Metropolitan District General Overview
(Metro District 101)

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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

Welcome to the Northern Water
Northern Colorado Water Conservancy District

Windsor-Severance Fire Protection District

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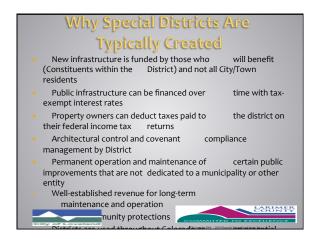

Title 32 Special District History

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**.

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Why Special Districts Are Typically Created

- New infrastructure is funded by those who will benefit (Constituents within the District) and not all City/Town 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
- community protections
- Districts are used throughout Colorado

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What Districts Can Do: Services & Improvements

- Construct public improvements
  - Districts may finance and construct public improvements, subject to Title 32, the City/Town 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/Town

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Governance of the District

- Districts are independent governmental entities separate and distinct from the City/Town
- 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/Town *is not* liable for debt or other obligations of a district
- Not a government of general jurisdiction
- No police power
- No direct 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/Town
  - The City/Town may approve, deny, or approve with conditions
  - The City/Town 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/Town 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

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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

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Construction of Capital Improvements

- **Constructed by the <u>District</u>**

  - Public Project subject to State regulations
    - Public Bidding format, etc.
  - Funding advanced by the Developer
  - The District will review the improvements and project documentation.
    - Future reimbursement to the Developer for the funding advances.
  - Conveyed to the appropriate municipality, district or retained by the Metropolitan District.

- **Constructed by the <u>Developer</u>**

  - Private competitive bidding process
  - Funding paid directly by the Developer
  - The District will review the improvements and project documentation.
    - Future acquisition or dedication of the improvements from the developer to the District.
  - Conveyed to the appropriate local government or retained by the

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

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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
    - n Fee

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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.

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Questions?

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