numbered year”

# Discussion

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- Financial Implications for Council to consider:
  - **Debt issuance in previously established GIDs:** It would be separate debt payable from special assessments not property tax revenue. It would be a smaller section of one of the GIDs (typically – since the City’s GIDs are large) – and the assessment is imposed on the property benefitted. Debt would require voter approval.
  - **Expanding operative functions of the existing GIDs: what are the current limitations of bonding capacity and scope of improvements:** The NIGID has no bonding capacity and is limited to street and water improvements. The ECAGID and ERAGID have \$2 billion in voter authorization, and each of them has issued a little but nowhere near the total amount, and the improvements are street, P&R, water, sanitation, and transportation

# Discussion

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- Further research with the City’s financial advisor will be needed to fully understand the financial implications for the City if multiple SIDs were created and what effect that would have on the City’s credit rating.
- Further research will be needed to understand the resource impact on the City if any of the finance tracking were to come in-house.

# Policy Direction

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- Staff requests policy direction from Council:
  - 1) bring back an ordinance to repeal the moratorium
  - 2) address any questions or concerns that were raised during the presentation.





# Discussion

