TO: Littleton City Council

FROM: Next Generation Advisory Committee

DATE: 15 August 2019

SUBJECT: RiverPark Metropolitan District Service Plan

Executive Summary

In the four meetings since the creation of the Next Generation Advisory Committee (NGAC), the group has taken up the challenge of quickly getting up to speed with the major issues currently facing the City of Littleton. After doing substantial research on the topic of metropolitan districts and looking at the issue from a variety of angles, the NGAC has reached a number of consensus statements on the creation of the RiverPark Metropolitan District Service Plan. This document contains consensus statements from the entire NGAC as well as questions, comments, concerns, and suggestions presented by individual members. Every member was given the opportunity to contribute to a working document in which as a group NGAC was able to aggregate the many ideas and statements into this report for council. The ideas expressed in this document are representative of the many ideas discussed in the August 1, 2019 meeting as well as in the NGAC working document. In summation, NGAC does not support the formation of the RiverPark Metropolitan District as we do not see any benefit to the City of Littleton or the current residents. We believe the only party to profit from this arrangement would be the developers. Additionally, we are very concerned by the $1.9 million City contribution to this project as detailed in this Service Plan and feel the taxpayer money would be better used other areas. Thank you for taking the time to listen to the ideas and comments from NGAC.

Consensus Statements

1. It is the general consensus of the NGAC that the primary beneficiaries of metropolitan districts are the development companies, in the case of the RiverPark Metropolitan District that would be Evergreen.
    a. We recognize and acknowledge the high costs associated with the development of a previously undeveloped area. However, we do not feel this is an adequate reason for the creation of the District. The Revised RiverPark Metropolitan District Service Plan from July 23, 2019 (the "Service Plan") states, "there are currently no other governmental entities, including the City, located in the vicinity of the District to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment and financing of the Pubic Improvements needed for the Project"(1). Once again, we question the need for the creation of an independent unit of local government in order to pay for these costs when the developers as an entity would have the ability to take on the necessary $10,724,563 in debt to complete the project.
    b. *An Overview of Special Purpose Taxing Districts* publication from the National Association of Home Builders outlines the historical reasons that led to challenges in financing infrastructure. In the aftermath of the US Banking Crisis beginning in 2008, there was a major shift in the way development projects were financed (2). This meant that commercial banks, which were at the forefront of construction financing, began to limit the amount they would loan to developers (2). This lead to developers looking for alternative financing strategies and in turn led to the

increased number of metropolitan special districts established to cover the funding gap.

c. However, the economic realities of the late 2000's in the wake of the housing bubble collapse and Great Recession are very different than the current economy a decade later. We believe if the developers are embarking on a project with the intent of financial gain, it is the developers who should be taking on the financial debt and burden to complete this project and not passing it along to future residents in the form of a tax load.

2. As a group NGAC does recognize the need for attainable housing options in the City of Littleton. However, it was the general consensus that it would be better to have housing options which reflect the true cost of the property upfront in the form of purchase price instead of impacting the residents at a later date in the form of a mill levy property tax.

    a. In Section IX on page 12 of the Service Plan, the Disclosure Requirements are outlined which states "the City wants purchasers of property within the District to be aware to the additional tax burden to be imposed" (12). In this section it is outlined that the City "mandates early written and record notice of the total (overlapping) tax burden, including the Maximum Debt Mill Levy Imposition Term" (12). We feel like this is a good policy, which protects the rights of the property owners within the City of Littleton and requires transparency into the finances of the District. The NGAC would like to see more City policies like this in place to regulate special districts.

    b. While we acknowledge this is a positive move towards transparency, we worry that because this is a new development without an already established tax base upon which to base property taxes, the residents will see a substantial spike in their property taxes that is ultimately unsustainable leaving property owners underwater and properties either vacant or foreclosed. There are examples of homeowners living in metropolitan districts all across the Front Range being forced to sell the property because of the unsustainable property tax burden.

3. The City of Littleton is currently in the process of updating the City's Comprehensive Plan and subsequently tackling the project of updating the appropriate code and zoning regulations for the city in the coming year. NGAC has agreed we would like to see the approval of the creation of metropolitan districts or major development projects be delayed until after the Comprehensive Plan and zoning projects are completed and adopted in order to ensure that any major developments and changes to the city fall in line with the updated vision for the city.
4. We also believe there needs to be changes in the City's policies which allow for more oversight and transparency when it comes to the administrative makeup of the district's board. For example, there should be a provision in the Intergovernmental Agreement that dictates the timing as to when the board will fully transition to residents of the District and there will be no developer representatives on the board.

Financial Implications

1. Page 41 of the Service Plan outlines the District Improvements Cost Summary for the Project. This chart breaks down the various infrastructure projects associated with the projects and the estimated costs of each project. The chart then breaks down the costs between the "City Share" and the "MD Share." It is incredibly concerning to see the City agreeing to spend $1,992,134 of taxpayer money on this project.

a. We would like to ask Council why the city would pay nearly $2 million for this project even though there is not significant citizen support and no demonstrated benefit for the City of Littleton?
b. We would also like to ask the Council if one of the main reasons it appears that this project is being considered is to assist with the traffic congestion at the Santa Fe and Mineral intersection- would it not be best to simply invest the nearly $2 million in the Santa Fe flyover project which NGAC considers to be a preferable option than the proposed "Quad Road" which we unanimously consider an inferior option?

2. Because of the large amounts of debt currently being held by metropolitan districts all across the Front Range resulting in large tax burdens for large portions of the population, some experts have speculated that this will result in the unintentional ramification of taxpayers no longer being willing to approve any tax increases in their communities for services such as schools, roads, and other public services. Is this something the Council has considered and what methods does the City have at its disposal to cope with this situation should it arise?
3. The District will impose fees as well as a Public Improvement Fee (PIF) on the property. NGAC feels it is important to keep in mind that a PIF adds an additional burden to District residents and non-residents alike. Adding a PIF could potentially impact an already struggling brick and mortar retail environment in a development, which is projected to be a zero sum gain in relation to the adjacent Aspen Grove shopping center, by driving shoppers away from the new development to avoid the fee. Finally, because the PIF is a fee, it would be added to the total cost and therefore would be subject to both

state and local sales tax thus further increasing the overall cost of goods and services and negatively impacting citizens.

4. NGAC also has expressed concern at the Mill Levy rate mentioned throughout the Service Plan. According to the service plan for the RiverPark Metro District, “the Maximum Debt Mill Levy shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt imposed by the District”. How does that look and, is it ethical for the District to collect the maximum Mill Levy on taxable property?
    a. Later in the document under the Sources and Uses of Funds section beginning on page 64, the target Mill Levy is listed as 35.00 Mills. This is less than the maximum allowed Mill Levy of 55 Mills, however, this is much higher than other metropolitan district Mill Levies we found in our research.
5. We also have expressed concern at the possibility of the creation of multiple taxing subsections within the District that would increase the overall Mill Levy tax requirement while circumventing TABOR regulations. Are there any city policies in place which would protect residents from the possibility of this happening?

Infrastructure Concerns

1. After reading the Service Plan, NGAC would like to ask Council what would happen if the District is not able or does not keep up with the necessary infrastructure and services for the development? In the case of this occurring, does this burden fall on the City? With the City’s current financial situation, is this something the City is able to take on should the need arise?