



North Metro Elected Officials Forum Q&A

How do residents gain information about their metro district?

Residents and property owners can gain access to special district information through the Division of Local Government's "Local Government Information System." Special Districts are required to post various annual filings with the Division of Local Government, including director information, annual budgets, annual audits, current maps of the district boundaries and the underlying Service Plan. This information can be found via a search of all special districts at <https://dola.colorado.gov/lgis/>. Additionally, many special districts maintain their own web page with additional information. Finally, just like with other governmental entities, most of the records maintained by special districts are public records, which can be requested pursuant to the Colorado Open Records Act (CORA), C.R.S. 2472-201 et seq.

Are there any long-term impacts on town elections due to metropolitan district decisions? The perception is that people living in districts with higher mill levies don't vote for other municipal or school district ballot measures.

Landowners work with cities and counties to provide residents within the metropolitan districts the public infrastructure that is necessary. Metro districts understand voters' sensitivity to any type of an increased tax burden and work closely with the cities and counties to ensure that the infrastructure and amenities that are spelled out in the service plan meet the demands of the city/county and of the residents and nothing more.

How are my metro district taxes calculated?

Property taxes are calculated based on the assessed value of your property times the property tax rate which is also known as the mill levy. The assessed value is determined by the County Assessor's office each year and is based on the market value of the property. As an example, a residence that is determined to have a market value of \$450,000 would have an assessed value of \$32,175. This is calculated by taking the market value (\$450k) times the state assessment ratio (7.15%). If we assume that this property had a mill levy (tax rate) of 145 mills the total property taxes would be \$4,665 (calculated by taking the assessed value \$32,175 divided by \$1,000 times the mill levy of 145). The mill levy for any property is comprised of all the taxing authorities that

provide services to that property which could include the city, county, school district and other special districts.

The Metro District Education Coalition, a non-profit organization, has developed a series of tools to educate the broader community on the mathematical equation between mill levies and assessed property values. The first tool will be a video that demonstrates how an average resident can calculate their property taxes.

Developer notes are often annually appropriated and don't show up as debt. This has an impact on the mill levy and people frequently don't know about them. How can people be more engaged and learn more about how to find answers to these questions?

While it is true that developer notes may not be considered “debt” of a special district in all cases, the financial statements will report ALL obligations that have been incurred by the District. However, for developer notes and subordinate obligations, it can be difficult to understand how these obligations will impact the mill levy long term. Reviewing the District’s annual audit with someone that is skilled in government accounting would be a good way to analyze what the future impact may be.

What is the role of the Board of County Commissioners in providing transparency and oversight on an ongoing basis?

Cities and counties can require disclosure and transparency beyond what is required by state law through the service plan that they approve, or an intergovernmental agreement (IGA) between the County and the district. In addition, many cities and counties have links on their websites to metropolitan districts and other special districts within their jurisdiction to make it easy for their residents and businesses to find information. Additionally, the statute provides in certain situations that a governing body may hold a hearing and request additional information from the district, called a “quinquennial review.”

Does Amendment 41 apply to metropolitan districts?

Under Amendment 41, the term “local government” is restricted to a county or municipality. Quasi-governmental entities, such as special districts, are excluded from this definition. Thus, Amendment 41 does not apply to metropolitan districts.

How is the board composition of a metropolitan district determined?

During the early stages of a development, the land is raw land and there are no residents to run for a board seat, thus the developer and landowner work together to make up the initial board. Once there are residents in the community, these individuals can run in regular elections to serve on the board and can help to manage the district’s debt and operations. The funding mechanism

for metro districts only works if developers can reasonably be assured that the public improvements required by the city are able to be financed and constructed. Typically, once the project is complete, residents take over the board and manage the debt and operations over time.

Can a metropolitan district refinance bonds without homeowner consent or knowledge and extend the length of time that their debt is outstanding?

The board of a metropolitan district can only refinance debt within the constraints outlined by the approving municipality or county in the metropolitan district's service plan. This often includes a limitation on the length of time that debt can be outstanding and that a mill levy for debt can be imposed. Thus, while it is possible for a metropolitan district board to refinance debt and extend the maturity of their debt, it can only do so within an approved framework that was put in place when the district was formed.

Metropolitan district board meetings are publicly noticed and open to the public, like other municipalities and counties. The general public may choose to attend board meetings and express their views on any topic. As communities build out, they often vote to put residents on the board that have the ability to make decisions that best suit the community's goals for managing the debt that was used to pay for its public improvements. Over time, metropolitan districts pay off their debt, and cities, counties, or other local governments to whom improvements were dedicated continue to maintain them over time.

Why would there ever be a master/subordinate type structure and how do you respond to the complaint of taxation without representation?

Since the 1980's, the master/subordinate model of districts has been phased out and this terminology is no longer used. However, a common tool used today is a "control district" or "coordinating district" which is an umbrella district that ensures cost efficiencies for redundant services provided by each metro district under the umbrella such as landscaping, accounting, legal, etc. These control districts have boards and all meetings are publicly noticed allowing for public involvement. The financing districts impose mill levies and/or fees and coordinate with the control or coordinating district to provide facilities and services on a cost-effective and more efficient basis. This structure also enables the improvements to be phased with the development phases so that the properties located within the respective districts are paying for their share of improvements and not for improvements on earlier or later phases of improvements. Thus, if Phase I develops first, it is located within a district for the phase and pays for its improvements. It does not, then, pay for the improvements within Phase II, Phase III, etc.

Why are the operational costs of districts so high?

Because districts operate as independent, political subdivisions their operational needs are

separate and distinct from other governments. These needs include regular meetings, elections, maintenance contracts, construction contracts, legal representation, accountancy and management needs, engineering needs, insurance, audit requirements and more. Many of these needs are required by state law, by district service plans and/or as a matter of good public policy. Elected district boards determine the level of operations and manage the expense of operations either by contract with consultants or by hiring and managing staff.

Don't residents deserve access to information?

Residents and property owners can gain access to special district information through the Division of Local Government's "Local Government Information System." Special Districts are required to post various annual filings with the Division of Local Government, including director information, annual budgets, annual audits, current maps of the district boundaries and the underlying Service Plan. This information can be found via a search of all special districts at <https://dola.colorado.gov/lgis/>.

In addition, many districts have their own websites that contain similar or additional information.

Finally, residents may also request documents from the district's manager and/or legal counsel. The contact information for the district is available on the Division of Local Government's website.

What are the pros and cons of using GIDs and SIDs instead of metropolitan districts?

Typically, Title 32 metro districts are formed by owners of private property, seeking a mechanism for financing needed infrastructure and services. Once formed, the responsibility for ongoing operation of a Title 32 metro district is on the district itself, and, to some extent, on the persons who formed it. They are also usually created before development occurs, in order to facilitate the development.

By contrast, SIDs (special improvement districts, authorized by C.R.S. 31-25-501) and GIDs (general improvement districts, authorized by C.R.S. 31-25-601 et seq.) are formed by a municipality, and are controlled and governed by a municipality. These tools are more commonly used when development has already occurred, and a specific component of infrastructure is needed to serve it. For example, a city annexes an area that includes existing residential development, but the streets are not up to City standards. The City could form a GID to finance and construct the upgrades, and only the property owners within the GID boundaries who benefit from the infrastructure would pay for it, rather than all of the City's taxpayers.

Both types of districts (SID/GID and Title 32 metro districts) isolate the costs of paying for infrastructure to the properties that benefit from the infrastructure. GIDs can levy property taxes and assessments; SIDs can only impose assessments.

Also, an election is needed to form a Title 32 metro district, but no election is required for the municipality to form a GID or an SID.

How do you respond to residents who believe that it is unfair that they have to pay for the city to review metro district activities?

Oversight from the local jurisdiction is important since taxpayer dollars are being expended. Metro district staff work closely with city and county staff to ensure that metropolitan districts meet the city or county requirements and that they comply with the terms of the service plan that is adopted by the city or county.

Is there a way to ensure transparency and a greater understanding about how metropolitan districts work?

We believe that more transparency and education about metropolitan districts is essential. State law currently requires a number of transparency measures which are included in **Addendum A**. However, through the Metro District Education Coalition (MDEC) we are advocating for greater transparency including a requirement that all metropolitan districts have a website and requiring MLS listings to disclose that a property is in a metropolitan district. MDEC is also developing a series of tools such as videos to help explain what metropolitan districts are, how they are governed, and how they finance public improvements for communities. More information can be found at www.MetroDistrictEducation.com.

Can bonds be extended beyond the life of the asset?

In determining the amortization and maturity of its debt, a district considers the useful life of the asset as well as the maintenance/repair/replacement needs of those assets in the future. Many district-financed improvements are dedicated to other governments who accept those ongoing obligations. Note also that tax-exempt financing under federal tax law requires a relationship between the useful life of an asset and the maturity of the debt financing that asset.

Do metropolitan districts have an impact on voters considering other forms of taxation?

Landowners work with cities and counties to provide residents within the metropolitan districts the public infrastructure that is necessary. Metro districts understand voters' sensitivity to any type of an increased tax burden and work closely with the cities and counties to ensure that the infrastructure and amenities that are spelled out in the service plan meet the demands of the city/county and of the residents and nothing more.

What is the threshold for forming a district i.e. size, acreage, etc.?

The threshold for forming a district is not set in statute. However, the jurisdiction in which the district is proposed may have adopted requirements relative to these matters. Additionally, even if there are no set standards to follow, there is a threshold where it may not make economic sense to form a district for a small subdivision with a limited number of residents or property owners. A pre-requisite for organization of a district is the approval of the city or county in which the district is proposed to be located. Therefore, the approving city or county will evaluate these matters as a part of the approval process to determine, in part, whether organization of a district is in the best interest of the community it will serve.

My developer told me that my mill levy is a temporary tax that would be paid off in 2018 and it isn't. Who makes sure this is temporary?

Cities and counties work with the landowners and developers of these projects to design and construct infrastructure that will allow for connections like roadway systems to other parts of the community and provide amenities to the new project itself. City council members and county commissioners determine the amount of property taxes that the metropolitan district will be able to charge and set the maximum amount of time those taxes can be in place to pay for the required public infrastructure. Most often these taxes are in place for 30-40 years to repay bonds issued up front to pay for the infrastructure. Specific information on the allowed taxation in a district can be found in the district service plan approved by the city or county.

How do you explain subdistricts that are created for Greenfields within districts?

Subdistricts have been permitted to be formed for the last 20 years. They allow Title 32 districts to tax a smaller area (i.e., the subdistrict) within the overall district in order to finance improvements related to that smaller area. If the subdistrict were not formed, the district would be required by the state constitution to impose a uniform mill levy within the entire district. For example, water and sanitation districts and park and recreation districts have used subdistricts to finance improvements in certain areas.

What is the role of a property owner vs. homeowner involvement in a metropolitan district?

At the early stages of a new development, the only eligible voters in a metropolitan district election will be the owners of the property. Once there are residents in a community (whether property owners or not), those individuals can run in regular elections to serve on the board. Those individuals can then help to manage the district's debt and operations over time. A

transition generally occurs from developer to resident control of metropolitan district boards as projects mature and residents become eligible for election to the board.

How can we ensure the effective use of districts so they can continue?

It is important for local governments and citizens alike to understand the ways that metropolitan districts can facilitate the construction of regional public infrastructure. Ensuring that metropolitan districts are well understood by all stakeholders is a key part of the Metro District Education Coalition's (MDEC) mission. To the extent that MDEC can assist in describing how they work for any stakeholder group, please reach out to us and we would be happy to provide support.

How can we ensure proper disclosure and transparency?

We believe that more transparency and education about metropolitan districts is essential. State law currently requires a number of transparency measures which are included in **Addendum A**. However, through the Metro District Education Coalition (MDEC) we are advocating for greater transparency including a requirement that all metropolitan districts have a website and requiring MLS listings to disclose that a property is in a metropolitan district. MDEC is also developing a series of tools such as videos to help explain what metropolitan districts are, how they are governed, and how they finance public improvements for communities. More information can be found at www.MetroDistrictEducation.com.

I don't like having another level of government to deal with.

Metropolitan districts are community partners that help local jurisdictions pay for public infrastructure within a new community. Residents are made aware whether their property is in a metropolitan district prior to purchasing their home and can make the personal decision about whether to live in a metropolitan district or not.

Why is there continual refinancing that creates perpetual taxes?

Through the service plan, city council members and county commissioners determine the amount of property taxes that the metropolitan district will be able to charge and set the maximum amount of time those taxes can be in place to pay for the required public infrastructure. After bonds are initially issued, typically the credit quality of the district improves as development occurs within the district and the assessed valuation of the district increases. This improved credit quality typically allows the district to lower the interest rate on its debt through a refinancing, because the debt of the district becomes less risky and investors are therefore willing to accept a lower interest rate. Interest rates in the overall municipal bond market may also

decrease over time, allowing the district to save money by refinancing. As part of these refinancings, the final maturity of the bonds may be extended. Service plans usually contain an outside period (often 40 years) after which no taxes may be levied, or after which taxes may be levied under certain circumstances, such as after approval is obtained from a homeowner-controlled board. Each district and its service plan are unique, however, so there is not one answer to this question that applies to all districts.”

Does the creation of metro district lower a home price thus giving a town less tax revenues?

The use of Metropolitan Districts to fund infrastructure does stretch out the payment of public improvements over time, which has the effect of lowering the price of a home, all else equal, because those improvement costs would otherwise be paid up from by the homeowner. While raising home prices may be desirable from the standpoint of a municipality seeking to generate property tax revenue, the cost of housing along the Front Range is currently high enough that many people cannot afford to purchase a home. Many communities have decided that using Metropolitan Districts to build public infrastructure makes sense to keep home prices down and to increase the supply of housing in the market, which also tends to keep prices low.

Why is there a significant change in taxes from a new home and the valuation change to one a few years later?

Property taxes are paid in arrears in Colorado. When land is developed and new homes are constructed on that land, property taxes owed to all taxing jurisdictions will be based on the value of the property prior to when the home was constructed. This value is almost always significantly lower than the value of the finished home. Taxes will not be owed on the full value of the home until the beginning of the second year after home ownership. For instance, a home that was constructed and purchased this year will be assessed next year and taxes owed on the full value in the beginning of the following year.

This change in valuation has nothing to do with a metropolitan district that may be on the property. Metropolitan district taxes are assessed against the value of the property like any other taxing jurisdiction.

When can homeowners get on the board of a metropolitan district?

Residents and property owners are eligible to run in regular district elections that are held biennially in May (May of even years until 2022 and May of odd years starting in 2023). Notices are sent to residents in a metropolitan district by one of the following ways: (1) mail to each household within the special district; (2) included as part of a newsletter or other statement, letter or notice sent to the eligible electors within a district, (3) posted on the official website of the special district, or (4) posted through the Special District Association.

Any director elected or appointed to the board of any special district who has actually held office for at least six months may be recalled from office by the eligible electors of the special district; except that a petition shall not be filed to recall a director whose term of office expires in less than six months from the date the petition is presented for filing. A petition signed by the lesser of three hundred eligible electors or forty percent of the eligible electors demanding the recall of any director named in the petition must be filed to initiate a recall election.

How can cities and counties ensure transparency and oversight?

Cities and counties can require disclosure and transparency beyond what is required in state law through the service plan that they approve.

At the Metro District Education Coalition, we believe that more transparency and education about metropolitan districts is essential. State law currently requires a number of transparency measures which are included in **Addendum A**. However, through the Metro District Education Coalition (MDEC) we are advocating for greater transparency including a requirement that all metropolitan districts have a website and requiring MLS listings to disclose that a property is in a metropolitan district. MDEC is also developing a series of tools such as videos to help explain what metropolitan districts are, how they are governed, and how they finance public improvements for communities. More information can be found at www.MetroDistrictEducation.com.

Who can get elected to control the metropolitan boards and the long-term control?

In general, all eligible residents and property owners within the boundaries of a district may run in regular, biennial, elections (held in May of even years until 2022 and then May of odd years starting in 2023) to serve on the board of their metropolitan district. District boards consist of five members, with staggered four-year terms. Notices of and information about elections and deadlines associated with elections are available via various means, including but not limited to the following: (1) an official website of a district; (2) a transparency notice of the district posted on the Special District Association of Colorado website or mailed to residents and property owners of a district on an annual basis; (3) disclosure notices recorded against the property within a district; and/or (4) documents and information filed with the Colorado Division of Local Government and included on the Division's website.

How do you respond to the phasing of amenities when the financing is too tight and at the end of the project and the developer says, “Oops, we ran out of money” and then doesn't live up to their commitment?

Metropolitan districts work within the constraints provided by the city or county, through the service plan, to build as much public infrastructure as possible with the money that's available to

them. These roads, parks, sewers and other public infrastructure costs are a shared responsibility between the creator of the community, the metropolitan district, and the approving local government since the metropolitan district generally cannot cover all the public infrastructure costs on its own.

In addition, the district's ability to finance improvements will depend on the assessed value of the district, the limitations contained within the service plan (such as a limited mill levy or maximum debt term), the success of the development overall, and general municipal bond market conditions. Further, while developers often comprise the initial boards of directors of districts, the district is a separate entity, and is only permitted by law to finance certain types of public improvements. There may be other amenities discussed by the developer which are not the district's responsibility, and the district ultimately is not responsible for statements made by the developer.



ADDENDUM A

Special District Disclosures and Transparency Considerations

1. As part of each Purchase Agreement that is executed in Colorado, the following language is required in order to put all purchasers on notice that they may be acquiring property within the boundaries of a special district:

Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID

BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.

2. When property is located within the boundaries of a special district, title-work received by a property purchaser will always include an Order of Organization of the special district as part of the Exceptions to the underlying Title Policy. Purchasers should review the Exceptions for this notation and do further due diligence on the special district prior to closing. The following is the statutory reference requiring recordation of all Orders organizing a district.

Order of Organization of a Special District

Pursuant to Section 32-1-105, the Order of Organization for all special districts is required to be recorded in the Clerk and Recorder’s office in which a special district is located.

3. When a special district imposes a tax on property within its boundaries, this appears on the property’s tax statement from the County Treasurer. Purchasers should review the most recent tax statement to determine which entities impose a tax and at which rate.
4. Under Colorado law, additional special district notices are required to be recorded on the property. This notice set forth below and its requirements would additionally be disclosed as part of the title-work received in connection with the sale of property.

Special District Disclosure Notice per 32-1-104.8, C.R.S. (information regarding taxes and debt)

- (1) Every special district shall record a special district public disclosure document and a map of the boundaries of the district with the county clerk and recorder of each county in which the district is located that provides the following information:
 - (a) The name of the district;
 - (b) The powers of the district as authorized by [section 32-1-1004](#) and the district's service plan or, as appropriate, the district's statement of purpose as described in [section 32-1-208](#), current as of the time of the filing;

- (c) A statement indicating that the district's service plan or, as appropriate, the district's statement of purpose as described in [section 32-1-208](#) , which can be amended from time to time, includes a description of the district's powers and authority, and that a copy of the service plan or statement of purpose is available from the division; and
- (d) The following statement:

[Name of District] is authorized by Title 32 of the Colorado Revised Statutes to use a number of methods to raise revenues for capital needs and general operations costs. These methods, subject to the limitations imposed by section 20 of Article X of the Colorado Constitution, include issuing debt, levying taxes, and imposing fees and charges. Information concerning directors, management, meetings, elections and current taxes are provided annually in the Notice to Electors described § 32-1-809(1), C.R.S., which can be found at the District office, on the District's web site, on file at the Division of Local Government in the State Department of Local Affairs, or on file at the office of the clerk and recorder of each county in which the special district is located.

- 5. Once property is purchased within the boundaries of a special district, homeowners and residents are provided an additional transparency notice with information as set forth below. This notice may be (1) mailed to each household within the special district; (2) included as part of a newsletter or other statement, letter or notice sent to the eligible electors within a district, (3) posted on the official website of the special district, or (4) posted through the Special District Association. To the extent the transparency notice is posted on the Special District Association website, it can be accessed via the following link: <https://www.sdaco.org/cora/sda-transparency/search>.

Transparency Notice to Electors per 32-1-809, C.R.S.

No more than sixty days prior to and not later than January 15 of each year, the board shall provide notice to the eligible electors of the special district in the manner set forth in subsection (2) of this section. The notice shall contain the following:

- (a) The address and telephone number of the principal business office of the special district;
- (b) The name and business telephone number of the manager or other primary contact person of the special district;
- (c) The names of and contact information for the members of the board, the name of the board chair, and the name of each member whose office will be on the ballot at the next regular special district election;

- (d) The times and places designated for regularly scheduled meetings of the board during the year and the place where notice of board meetings is posted pursuant to [section 24-6-402\(2\)\(c\), C.R.S.](#);
 - (e) The current mill levy of the special district and the total ad valorem tax revenue received by the district during the last year;
 - (f) The date of the next regular special district election at which members of the board will be elected;
 - (g) Information on the procedure and time for an eligible elector of the special district to submit a self-nomination form for election to the board pursuant to [section 1-13.5-303, C.R.S.](#);
 - (h) Repealed by [Laws 2013, Ch. 185, § 138, eff. May 10, 2013.](#)
 - (i) The address of any website on which the special district's election results will be posted; and
 - (j) Information on the procedure for an eligible elector to apply for a permanent absentee voter status as described in [section 1-13.5-1003, C.R.S.](#) , with the special district.
6. Most jurisdictions require districts to submit an annual report to the jurisdiction setting forth various information regarding the district, including the district's current budget, latest audit, development updates, status of construction of public improvements, intergovernmental agreement entered into, and any additional information that the governing jurisdiction requests.
 7. Occasionally, jurisdictions require the governing document associated with special districts, the Service Plan, to contain disclosure requirements over and above those set forth above.
 8. In addition to the Special District Association of Colorado, residents and property owners can gain access to special district information through the Division of Local Government's "Local Government Information System." Special Districts are required to post various annual filings with the Division of Local Government, including director information, annual budgets, annual audits, current maps of the district boundaries and the underlying Service Plan. This information can be found via a search of all special districts at <https://dola.colorado.gov/lgis/>.