

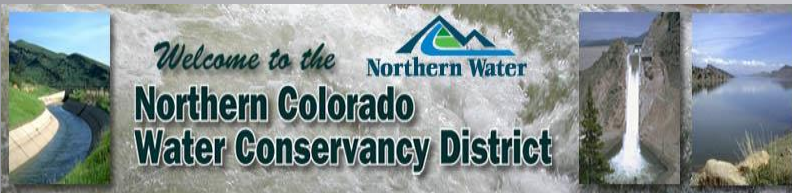
Metropolitan District General Overview (Metro District 101)

Presented by:



What is a Title 32 Special District?

- Title 32 Special District
 - Local Government
 - A special district is an independent unit of government formed under the Special District Act (§§ 32-1-101 et seq., C.R.S.)
 - Districts are quasi-municipal corporations and political subdivisions of the State
 - Single Purpose District
 - Water District
 - Sanitary Sewer District
 - Fire District
 - Metropolitan District
 - Providing two or more specific services, including but not limited to:
 - Domestic Water, Sanitary Sewer, Roadways,
 - Irrigation Water, Park and Recreation, Transportation,
 - Traffic and Safety Controls



Windsor-Severance
Fire Protection District



Title 32 Special District History

Special districts were first authorized by the General Assembly in 1949, to provide certain municipal-type services in rural and unincorporated areas. More than **3,734 special districts** have been created in Colorado to provide fire protection and prevention, emergency medical services, drainage, water, sanitation, hospital services, ambulance, road and park and recreation services to local areas. Of those special districts over **1,576** are **metropolitan districts**.



Why Special Districts Are Typically Created

- New infrastructure is funded by those who will benefit (Constituents within the District) and not all City residents
- Public infrastructure can be financed over time with tax-exempt interest rates
- Property owners can deduct taxes paid to the district on their federal income tax returns
- Architectural control and covenant compliance management by District
- Permanent operation and maintenance of certain public improvements that are not dedicated to a municipality or other entity
- Well-established revenue for long-term maintenance and operation
- Sovereign immunity protections
- Districts are used throughout Colorado as an essential development tool



What Districts Can Do: Services & Improvements

- Construct public improvements
 - Districts may finance and construct public improvements, subject to Title 32, the City Code, land use regulations, development agreements, and service plans
- Operate and maintain public improvements
 - Districts may own, operate, and maintain public improvements not otherwise dedicated to the City



DENVER
THE MILE HIGH CITY



Governance of the District

- Districts are independent governmental entities separate and distinct from the City
- Districts are governed by an elected board of directors
 - Regular elections are held in May of even-numbered years
 - Eligible electors of a district participate in election
- The City is not liable for debt or other obligations of a district
- Not a government of general jurisdiction
- No police power
- No land use regulatory authority



Laws Governing District Actions

- District actions are subject to the following:
 - Local Government Budget Law, §§ 29-1-101 *et seq.*
 - Local Government Audit Law, §§ 29-1-601 *et seq.*
 - Open Meetings Law, §§ 24-6-101 *et seq.*
 - Local Government Election Code, §§ 1-13.5-101 *et seq.*
 - Open Records Act, §§ 24-72-200.1 *et seq.*
 - Public Bidding Requirements for Construction Contracts, § 32-1-1001(1)(d)(I), C.R.S.
 - Colorado State Constitution



Formation and Organization of the Metropolitan District

- Step 1: Service plan submitted to the City
 - The City may approve, deny, or approve with conditions
 - The City may require specific provisions
 - The service plan limits the district's authority and sets parameters within which the district can operate
- Step 2: Petition for district organization submitted to district court
 - Following City approval of the service plan
 - Court holds a hearing and orders a formation election be held
- Step 3: Election
 - Organize district/authorize taxes and debt (TABOR)
 - Elect initial district board of directors
- Step 4: Court orders organization of district if the election is successful

District Service Plan

- Districts operate pursuant to the powers and limits established in Title 32 and their service plans, which are approved by the governing body of the Town, City, or County in which they are located
- District Service Plan
 - Defines District services and powers
 - Defines facility ownership and operation
 - Debt Cap
 - Mill Levy Cap
- Exhibits provided with the Service Plan
 - District Infrastructure Maps
 - District Boundary Maps and Legal Descriptions
 - Capital and O&M cost estimates
 - Financial Modeling





Construction of Capital Improvements

- **Constructed by the District**

- District Capital Project Manager completes a Public Bid process as per Title 29 as directed by the Metro District Board (with Bid Bonds)
- District Capital Project Manager analyze and compare bids
- District Manager presents bid analysis and recommendation of Lowest Qualified Bidder
- Metro District Board awards the project to the Lowest Qualified Bidder
- Metro District constructs the Capital Improvements with District funds or Developer funding through advances
- District acquires acceptance by the governing municipalities and/or Title 32 Districts (Water Districts, Sewer Districts, etc.) upon completion of improvements to be conveyed.
- District Engineer provides As-builts to the District Manager
- District Board approves the Capital Construction Costs through the monthly payable process and books the reimbursement to the Developer
- The contractor provides a warranty with warranty bond (Warranty Period) to the District matching time duration of the governing municipality's warranty period (1 or 2 years).
- The District assumes operation of facilities up completion of the Construction

- *Benefits*

- Tax Exempt for project materials
- Governmental Immunity for the Metropolitan District
- Seamless monthly accounting of the construction costs and reimbursement to Developer
- The project is contractually administered through the Capital Project Manager and Managed by the Developer's Project Manager
- Many municipalities will waive the surety in the form of cash or LOC if the Metro District as a local government is constructing the improvements

- *Challenge*

- The public bidding process takes roughly 2 – 3 weeks longer than the private bidding process



Construction of Capital Improvements

• Constructed by the Developer

- Developer or Developer Rep completes a private competitive bid process
- Developer awards project to selected contractor
- Developer constructs the improvements with Developer funding
- Developer acquires acceptance by the governing municipalities and/or Title 32 Districts (Water Districts, Sewer Districts, etc.) upon completion.
- Developer provides District Manager with proof of Construction Cost (Invoices and Copies of Checks)
- District Manager completes review of documents, classification of costs, identify qualification and organizes/packages documents for District Engineer review
- District Engineer reviews, approves and certifies the Qualified Reimbursements, Municipal Acceptance, As-builts as presented by the District Manager
- District Manager presents Manager Certification, Engineer Certification and supporting documents to District Board for approval
- District Board approves the Certified Costs and issues a reimbursement to the Developer or issues a Promissory Note to the developer for future reimbursement.
- The Metro District issues construction acceptance to the developer for facilities the Metro District will retain to operate and maintain (Parks, Storm, non-pot, etc.)
- The Developer provides a warranty with warranty bond (Warranty Period) to the District matching time duration of the governing municipality's warranty period (1 or 2 years).
- The District assumes operation of accepted facilities at the beginning of the Warranty Period
- The District issues Final acceptance to the Developer at the end of the Warranty Period
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- *Benefit*
- Additional flexibility with the selection of the Contractor
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- *Challenge*
- Accounting time of Construction Costs is duplicated with the developer and the district needing to book the expenses





District Operations

- Administration
 - Daily Operations
 - State and Local Compliance
 - Contract Administration
 - Board Meetings
- Construction of Public Infrastructure and Facilities
- Facility Operations
 - Facilities retained by the District
 - Most common improvements operated
 - Parks
 - Street landscaping
 - Open space
 - Irrigation systems



District Financing

- Debt Authorization
 - District Service Plan Debt Cap
- Bonding Improvements
 - Documentation
 - Timing
 - Debt Repayment
 - Debt paid after the operation and maintenance paid (As per the Service Plan and or district agreements)
- Capital Improvement Repayment
 - Developer Constructed
 - District Constructed
 - Developer and District Constructed



District Sources of Revenue

- Revenue

- Property tax mill levy
 - Operations
 - Debt
 - Mill levy limitations
 - Service Plan
 - TABOR
 - 5.5 % Limitation §§ 29-1-301 and 29-1-302, C.R.S.
- Fees, Rates, Tolls, and Charges for services, facilities, and programs:
 - Utility Tap Fees
 - Utility Use Rates
 - System Development Fee
 - Operation and Maintenance Fee
 - Park and Recreation Fee



Mill Levy Calculation

Commercial

Sample Calculation of District Property Taxes (assuming 35 mills):

\$300,000 Actual Value x 29% assessment rate
= \$87,000 assessed value

Property tax: \$87,000 assessed / divide by 1,000 (mill levy applies to every \$1,000 in value) x 35 mills = \$3,045 in annual property tax for District only.

Residential

Sample Calculation of District Property Taxes (assuming 35 mills):

\$300,000 Actual Value x 7.2% assessment rate
= \$21,600 assessed value

Property tax: \$21,600 assessed / divide by 1,000 (mill levy applies to every \$1,000 in value) x 35 mills = \$756 in annual property tax for District only.

Questions?

