



Commerce City

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Council Communication

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In Control: City Council

File Type: Ordinance

Agenda Number:

FIRST READING OF AN ORDINANCE ENACTING A NEW CHAPTER 13 - METROPOLITAN DISTRICTS OF THE COMMERCE CITY REVISED MUNICIPAL CODE

Purpose:

Metro districts have been an integral part of recent development in Commerce City, particularly in the North Range. A large portion of Commerce City residents live within Metro Districts. While metro districts provide funding and enable development, they also impose significant costs on homebuyers. There is also the potential for and perception of abuse of metropolitan district structures and limited oversight. Council has expressed a desire and given direction to Staff to enhance regulations on metro districts and provide additional oversight in order to safeguard current and future residents. Staff has developed enhanced regulations consistent with Council's direction. These regulations are presented to Council for action this evening.

Previous Actions:

Staff has taken action on this issue already based on Council's direction. At the study session on April 12, 2021, Council directed staff to continue to explore enhanced regulations and to conduct outreach to residents and stakeholders on potential action. Staff conducted a virtual townhall for residents and one for developers over the summer of 2021 and provided an update to Council in July 2021 based on this direction. Additionally, Staff has incorporated Council's direction on regulations in recent metro district cases (Buckley Crossing and Triangle). The modifications to the model service plan used in these cases is consistent with Council's direction. Staff had continued discussions with Council, including in October 2021 to present revised regulations, which staff then put out for public comment in December 2021 in virtual townhalls for residents and developers; the feedback from those events was presented to Council.

In February 2022, Staff presented finalized regulations to Council, and in May 2022, Council requested changes to the regulations as well as continued public engagement. Staff retained EPS to conduct a third-party analysis of the regulations, the preliminary findings of which were presented to Council in July 2022. Additionally, staff held an in-person townhall meeting with residents and a roundtable with developers to provide additional feedback on the proposed regulations. The feedback collected and additional analysis from EPS were presented at a meeting in September 2022.

In total, staff has conducted six public outreach events (three for residents, three for developers) as well as responding to calls and questions from developers and community members outside of those events. This ordinance is the culmination of nearly two years of research and analysis, vetted by independent analysts and shaped by Council direction over the course of several meetings and study sessions.

Regulations:

The regulations presented this evening are based in Council's direction and balance the concerns of residents and developers. They are designed to increase oversight into the operations of districts, provide additional regulations to safeguard residents, forestall potential abuses, and increase transparency, all while keeping metro districts a viable mode of development in Commerce City. The ordinance and model service plans detailing the full extent of the regulations may be found in the packet. Below is a non-exhaustive list of key points in the regulations:

- Mill levy cap of 50 mills
- Increased detail in the financial plan
- Debt limit capped at lesser of project costs or debt capacity
- Debt repayment term limit
- Developer reimbursement limit
- Restrictions on intergovernmental agreements and revenue pledges

These regulations target the biggest concerns that staff has identified from its discussions with Council, public engagement, and independent research. In addition to these points, Council may also consider amendments to the ordinance. Staff has prepared amendments for Council consideration based on the research and analysis of EPS. These amendments are in keeping with best demonstrated practices from other municipalities and are designed to balance the stringency of regulations and resident protection with the financial viability of metro districts. The full language for each amendment may be found in the packet:

- Change the mill levy cap from 50 mills to 50 mills for debt repayment and 10 mills for operations and maintenance
- Allow for the automatic adjustment of mill levies to offset changes in the assessment rate
- Lengthen the imposition term for debt repayment from 35 to 40 years
- Increase the developer reimbursement limit from 80% to 100%

Council may adopt some, all, or none of these amendments as it sees fit. Any it chooses to adopt will be incorporated into the service plan resolution that will come before Council on November 21.

Staff Insight:

The regulations presented this evening meet the intent, goal, and expectation of the City Council for moving forward in a direction of true metro district reform. These regulations address the major concerns brought forward by Council and residents and will protect the residents of future metro districts. The amendments offered do not detract from the significant steps taken in this reform effort; they address concerns and analysis from the third-party consultant but still retain the gatekeeping and stringent review practices that will mitigate exploitation of metro districts. Additionally, Council retains its prerogative to

not approve any new service plan or amendment based on any criteria it deems fit, even if it complies with the regulations as written. Whatever action Council takes, Staff encourages a six-month and one-year review of the ordinance to provide feedback and assess the impact and effectiveness of these regulations in the development market.

Council Action:

Council may approve or vote down the ordinance presented tonight with some, all, or none of the amendments proposed. If Council rejects the ordinance, staff will take no further action. If Council approves the ordinance as is, it will come back to Council on second reading at the November 21 meeting. Any approved ordinances will be included in the attendant service plan resolution that will accompany the ordinance at the November 21 meeting. Should Council decide to place a moratorium on metro districts, staff will prepare language to that effect for Council to adopt at the November 21 meeting.

Staff Responsible (Department Head): Jason Rogers, Acting City Manager

Staff Member Presenting: John Bourjaily, Management Analyst

Financial Impact: N/A

Funding Source: N/A

Staff Recommendation: Approval of ordinance on first reading with amendments

Suggested Motion: Approval of ordinance on first reading with amendments