

Reunion Agreement Staff Report September 2020

Summary

The City entered into an Intergovernmental Agreement with the Reunion Metropolitan District (Reunion IGA) in 2003. This replaced a consolidated agreement with multiple developers. The Reunion IGA expires on January 1, 2022. The Reunion IGA provides for revenue sharing of sales and use taxes and building permit fees with the District, so that the District may fund and construct public improvements that were the responsibility of the City. The City remits 33% of 3% sales and use tax revenues and 33% of building permit fees to Reunion. In addition, road impact fees are remitted directly to Reunion by the developers. Reunion IGA goals include:

- Providing a funding mechanism for Reunion to build public improvements that are the City's responsibility
- Allowing Reunion to build public improvements on a schedule compatible with Reunion's development
- Providing needed public improvements without the City directly funding or managing the projects (though, the City would maintain the infrastructure once developed)

Reunion Agreement Revenue Remittance Summary

Table 1 below summarizes revenues remitted to the District under the Reunion IGA. Permit Fees, Use Tax, and Business Sales/Use Tax revenues are remitted by the City, while Road Impact Fees are remitted by the Developers.

Revenue Source	Amount through Year-End 2019	2020 Qtr 1	2020 Qtr 2	Total
Permit Fees	\$ 1,449,213.43	\$ 30,016.11	\$ 57,720.98	\$ 1,536,950.52
Use Tax	3,495,770.54	69,688.90	134,358.39	3,699,817.83
Business Sales/Use Tax	2,395,926.12	56,796.52	131,179.29	2,583,901.93
Subtotal	\$ 7,340,910.09	\$ 156,501.53	\$ 323,258.66	\$ 7,820,670.28
Road Impact Fee	\$ 3,593,234.22	\$ 22,439.00	\$ 69,890.00	\$ 3,685,563.22
Total	\$ 10,934,144.31	\$ 178,940.53	\$ 393,148.66	\$ 11,506,233.50

Through year-end 2019, a total of \$10.9 million has been remitted to the District. During the first and second quarters of 2020, an additional \$178,940.53 and \$393,148.66 has been remitted, for a total of \$11.5 million to date. The three year (2017-2019) average total amount remitted to the District is \$1.2 million. The five year (2015-2019) average total amount remitted to the District is \$1.0 million. These historical averages are important in considering future revenue generation expectations.

Attachment 1 contains a complete revenue remittance summary by year. City Finance staff have fully reconciled this revenue remittance history. While doing so, staff discovered four formula errors related to Permit Fee amounts for the years 2012, 2013, 2015, and 2017. To correct these errors, the City will remit an additional total of \$24,287.72 to the District. Attachment 1 also contains a project submittal history with associated acceptance dates and charges disallowed by Public Works. Table 2 below summarizes the City's revenue commitment to Reunion based upon revenue remittance and project submittal history.

Revenue Commitment Summary	Amount
Total Amount due to Reunion	\$32,561,811.49
Total Payments through 2020 - 2nd Quarter	\$11,506,233.50
Additional Owed to Reunion (per reconciliation process)	\$24,287.72
Remaining Amount due to Reunion	\$21,031,290.27

Recent annual payments to Reunion average \$1.2 million in remitted revenue per year. However, it is not expected that the City use shared revenues to pay down the remaining amount.

Activity to date Under the Agreement

Table 3 below summarizes projects that have been completed under the Reunion IGA to date.

Project	Amount	Date Accepted
Subtotal 2003 Submittal	\$ 5,460,956	08/18/03
104th Ave	5,460,956	
Public Works Disallowed Charges	\$934,397.00	09/05/03
Subtotal 2004 Submittal	\$8,302,609.00	11/30/06
Phase 1A/1B Road Improvement	2,097,097	
Phase 1B Road Project	465,508	
112th Ave Retention Pond	793,121	
Phase I Utilities Project	1,940,989	
Phase IIa Utilities Project	2,114,299	
Phase I - Sanitary Sewer Out	891,595	
Subtotal 2005 Submittal	5,860,012	11/30/06
Phase III Sanitary Sewer	1,794,040	
Phase II Infrastructure Project	634,891	
Phase 2A Road Project	1,334,980	
Phase 2B Road Project	1,238,973	
105th and Walden Roadway	857,128	
Subtotal 2006 Submittal	13,872,631	Unknown
Columbine Outfall	1,093,174	
Phase III Utilities	1,119,010	
PH IA Landscape Improv/Reunion	4,535,888	
PH IB Landscape Improvement	3,612,713	
PH II Landscape Improvement	3,007,772	
Reunion Park - Phase II	34,193	
105th/Walden Landscape	435,643	
Landmark Medians	34,238	
Total Submittals	\$ 34,430,605	

Planned Activity not yet Completed under the Agreement

Table 4 below summarizes remaining project priorities to be completed by the Reunion Metro District.

Project	Estimated Cost
Chambers Road North of 104th Ave	\$ 15,670,000
112th Avenue Phase 3 (Parkside to Tower)	15,500,000
High Plains Parkway	14,410,000
Potomac Parkway	12,625,000
96th Avenue	15,600,000
112th Avenue Phase 2 (Potomac to Chambers)	9,200,000
Chambers Road South of 104th Ave	4,567,000
Landmark Drive	6,530,000
First Creek Bridge at 96th Avenue	4,400,000
112th Avenue Phase 4	5,100,000
Subtotal Transportation Projections	\$ 103,602,000
Subtotal Potential Drainage Projects	\$ 47,737,000
Total Potential Projects	\$ 151,339,000

Reunion Metropolitan District's Request to Extend Revenue Sharing Agreement

Based upon continued funding needs related to bonds for completed projects and financing needs for yet to be completed projects, the District is requesting to extend the revenue sharing agreement under the existing Reunion IGA by at least ten years. If an average of \$1.2 million continues to be remitted to the District over the next decade, the District would receive an additional \$12 million in revenue through the proposed extended revenue sharing agreement. In addition to the revenue shares the District receives from the City and developers, the District has other revenue sources, such as property tax, to assist with funding project needs.

Staff Recommendation

Staff recommendation is to extend the sales & use tax agreement because:

- 1) It takes the least amount of staff resources
- 2) It allows project timing to best mesh with development needs

City Council Questions from June 15, 2020 City Council Meeting

Information regarding the request to extend the Reunion sales and use tax reimbursement agreement was shared with City Council during the June 15, 2020 City Council Meeting. During this meeting, City Council members asked a series of questions. The questions asked along with responses to those questions are listed below.

Question 1: Per the Reunion IGA (page 5), Reunion submits costs incurred for project(s) to the City and the City has a 30 day turnaround to review. Do we have cost reports and have we reviewed them? What are the costs incurred and what can we glean from these actual costs? What does Reunion do with extra money if there is any? Have any cost anomalies been noticed?

Response 1: Table 3 above summarized project submittals received from Reunion along with acceptance dates and information regarding costs disallowed by public works.

Question 2: How long does Reunion want to extend the current agreement by?

Response 2: The initial request was for a 10 year extension, the ultimate length is a function of total project costs. In the past, Reunion fronted the project cost and the City reimbursed project costs over time based upon the revenue sharing agreement.

Question 3: How much revenue has Reunion received?

Response 3: Reunion has received \$10.9 million through year-end 2019 and an additional \$572,089 through second quarter 2020, for a total of \$11.5 million from inception of agreement to date. Please see Table 1 above and the attached Reunion Development Agreement – Revenue Remittance and Project Submittal History summary for more detail.

Question 4: Has the City received any road impact fees from the 96th development project?

Response 4: In order to answer this question, staff will need feedback from Councilwoman Nobel to understand which developments were referenced.

Question 5: The Reunion IGA states Reunion can use funds for reducing bonded indebtedness for the Metro District. Are all these funds being used for improvements or are funds being used for bonded indebtedness as well?

Response 5: This is a question for Reunion Metro District to answer, the City reimburses expenditures based upon the project submittal, review, and acceptance process.