



Metro District Reform Update

July 25, 2022

Purpose

- Review background and context
- Discuss previous Staff action and Council direction
- Brief current Staff action
- Request Council direction for additional information
- Develop next steps

Historical Context

- Metro Districts have historically been a tool to drive Commerce City's development
 - Most North Range developments are enabled by metro districts
- City has historically prioritized development over strict oversight/regulation
 - Has caused unfavorable public sentiment towards metro districts



Obstacles to Regulation

- Service Plans **already approved are set** and likely cannot be altered unilaterally by the City
- City can renegotiate service plans **if** amendment (initiated by a district) is proposed, if a material modification occurs, or some other incentive is provided
- Increased oversight can **increase costs to City** and compliance could **increase costs for residents**



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



Key Draft Regulations

- 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



Previous Direction

- Negative feedback from development community
 - Subordinate debt
 - Mill levy caps
- Council sought 'middle ground'
 - Balance resident protections with need for continued development
 - Win/win, mutual gains approach towards a solution that creates value for all parties involved

How has Staff Responded?

- City has engaged Economic and Planning Systems (EPS) to conduct a forensics analysis of the regulations and model service plan
- Draft/preliminary report prepared
- Key findings:
 - Mill levy caps are reasonable
 - Service Plans should include ability to adjust Mill levy caps
 - Requires more detail in financial plan
 - Allow 100% developer reimbursement
 - Peg interest rate and underwriting discount to current market conditions

Action

- Leverage due diligent analysis to modulate proposed regulations and model service plan to achieve a mutual gain approach
- Staff will prepare next steps based on Council's direction from this study session



Request for Direction

- What information in addition to the EPS study does Council wish to see?
- What level of community/stakeholder engagement does Council want to see moving forward?
 - 8/29 next meeting
- Speed vs. thoroughness

Proposed Next Steps

- Provide an update to Council as to additional changes and analysis to Council (8/29)
- Hold additional public/stakeholder townhalls to gain additional feedback and input
- Conduct further analysis based on EPS study
- Revise regulations based on EPS study



Questions and Comments?

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Staff is available for questions and comments.