



ECAGID Mill Levy

October 16, 2017

Purpose of this Presentation

- To provide the Board with information to decide on an appropriate response to the request to lower the ECAGID mill levy
- Purpose and desired outcomes:
 - Purpose is to obtain Board direction on mill levy
 - Desired outcome is a decision on 2018 mill levy



Background

- Developer of Nexus (DIA Tech Center) requests a temporary reduction in the mill levy to facilitate property sale closing for new development
- Developer said the following are prospects:
 - Hotel Contract: 2.67 acre parcel -120 room
 - 40 Acre Land Sale: Signed LOI with quality spec developer for 3 buildings - 1 cross dock distribution & 2 front office/rear load bldgs. Total: 675,000 sf.
 - 38 Acre Build to Suit: Signed LOI for a build to suit to lease industrial building to a Fortune 100 company. 500,000 sf.



Mill Levies in that Tax Area

| Property Taxes in One Development in the DIA Tech Center | Tax Area: | Tax Year |
|---|----------------|---------------------|
| | 283 | 2018 |
| | Market Value | Assessed Value |
| | 587,880 | 170,485 |
| Name | Mill Levy | Taxes |
| Rangeview Library District | 3.659 | \$ 623.81 |
| COMMERCE CITY | 3.128 | \$ 533.28 |
| Adams County | 27.055 | \$ 4,612.48 |
| School District 27 GEN | 49.317 | \$ 8,407.82 |
| South Adams Water & San. District | 3.102 | \$ 528.85 |
| Urban Drainage & Flood Control | 0.559 | \$ 95.30 |
| Urban Drainage South Platte | 0.061 | \$ 10.40 |
| ECAGID | 27 | \$ 4,603.10 |
| DIATC Metro District | 60 | \$ 10,229.11 |
| <u>Sable Altura Fire District</u> | <u>17.264</u> | <u>\$ 2,943.26</u> |
| Total | 191.145 | \$ 32,587.39 |



Impact of Mill Levy Reduction

| Property Taxes in One Development in the DIA Tech Center | Tax Area: | Tax Year |
|---|----------------|---------------------|
| | 283 | 2018 |
| | Market Value | Assessed Value |
| | 587,880 | 170,485 |
| Name | Mill Levy | Taxes |
| ECAGID | 10 | \$ 1,704.85 |
| DIATC Metro District | 55 | \$ 9,376.69 |
| <u>Sable Altura Fire District</u> | <u>17.264</u> | <u>\$ 2,943.26</u> |
| Total | 169.145 | \$ 28,836.72 |

- Lower mill levy reduces revenue \$2,898.25
- DIATC will also reduce its levy by 5 mills
 - Will issue debt & repay ECAGID loan



McLane Valuation

- McLane valuation will be assessed by 2019
 - Construction cost was \$21 million
 - Might see some of that in December valuation

| Property Taxes in One Development in the DIA Tech Center | Tax Area: | Tax Year |
|---|----------------|------------------------|
| | 283 | 2019 |
| | Market Value | Assessed Value |
| | 21,587,880 | 6,260,485 |
| Name | Mill Levy | Taxes |
| ECAGID | 10 | \$ 62,604.85 |
| DIATC Metro District | 55 | \$ 344,326.69 |
| <u>Sable Altura Fire District</u> | <u>17.264</u> | <u>\$ 108,081.02</u> |
| Total | 169.145 | \$ 1,058,929.77 |



Options for Board Consideration

- “Make no change” option (27 mills)
- Limited option of no change in mill levy but provide rebate of tax revenue via incentives
- There is the requested change of temporarily lowering the mill levy for up to five years, subject to annual approval



Pros & Cons – No Change

- Leaving mill levy at 27 offers positives:
 - Generates more short-term revenue
 - Sets no precedent
 - Sets no unrealistic expectations on taxes
- Leaving mill levy at 27 offers negatives:
 - May “kill” or limit prospective development



Pros & Cons – Levy & Rebate

- Mill levy at 27 & give rebates offers positives:
 - Encourages development
 - Generates more revenue
 - Sets no precedent
 - Provides some “control” over quality by incentives
- Mill levy at 27 & rebates offers negatives:
 - State statutes are silent, leaving ECAGID’s authority to provide incentives in question
 - No case law precedent
 - May not be enough certainty



Pros & Cons – Reduce Levy

- Temporary mill levy reduction offers positives:
 - Encourages development
 - May generate more long-term revenue
- Temporary mill levy reduction negatives:
 - Sets precedent for other properties
 - No guarantee that it will result in additional development
 - ECAGID may need to issue debt during 5 years
 - Businesses may complain when levy goes back up

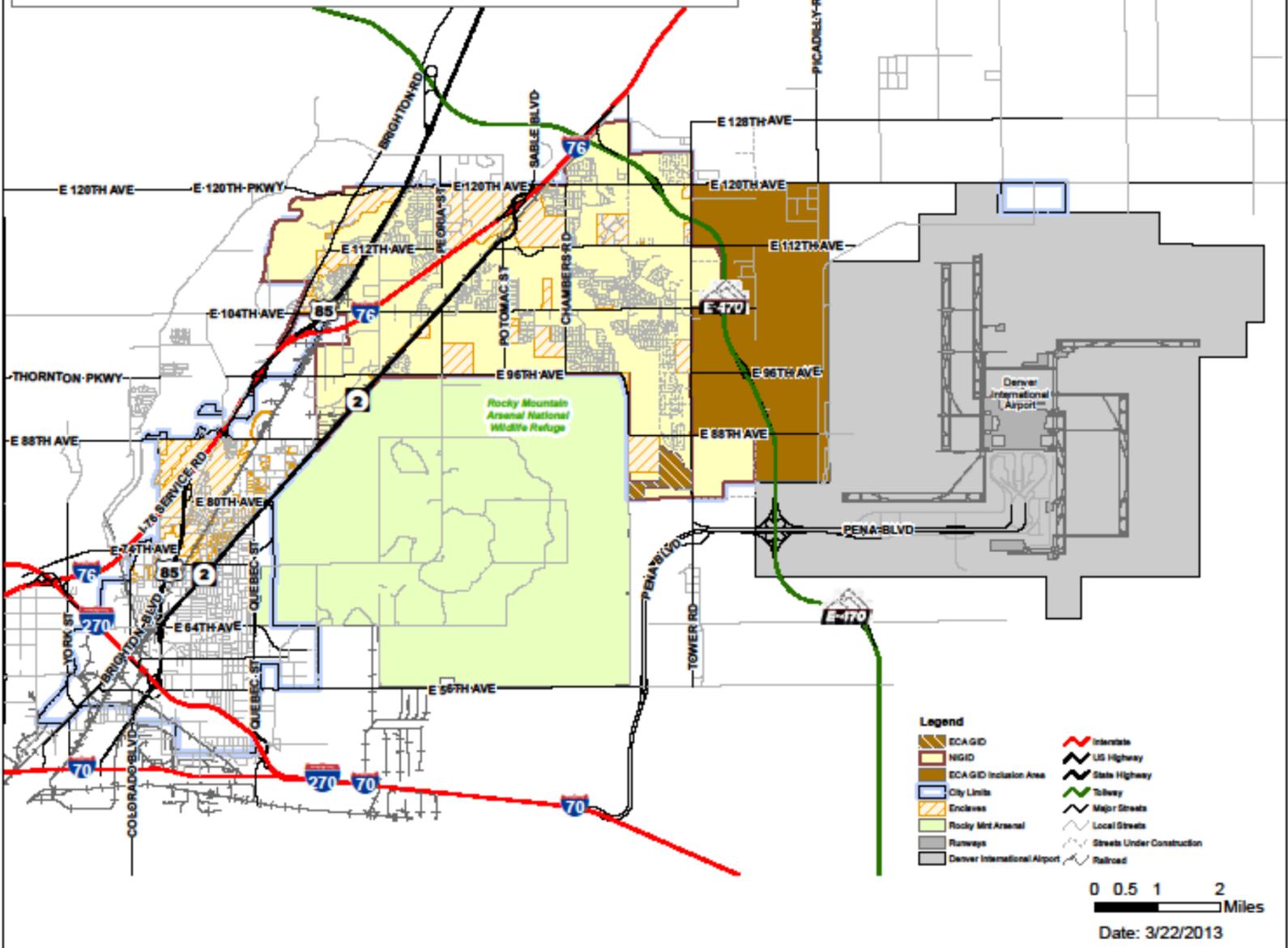


Other Considerations

- ECAGID has no debt currently
- A lower mill levy will apply to every property within the ECAGID
- Lower mill levy will also apply to additional property joined to the ECAGID
- Existing businesses that will benefit:
 - McLane property
 - 7-Eleven property



E470 Commercial Area General Improvement District



- Legend**
- ECA GID
 - NGID
 - ECA GID Inclusion Area
 - City Limits
 - Enclosure
 - Rocky Mnt Arsenal
 - Runways
 - Denver International Airport
 - Interstate
 - US Highway
 - State Highway
 - Tollway
 - Major Streets
 - Local Streets
 - Streets Under Construction
 - Railroad

0 0.5 1 2 Miles
Date: 3/22/2013

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Staff Recommendation

- Temporarily reduce mill levy to 10 mills for 3 years
- Temporarily reduce mill levy to 15 mills for 2 additional years, to build reserves
- Set mill levy at 27 mills again in 2023 when Sable Altura levy drops by 10 mills



Next Steps

| Topic | Study Session |
|--|---------------|
| Budget Public Hearing Opening | October 16 |
| Budget Public Hearing Closing | November 6 |
| Board Action on Resolution Approving Budget & Certifying Mill Levy | November 6 |



Board Discussion & Direction

- Is this the right approach?
- Is there other information you want?



