WORK SESSION OF THE TOWN BOARD

Town Board Room
807 Mountain Avenue
Town of Berthoud, Colorado
Thursday, March 24, 2022 6:30 p.m.

This is an IN-PERSON meeting at the location and time noted above.

You may also join virtually using Zoom:

Phone: 1-346-248-7799 or 301-715-8592
Web: www.zoom.us/join **Use this Meeting ID: 823 6084 1041**

I. **WORK SESSION CALLED TO ORDER** – Mayor William Karspeck

II. **PLEDGE OF ALLEGIANCE** – Mayor William Karspeck

III. **ROLL CALL** – Mayor William Karspeck

IV. **METROPOLITAN DISTRICT DISCUSSION**

V. **ADJOURN**

Town Clerk or Deputy Town Clerk

William Karspeck, Mayor

March 24, 2022 Work Session
The order of agenda items listed above are approximate and intended as a guideline for the Town Board. Individuals needing special accommodation may request assistance by contacting the Town Clerk, 807 Mountain Avenue, Berthoud, Colorado 80513, 970-532-2643 at least 24 hours in advance.

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TOWN BOARD OF TRUSTEES INFORMATION SHEET

MEETING DATE: March 24, 2022
ITEM: Metro District Service Plan Policy

As the Board is aware, a study session was set to discuss a proposed Metro District Formation Policy and Model Metro District Service plan. The policy and plan initially proposed by Mayor Pro-Team Dower closely aligns with the policy framework adopted by the City of Fort Collins in April 2021. During the Board discussion held on March 8, 2022, it was suggested that Trustees submit questions regarding the proposed policy in advance of the Study Session to be held March 24, 2022. The following numbered items are questions received via e-mail from Trustee Hindman with some limited answers from staff included as sub-bullets. These can be further expanded on during the Study Session as necessary.

1) I believe we require many extraordinary amenities as part of our upgraded and enhanced development code? How can we require extra amenities on top of the highest development standards in NoCO? Our new development requirements are above any of the communities used as examples. Do we count what we already require, or do they have to do more?

   a. As staff, we do believe that the level amenities required to be constructed in new subdivisions in our current code is relatively high compared to other jurisdictions in our region. The other questions are likely best answered by the Town Board.

2) pg 58 of 150 — Section 2, Item 2 - this says “basic infrastructure” cannot be financed by the MD “if other non-district developers have done it”. This needs a very detailed definition of what constitutes “basic infrastructure”. Are trails and parks and bike lanes and open space basic infrastructure?

   a. This appears to be a policy decision that the Board will need to make. During the Board discussions for some recent development approvals, the argument has been made that trails are considered essential, or basic, infrastructure and connections from new developments to existing trail networks should not be seen as an option but a requirement. This has not been formally adopted as policy or code but could be considered as part of the current discussion.

3) pg 61 of 150 - Section 3, Item J - I do not understand the timing of the court ordered election requirements versus a prior public hearing?

   a. This appears to have been done as an accommodation to the proponents of the new district. Typically, the organizational election includes a number of ballot issues to approve issuing debt to pay for infrastructure and related items. Such ballot issues are intended to satisfy the requirements of the Taxpayer's Bill of Rights ("TABOR"). The election date has to be known for certain in order to certify the ballot, distribute the required informational materials, and the publication of notice of the election.

The petition to the District Court to call the election on the question of organizing the new metropolitan district must include the resolution of approval for the service plan. Item J means that the Town Board of Trustees must hold the public hearing on the service plan by the second Tuesday in January, which would allow the petitioners to obtain a court order in a timely way to hold a May election.

4) pg 62 of 150 - I would like to see some financial justification for the proposed mill levy caps. Why is 50 mils total okay, but 55 is not, or 60. Why should O & M be capped at a one size fits all 10 mils? Do some developments have greater O & M than others? Are they property values in Fort Collins and Windsor higher or lower than Berthoud's. Why is 5 mils enough for regional infrastructure? For Turion, they are required to build a whole new north south road mandated by CDOT and a regional agreement. Will 5 mils pay for that extra cost? Many other examples come to mind.

a. Most of Trustee Hindman's questions here might be best answered by the Town's financial adviser. However, the 50-mill cap is the product of statute. Section 32-1-1101(6)(a), C.R.S provides that the total principal amount of special district debt that may be issued shall not exceed the greater of two million dollars or fifty percent of the assessed valuation of property within the district. For large projects with major infrastructure needs this is insufficient. Debt issues may be higher if they are secured by a letter of credit or other credit enhancement. However, the debt limitation does not apply at all to general obligation bonds or other obligations "which are either payable from a limited debt service mill levy, which mill levy shall not exceed fifty mills...".

   As a result of these requirements, special district bond issues in new, undeveloped areas are generally structured as 50 mill deals, subject to applicable constitutional or statutory adjustments to maintain the proportion of the total statewide mill levy that is collected from residential properties.

   It is certainly the case that some developments have greater ongoing Operations and Maintenance obligations than others, depending largely on the type and scale of the parks, recreation, and open space amenities which they construct.

   According to the Loveland-Berthoud Area Association of Realtors website, in December 2021, the median sales price for a single-family home in Berthoud was $575,895. For the same month in Fort Collins, the median sales price was $582,500, and the median sales price in Windsor was $552,644.

   The question of whether 5 mils is enough for "regional infrastructure" depends on what regional infrastructure is intended to be constructed and the ultimate costs. This question would require additional financial analysis.

5) Section 4, Item 5 - The way I read this is that areas with Metro Districts would be exempt from our regular impact fees currently being paid by all of our developments that are in progress. Is my understanding correct? Impact fees are paid by the builders at permit, so what would the effect of the cost shift from the builder to the developer be for future development?

a. While this should be discussed, it appears that the intent was to not allow Metro Districts to levy additional impact fees. This item should have additional clarity. It is true that impact fees are paid by the builders and staff believes that this should continue, regardless of metro district formation.

6) What would the impact of this new Model Service plan have been for all of the current metro districts? Would they have less amenities? Would home prices have been higher due to higher costs for the lots

a. Staff can't adequately answer this without simply anecdotal evidence from developers.

7) If a service or management district is prohibited or discouraged, will that mean that there are multiple entities responsible for O & M for each of the individual taxing districts? [Er Will this result in higher administration and operations cost due to lack of economies of scale? [Erin] Should I picture a public works facility in each individual taxing district?

a. Each approved special district in a multi-district structure would have the power to assess its own O&M mill levy and to conduct separate maintenance activities. This would not be common, however, and the districts could be anticipated to contract with the Town, another district, or a private contractor to provide maintenance. This form of intergovernmental agreement is specifically contemplated under Colorado law. *See*, for example, Article XIV, section 18 of the Colorado Constitution.

8) What is the estimated difference in yearly property tax for a range of different home prices and different mill levies? For homes with a market value of $400k, $600k, $800k, what is the yearly tax bill based on the assessed value for 30 mils, 50 mils, 73 mils? After 30 years and the debt mil levy is gone, what is the yearly property tax cost for the ongoing O & M that is in perpetuity?

a. A simple table outlining the difference in mill levies is attached separately.

9) How does it work to require a metro district to assess a mill levy that then gets paid to the Town? What options are there for this type of special tax payment to Berthoud? Can we require an assessment for open space / ag preservation? Can we require an arts and entertainment property tax? Can these be required without a vote of electors and bypass TABOR?

a. The Regional Mill Levy called for in the model service plan would be certified by the special district board of directors, and the proceeds would be paid over to the Town pursuant to an intergovernmental agreement after having been collected by the County assessor and paid to the district. (The intergovernmental agreement that accompanies almost all service plan applications should address this issue).

   Any new property tax intended to raise funds for governmental programs or facilities is subject to a prior vote of the electors under TABOR. Provided that such a vote is held, the tax may be assessed for any purpose or power conferred upon the district under the Colorado Special District Act. Thus, a metropolitan district may be organized to provide parks or recreational facilities or programs, which under section 32-1-1005 includes leases, easements or other interests for the preservation or conservation of "sites, scenes, open space, and vistas of recreational, scientific, historic, aesthetic, or other public interest."

This clearly includes open space and could also be argued to include agricultural activities that are of "historic, aesthetic, or other public interest."

Interestingly, metropolitan districts that become "approved financing entities" under the procedure in part 3 of article 46 of title 24, C.R.S. may participate in funding "eligible improvements" that are part of a "regional tourism project" that has been approved by the Colorado economic development commission. This includes the power to fund all related infrastructure for a tourism or entertainment facility, which may include but is not necessarily limited to museums, stadiums, arenas, major sports facilities, performing arts theaters, theme or amusement parks, conference center or resort hotels, or other similar venues.

10) Why is commercial property not regulated and subject to the same protections as residential?

   a. This is best suited for Board discussion.

11) Using a example of a existing project in Berthoud, what would be the price difference on a single family lot or home without a metro district to spread out the infrastructure cost over 30 years of property taxes? Or what would the projection be for a future project with or without a metro district?

   a. The prices of new homes are dictated by the market so it is difficult to predict the potential price difference.

12) Why is open space or ag preservation not included as a extraordinary benefit that would earn points for a metro district?

   a. This is best suited for Board discussion.

	Debt Levy	O&M Levy	TOTAL	Debt Levy	O&M Levy	TOTAL	Debt Levy	O&M Levy	TOTAL
	30	0	30	40	10	50	55	18	73
Assessed Value	$ 450,000.00	$ 650,000.00	$ 850,000.00	$ 450,000.00	$ 650,000.00	$ 850,000.00	$ 450,000.00	$ 650,000.00	$ 850,000.00
Annual Total Tax	$ 938.25	$ 1,355.25	$ 1,772.25	$ 1,563.75	$ 2,258.75	$ 2,953.75	$ 2,283.08	$ 3,297.78	$ 4,312.48
Monthly Total Tax	$ 78.19	$ 112.94	$ 147.69	$ 130.31	$ 188.23	$ 246.15	$ 190.26	$ 274.81	$ 359.37
			Monthly Diff from 50 Mills	$ 52.13	$ 75.29	$ 98.46	$ 112.07	$ 161.88	$ 211.69
Annual O&M Tax Only	$ -	$ -	$ -	$ 312.75	$ 451.75	$ 590.75	$ 562.95	$ 813.15	$ 1,063.35
Monthly O&M Tax Only	$ -	$ -	$ -	$ 26.06	$ 37.65	$ 49.23	$ 46.91	$ 67.76	$ 88.61