


Memo

To: Fred Starr, AICP
Planning & Development Director

From: James A. Mann, Senior Municipal Advisor 

Cc: Sherry Villafane, Ehlers

Date: April 22, 2020

Subject: Sunset Parks Metropolitan District

In response to the Miller & Associates February 11, 2020 rebuttal of the Ehlers February 6, 2020 Service Plan Review, we offer the following comments:

1. Section VI(F) Financial Plan – No further comments
2. Section V(A)8 Rates, Fees, Charges, Assessments or Exaction – to a casual reader, it would be helpful to enumerate what the above would entail. As noted, a previous plan identifies that the District will have said power, and could impose a system development fee in the amount of \$2,000 per unit without the written consent of the Town. We would recommend that said language be restated in the Third Amendment for the casual reader to ensure proper disclosure to potential purchasers.
3. Section VI(G) Debt Repayment Sources – Development Advances should be identified as privately placed debt and be subject to the debt limitations under Section V(A)7, of the Service Plan. Refunding of said Development Advances should not count against the overall debt limitation.
4. Ehlers suggested that review of a development *pro forma*, reflecting full sources and uses of the overall project be reviewed to aid in the determination of necessity. Part 2, Control Act, Section 32-1-202(2)(i) states “Such additional information as the county commissioners [approving authority] may require by resolution on which to base its finding pursuant to Section 32-1-203” giving the Town broad authority to request additional information regarding a proposed metropolitan district. Based on \$126,000,000 of market value being generated by the development, the land sale revenue utilizing a benchmark of 20% would generate in excess of \$25,000,000. As sated in the Miller & Associates response, there is a project gap of approximately \$4,200,000, which may be more than adequately covered through the recoup of funds through land sales to future owners. Without review of the full sources and uses, the need for \$9,800,000 of future taxpayer funded debt may be called into question as unreasonable taxation of those future taxpayers.

5. Section VI(B) Maximum Voted Interest Rate – No further comments
6. Exhibit G – No further comments
7. Section VI(I) Operating Mill Levy – Ehlers continues to suggest that an estimated operational budget at full buildout be developed to address the items identified in the Miller & Associates rebuttal/response to ensure that the maximum operating levy will be adequate to address those obligations adequately.
8. Market Study – while we understand that a market study will be completed prior to the issuance of debt, the metropolitan district authority will have already been granted to the proponent [Ehlers recognizes, as this is the third restated plan that this point may be moot] therefore the Town should have a clearer understanding that the development plan is reasonable.
9. Extraordinary Costs – While the proponent may strongly disagree with Ehlers statements that costs are extraordinary, Exhibit D identifies costs for the development of Storm Sewer improvements (\$761,000) and Parks, Recreation and Landscaping (\$1,689,000), but does not identify the cost of open space or the trail system. While we recognize there are costs associated with all those aspects of the development, they do not appear to be extraordinary in our opinion and justify the \$9,800,000 of future taxpayer supported debt. We refer back to our comments under Sub 4 above.

We reiterate that based on our review of the Service Plan, if all the assumptions were to be realized, there is a reasonable expectation that the District would be able to discharge the debt incurred to install the infrastructure in a reasonable time frame. Our comments above are to point out areas that may be called into question by future residents of Sunset Parks Metropolitan District as to the reasonableness of the future property taxes and fees the residents will be subject to.

The Town of Erie is granted broad authority under Title 32 to make its determination on the restatement of the plan. Ehlers opinion is that the mandatory items under 32-1-203(2) have been satisfied, however the Town may choose to exercise additional review authority under 32-1-203(2.5)(e), determination of whether the proposed district is in the best interest of the area proposed to be served.