

WHAT IS A METROPOLITAN DISTRICT?

Colorado Revised Statutes Title 32 defines Special Districts which includes Metropolitan Districts

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



SERVICES AND 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

FORMATION AND ORGANIZATION

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

HISTORY

Special districts were first authorized by the General Assembly in 1949, to provide certain municipal-type services in rural and unincorporated areas. The Special District Act was repealed and reenacted in 1981.

WHY SPECIAL DISTRICTS ARE CREATED

- ✓ Public infrastructure can be financed over time
- ✓ Public infrastructure can be financed at tax-exempt interest rates
- ✓ Property owners can deduct taxes paid to the district on their federal income tax returns
- ✓ New infrastructure is funded by those who will benefit (Constituents within the District) and not all City residents
- ✓ Permanent operation and maintenance of certain public improvements that are not dedicated to the City
- ✓ Sovereign immunity protections
- ✓ Districts are used throughout Colorado as an essential development tool

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



GOVERNING LAWS

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

DISTRICT OPERATIONS

Administration

- Daily Operations
- State and Local Compliance
- Contract Administration
- Board Meetings

Construction of Public Infrastructure/Facilities

Facility Operations and Maintenance

Facilities retained by the District

Most common improvements operated:

- Parks
- Street landscaping
- Open space
- Irrigation systems

DISTRICT GOVERNANCE

- 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

BORROWING

Tax-exempt bonds, notes, and loans

Require an election (Colo. Const. Art X, § 20 (TABOR); Art XI, Title 32, C.R.S.)

Subject to limits within the Service Plan, State statute, State Constitution

Repayment Sources:

Taxes, fees, and other legally available funds

SOURCES OF REVENUE

Property tax mill levy

- Operations and Maintenance
- 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

HOW MILL LEVIES WORK

A mill levy is a property tax applied to the assessed value of the property. The county determines the assessed value. The mill levy in a tax district sets the rate charged for property taxes. The rate of the tax is expressed in mills with one mill representing one-tenth of one cent, so for every \$1,000 of assessed value, one mill is equal to one dollar.

The tax is applied by local governments and other jurisdictions to raise revenue to provide their services, such as School District, County, City, Health Service District, Water District, Pest Control, etc.

In a tax district with a mill levy of 50.000 mills, a residential property owner pays \$50.00 for every \$1,000 in assessed value.

1 mill = 1/10 of 1 cent

Property tax = (actual value of house/property) x (assessment rate) x (mill levy)

- Actual Value of House = \$400,000
- Residential Assessment Rate = 7.15% (in Colorado)
- Tax Rate/Mill Levy = 50.000 mills (.05)
- Property Tax = \$1,430.00

METROPOLITAN DISTRICT MILL LEVIES

How metropolitan district mill levies affect your property tax payments

Home in Loveland not in a metropolitan district:

Actual Value (County determined):	\$ 400,000
Assessment Rate(set by state Legislature):	x <u>0.0715</u>
Assessed Value:	\$ 28,600
Tax Rate(Mill Levy):	<u>x .079511</u>
Taxes Due:	\$ 2,274

Home in Loveland in a metropolitan district:

Actual Value (County determined):	\$ 400,000
Assessment Rate(set by state Legislature):	x <u>0.0715</u>
Assessed Value:	\$ 28,600
Tax Rate(Mill Levy):	<u>.079511 + .040 = .119511</u>
Metro District Mill Levy (40 mills):	<u>x 0.119511</u>
Taxes Due:	\$ 3,418

