



# Service Plan for the Following Metropolitan District:

MD-117-19 Legato MD Nos. 1-7

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City Council

August 17, 2020

# Proposed New Districts

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- Proposal for 3 new districts:
  - All districts are proposed to be formed within the city limits upon annexation
  - Estimated public improvements costs total \$116,362,670.20
  - Total debt issuance limit in service plans \$100,000,000
- Presentation will:
  - Review purpose of metropolitan districts and Council action tonight
  - Review proposed service plan



# Purpose of a Metro District & Service Plan

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- Metropolitan districts are government entities created to provide services for an area, typically financing and constructing infrastructure needed for development and operations and maintenance.
- Service plans define and limit district functions, powers, and revenue
- Districts must comply with TABOR, the Colorado Open Records Act and Open Meetings Law as well as Title 32
- District revenue is derived from property taxes and fees, subject to the service plan. District debt is not an obligation of the city and does not impact the city's budget.
- Commerce City uses a model service plan that has been modified to address applicant requests and other updates.



# Council Action on Service Plan

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- City Council action is needed to proceed with formation of districts.
  - City Council may approve, approve with conditions, or disapprove of the service plan.
  - City Council must disapprove of a service plan unless satisfactory evidence is presented showing:
    - *Sufficient existing and projected need for organized service*
    - *Existing service is inadequate for present and projected needs*
    - *Proposed district is capable of providing economical and sufficient service*
    - *Area to be included has or will have financial ability to discharge the proposed indebtedness on a reasonable basis*
- (CRS 32-1-203(2), 204.5)



# Service Plan Elements

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- Establishes general powers, including constructing improvements & operation of parks/landscaping (V.A)
- Debt issuance limit based on explicit formula (V.A.15; VI.A)
- Mill levy caps (with adjustment (VI.C))
- Allows imposition of fees (V.A.16-17)
- Reimbursement agreements cannot include compounding interest; fairness opinion on interest rate (V.A.8, 21)
- Requires City Council approval for modifications, use of eminent domain, and inclusions/exclusions outside of boundaries (V.A.9,11-12, 22)
- Authorizes District Activities IGA (X)



# Service Plan Elements (cont.)

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- Disclosure to initial purchasers (IX.A)
  - Of impact of mill levy and fees on residential properties
  - Through developers/homebuilders with purchase contract & recording document
- Disclosure to potential residential buyers (IX.B)
  - Of mill levy and fees and taxes
  - Through developers/homebuilders to provide at sales offices
- Comment on issue of debt and refinancings (not approval)
- Requires board meetings to be held within the City (IX.C)
- Requires statutory annual notice to be mailed to property owners by January 31 (IX.D; CRS 32-1-809)
- Requires annual report to the city (VII; CRS 32-1-207(3))
- Recorded statement regarding taxes and debt (CRS 32-1-104.8)



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# Legato M.D. Nos. 1-7

- Consolidated service plan for 7 districts anticipated to include:
  - Approximately 605 acres (residential and commercial use)
- Estimated improvements cost - **\$116,362,070.20**(V.B; Ex. E)
- Debt Issuance Limit - **\$100,000,000** (V.A.15; VI.A)
- Maximum Combined Mill Levy – **66.333 mills** (VI.C)
  - Maximum Debt Mill Levy – **55.277 mills**
  - Maximum Operation and Maintenance Mill Levy – **11.056 mills**
  - Subject to adjustment
- Organizational costs - \$50,000 (VI.I.1)
- First year operating budget - \$25,000 per district (VI.I.2)
- Applicant's Financial Plan (Ex. E) finds sufficient property tax and other revenues to discharge proposed indebtedness





# Metro District Review Criteria

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To approve the Service Plan, Council must find:

- (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.



# Staff Review

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- The proposed service plans appears:
  - To contain the information required by C.R.S. 32-1-202(2); and
  - To support a determination that the requirements of C.R.S. 32-1-203(2) are met, based on the applicant's submissions.
- Applicant will present additional supporting information and financial analysis.

