



# Metro District Regulations

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November 7, 2022

# Purpose

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- Provide necessary background and context
- Review proposed regulations and amendments
- Take policy action



# Background

Metro District Regulations

# Context

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- Council directed Staff to develop regulations on Metro Districts
- Direction has been consistent across Councils
- Staff has engaged in extensive research and analysis, retained outside experts, and conducted public outreach

# Timeline

- **March 2021** – Developers and Construction Roundtable
- **April 2021** – Preliminary study session to review options, Council gives direction to Staff
- **July 2021** – Additional study session to provide additional feedback and refine options
- **August 2021** – Staff conducts community and stakeholder outreach
- **October 2021** – Presentation of proposed regulations to Metro District Education Coalition
- **October 2021** – Presentation of proposed changes to Council
- **December 2021** – Public comment period on proposed changes
- **February 2022** – Presentation of finalized regulations
- **May 2022** – Council requests changes and continued engagement
- **July 2022** – Staff presents preliminary analysis
- **September 2022** – Public townhall on metro districts
- **September 2022** – Developer roundtable on metro district regulations
- **September 2022** – Staff presents stakeholder feedback and contractor analysis
- **November 2022** – Council consideration of proposed regulations



# Proposed Regulations

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Metro District Regulations

# Regulations

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- Ordinance on first reading tonight
  - Outlines Council's policy preferences
  
- Model service plan
  - Stipulates technical details
  - Template for subsequent applications/amendments
  - Council still retains prerogative

# Key Draft Regulations

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- Debt limit cap and more detailed financial plan
  - Limit districts to what they need
- Mill levy cap
  - Protect residents from high tax rates
- Repayment term limit
  - Prevent unilateral refinancing
- Developer reimbursement limit
  - Ensure decisions benefit district
- IGA restrictions
  - Curtail parent/child relationships

# Amendments

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- Staff has prepared four amendments for Council consideration
- Based on recommendations of third-party analysis of regulations, Council comments, public and developer feedback
- Council can approve none, some, or all
- Approved amendments will be included in the model service plan resolution to be brought forward 11/21/22

# Amendments for Consideration

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1. Mill levy cap
2. Assessment rate adjustment
3. Mill levy imposition term
4. Developer reimbursement limit

# Mill Levy Cap

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- Changes the mill levy cap from 50 mills combined to 50 mills for debt and 10 for operations and maintenance
- In keeping with most other municipalities

# Assessment Rate Adjustment

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- Offsets extra revenue gains/losses due to changes in the residential assessment rate
  - Automatically adjusts mill levy up or down
- Prevents uncertainty in bond market
- Allows projects to be financed

# Mill Levy Imposition Term

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- Changes maximum term from 35 to 40 years
- In keeping with other municipalities, including Fort Collins
- Allows more infrastructure to be funded

# Developer Reimbursement Limits

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- Changes reimbursement limit from 80% to 100%
- Fulfills purpose of metro district while limiting excess



# Council Action

Metro District Regulations

# Staff Insights

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- Current draft meets Council's intent, goal, and expectation of for moving towards Metro District Reform
- Regulations address concerns of Council and stakeholders while conforming to best practices
  - Amendments provide a principle of reasonableness considering market conditions
- Emplaces stringent review practices to mitigate exploitation
  - Council retains prerogative to deny applications based on any additional criteria
- Staff encourages a six-month and one-year review of the ordinance to provide feedback/impact and effectiveness in the market.

# Council Action

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- Approve ordinance on first reading as is
  - No further action required
- Approve ordinance on first reading with amendments
  - Amendments will be included in the new model service plan presented 11/21/22 in a Resolution
- Do not approve regulations
  - Staff will not take further action
- Place a moratorium on metro districts
  - Resolution stating Council preference 11/21/22



# Questions and Comments?

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Staff is available for questions and comments.