



Service Plans for the Following Metropolitan Districts:

Buckley Crossing MD (Amended and Restated)
Buckley Crossing MD 2 (New)

City Council

August 16, 2021

Background

- The initial hearing on this matter occurred at the 8/2/21 meeting
- Staff renegotiated with the applicant based on Council's feedback
- Major changes made from the initial application are presented in the subsequent slides
- The original presentation is available as an appendix with redline comparisons to the August 2 draft and the Model Service Plan



Authority Limits

- Includes requirements of SB21-262 and future new requirements of the Special District Act
 - Restricts application of new powers or authorities granted by future laws (Sections I, V.A).
- Highlights the public benefit of the construction of High Plains Parkway (Section II.D).
- If property is sold for a non-taxable use, the district must find no material impact to the its ability to meet debt service obligations.
 - Otherwise, District must impose a fee on the purchaser to pay for lost revenue. Prior notice to the City is required (Section V.A.16.c).
- Land acquisitions by the District from a developer must be based on independent appraisal (Section V.A.23).
- Requires public improvements be certified by independent professional engineer as to inventory and cost (Section V.A.23).



Financial Authority

- Maximum debt mill levy of 50 mills, O&M mill levy of 10 mills in existing district
- Mill levy adjustments using base year 2021 for debt mill levy only (O&M excluded)
- 40-year debt mill levy limit cannot be extended by resident-controlled board
- No ability to override maximum debt mill levy
- Interest rate (12%), underwriting discount (3%)



Governance/Transparency

- Specifies additional annual report contents (Section VII.B) and authorizes the City to post the report (Section VII.A).
- Prohibition on including marketing materials or ads for development or developers within District's boundaries or website (Section IX.D).
- District meetings (Section X.A):
 - At least quarterly
 - To include remote access participation and comment
 - To meet on weekday evenings at least once per year and when the District is considering any of these: annual budget, revenue pledge or reimbursement agreements, Service Plan modification requests, Debt issuance or refinancing, and issues relating to sales to tax exempt property.
- Prohibiting rules, regulations, or agreements that diminish or remove the ability of End Users to be appointed or elected to the Board (Section X.B).



City Oversight

- Service plan requires the written opinion from an External Financial Advisor (Section VI.A2.c).
- Opportunity for administrative review of revenue pledge or reimbursement agreements to another metropolitan district or a developer-controlled entity (Section VI.G).
- Prohibits formation of authorities or other entities without Council approval (Section V.A.21).
- Prohibits imposition of special assessments without Council approval (Section V.A.17).
- Requires payment of an annual oversight fee (if imposed by Council through future ordinance) (Section X.C).
- Establishes more clear terms for material modifications (Consolidated V.A.21 with new text in new Section XI).
- Establishes sanctions (New Section XIII).





Appendix

City Council
August 16, 2021

Appendix

- The appendix contains the initial presentation to Council from the 8/2/21 meeting for reference





Service Plans for the Following Metropolitan Districts:

Buckley Crossing MD (Amended and Restated)
Buckley Crossing MD 2 (New)

City Council
August 2, 2021

Proposed Service Plans

- Proposal to amend an existing service plan and create a service plan for a new district out of existing territory:
 - All districts are proposed to be formed within the city limits upon annexation
 - Estimated total public improvements costs total \$60,631,521 (cumulatively)
 - Total debt issuance limit in service plans \$123,706,250 based on formula in the service plan (cumulatively)
- Presentation will:
 - Review purpose of metropolitan districts and Council action tonight
 - Review proposed service plans



Purpose of a Metro District & Service Plan

- 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

- 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)



Basic Service Plan Elements

- 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)

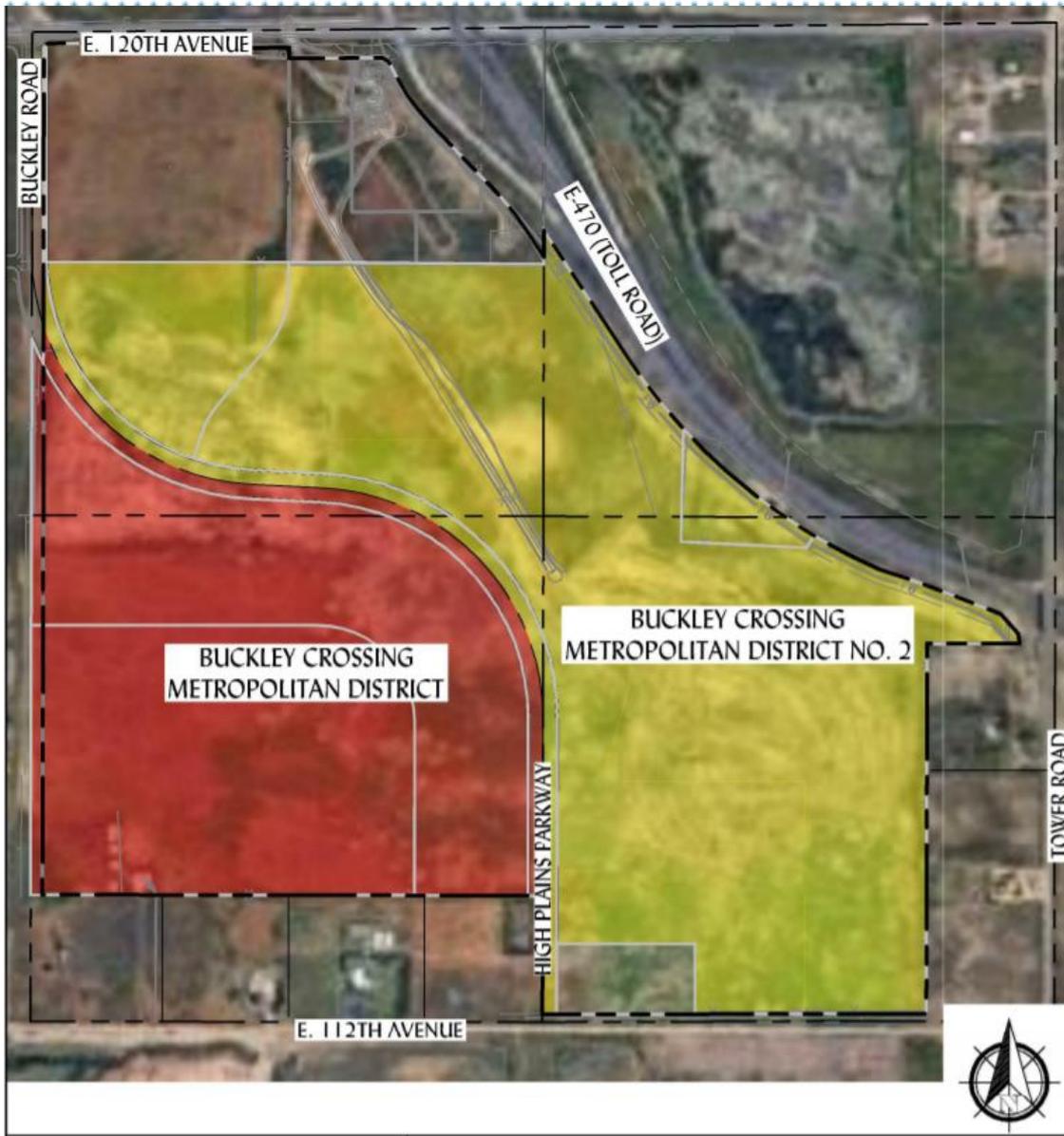


Common Service Plan Elements (cont.)

- 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)



Vicinity Map



Buckley Crossing M.D.

- Amended service plan for existing district:
 - Single district plan authorized by Council in 2004 covering entire area
 - Current development plans require update to service plans and conformance to model service plan
- Approximately 229 acres (residential)
- Estimated improvements cost - **\$30,798,553** (V.B; Ex. E)
 - \$10,745,399 is shared 'spine' infrastructure with District 2 – costs will be shared
- Debt Issuance Limit - **\$50,475,000** (V.A.15; VI.A)
 - *Cannot issue debt until property in District No. 2 is excluded
- Maximum Combined Mill Levy – **66.796 mills** (VI.C)
 - Maximum Debt Mill Levy – **55.664 mills**
 - Maximum Operation and Maintenance Mill Levy – **11.132 mills**
- Organizational costs - \$50,000 (VI.I.1)
- First year operating budget - \$40,000 (VI.I.2)
- Applicant's Financial Plan (Ex. E) finds sufficient property tax and other revenues to discharge proposed indebtedness



Buckley Crossing M.D. No. 2

- Application for new district
 - Phased construction
 - Facilitate full build-out of parcel
- Approximately 200 acres (residential)
- Estimated improvements cost - **\$40,578,367**(V.B; Ex. E)
 - \$10,745,399 is shared 'spine' infrastructure with District 2 – costs will be shared
- Debt Issuance Limit - **\$73,231,250** (V.A.15; VI.A)
- Maximum Combined Mill Levy – **60 mills** (VI.C)
 - Maximum Debt Mill Levy – **50 mills**
 - Maximum Operation and Maintenance Mill Levy – **10 mills**
- Organizational costs - \$50,000 (VI.I.1)
- First year operating budget - \$25,000 (VI.I.2)
- Applicant's Financial Plan (Ex. E) finds sufficient property tax and other revenues to discharge proposed indebtedness



Metro District Review Criteria

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

- 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.

