

Special District Review & Policy

Town Council Study Session

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Overview

- Metro Districts Overview – Melissa Buck
- Policy for Reviewing Service Plans for Special Districts
- Implementation & Potential Updates
- Direction from Council

Colorado Metropolitan Districts

Town of Erie | Council Study Session
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Presenter Information + Contact Info



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- Almost 20 years of experience assisting municipalities on capital planning, debt issuance, and financing strategies
- M.P.A. University of Pennsylvania
- Master of Arts (Hons) International Relations University of St. Andrews (Scotland)

The background of the slide is a close-up, high-angle photograph of numerous old, thick books. The books are stacked and scattered, showing their spines and pages. The pages are a warm, yellowish-brown color, suggesting age. The spines are made of various materials, including leather and cloth, in colors like red, green, and brown. The lighting is soft, creating a sense of depth and texture.

Metro District Overview

What is a Metro District?

- A type of Colorado special district that provides at least two types of services in accordance with the Special District Act

Typical Metro District Services

Parks and recreation

Sanitation sewer and storm water improvements

Traffic and safety controls

Street improvements

Water system improvements

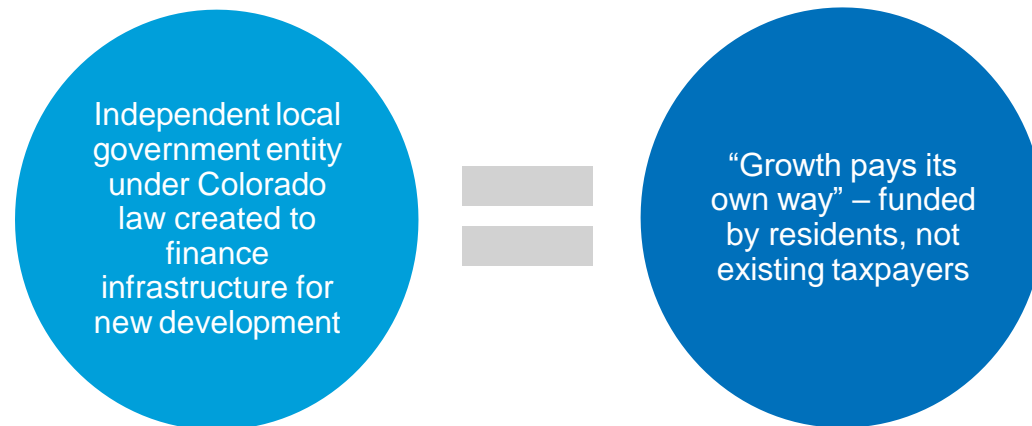
Public transportation

Television relay and translation systems

Fiber optic communication systems

Mosquito control

Fire protection



Typical Powers and Services



Levy property taxes (mill levy)



Issue bonds to fund improvements



Construct & maintain infrastructure: streets, water, sewer, storm drainage



Community amenities: parks, trails, clubhouses, pools, open space

Costs Typically Covered



Public infrastructure:
streets, utilities,
storm drainage



Community facilities:
parks, trails,
recreation amenities

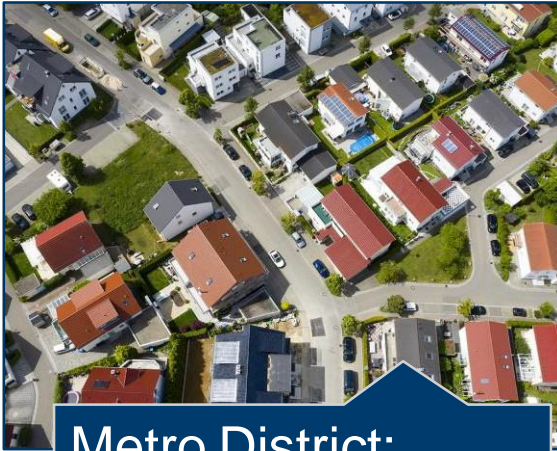


Maintenance of
common areas and
landscaping



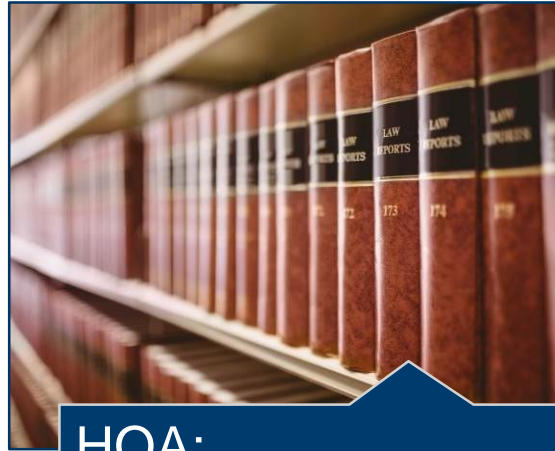
Occasional role in
covenant
enforcement (rare)

Common Roles and Responsibilities



Metro District:

- Taxes, debt authority, infrastructure delivery



HOA:

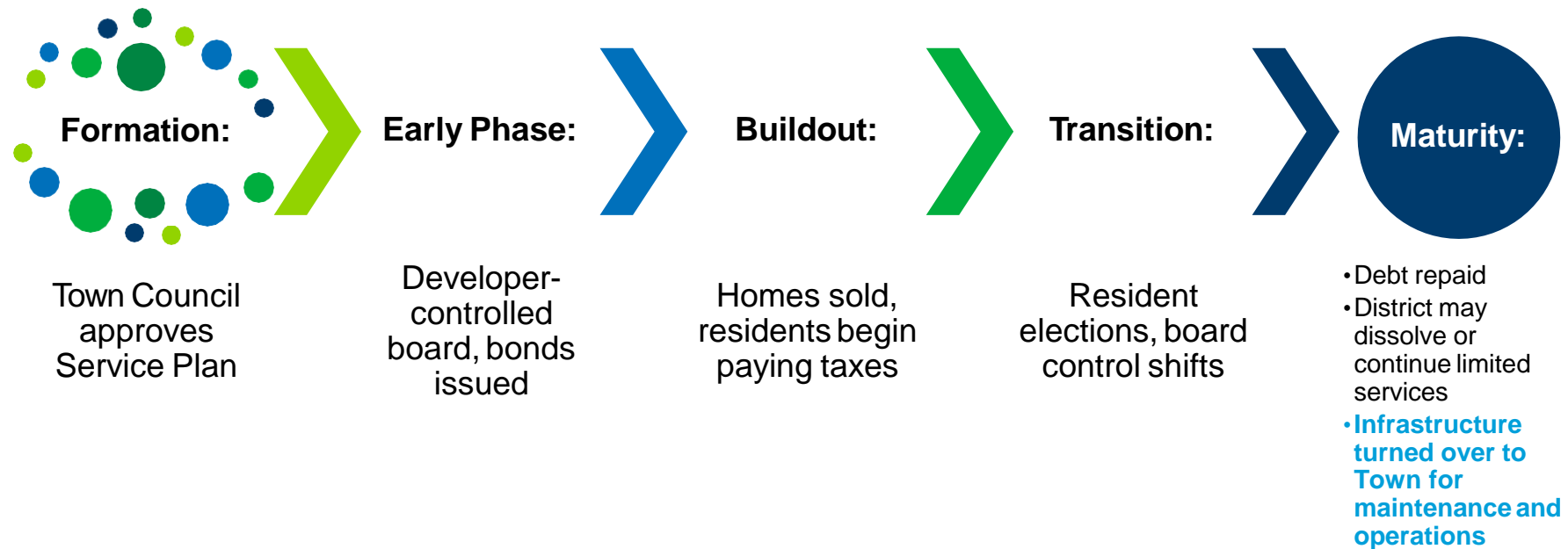
- Dues-based, focused on covenant enforcement and amenities

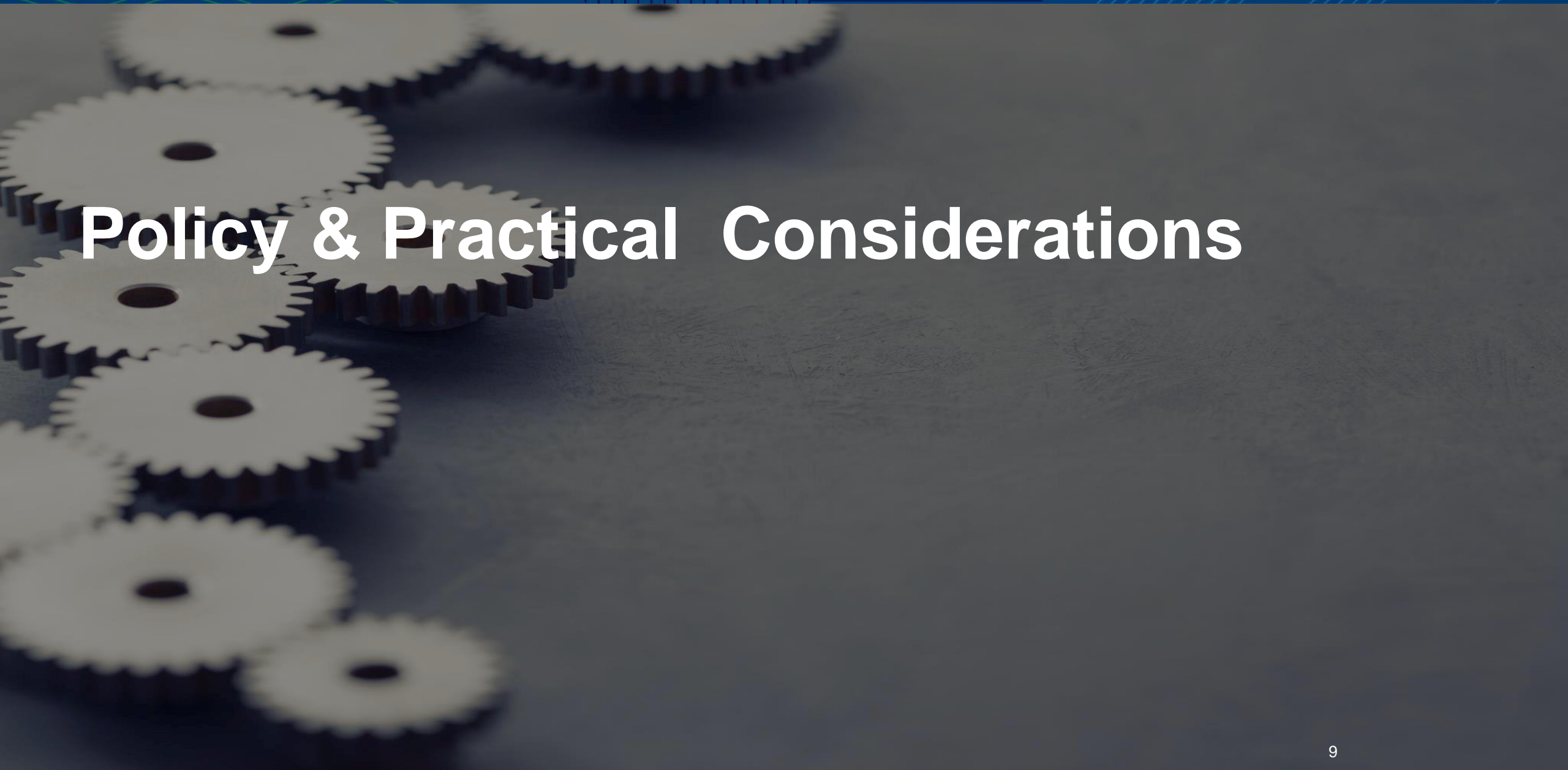


Town:

- Provides broader municipal services funded by general taxes

Life Cycle of a Metro District





Policy & Practical Considerations

Comparing Development Financing Tools

Tool	Control	Funding Source	Pros	Cons	Typical Use
Metro District	Independent elected board (initially developer, later residents)	Property tax mill levy; bonds	"Growth pays own way" Delivers infrastructure early Spreads cost over time	Higher homeowner taxes Initial developer control Complex governance	Residential subdivisions, master-planned communities
GID (General Improvement District)	City Council acts as board	Property tax in district	Direct city oversight Localized funding Transparent	Requires election Admin burden on city Limited tax base	Downtown, redevelopment, city-driven projects
SID (Special Improvement District)	City Council (or parent district)	Special assessments on benefiting properties	Costs tied to benefit Equitable allocation Avoids new taxes	Direct cost to owners City-admin heavy Risk if owners don't pay	Street paving, utilities, neighborhood upgrades
PIF (Public Improvement Fee)	Developer/private	Extra % on retail sales (0.5-2%)	No taxpayer impact Circumvents TABOR Flexible & quick	Higher consumer costs Less oversight Competitive concerns	Retail/commercial centers, malls, entertainment districts
DRA (Developer Reimbursement Agreement)	Contract with city/district	Share of future tax/fee revenue	Developer fronts costs Flexible Aligns incentives	Reduces city revenue Complex admin Perceived subsidy	Public-private deals, oversized/regional improvements
Sales Tax Sharing	City Council (agreement)	Share of new sales tax revenue	Performance-based Flexible Stimulates development	Delays city revenue Fairness concerns Risk of overuse	Retail anchors, redevelopment, economic development incentives

Benefits of Metro Districts:

- Infrastructure and amenities delivered earlier
- Costs localized to the residents benefitting from the infrastructure/amenities
- Resident control over time

Challenges of Metro Districts:

- Long-term tax obligations mean higher property tax burdens
- Risk of over-leveraging
- Initial developer control
- Transparency and awareness issues for home buyers



\$500,000



60 mill levy:

- 50 mills for debt service
- 10 mills for operations



	FY 2025 Mills	
Metro District	60.00	\$2,010
St. Vrain Valley School District	57.17	1,915
Mountain View Fire Protection District	16.25	544
Weld County	15.96	535
Town of Erie	13.38	448
High Plains Library District	3.18	106
Northern Colorado Water Conservancy Distr.	1.00	34
Total Property Taxes		\$5,592

1. Approve Service Plan outlining MD powers, mill levy caps, and debt limits
2. Ensure alignment with Town priorities and policy requirements
3. Limited Town authority after approval
 - Oversight is done through compliance with the Service Plan

Council Decision Options



Approve the service plan
(without condition)



Disapprove the service plan



Conditionally approve the service plan
(subject to the submission of additional
information relating to or the modification
of the proposed service plan)

Metro District Policy Comparison

A pair of brass scales of justice, symbolizing balance and comparison. The scales are positioned diagonally across the frame, with the pans hanging from a central beam. The background is a solid blue color with a subtle pattern of white lines.

Structural & Financial Policies

Policy Aspect	Erie	Fort Collins	Boulder	Denver	Aurora	Commerce City
Mill Levy Caps	55 mills (10 O&M)	50 mills (10 O&M)	None - rarely used	50 mills (10 O&M)	50 mills + ~5 ARI No limit on O&M	50 mills (2023)
Board Transition	Early homeowner role encouraged	Resident control ASAP	Not applicable	Resident majority to extend >40 yrs	Statutory; multi-district may delay	Oversight + resident vote for debt extensions
Homebuyer Disclosure	Written notice pre-contract	Strengthened sale notice	None beyond state law	Required buyer/investor notice	Builder notice incl. max mills	Recorded covenant + buyer notice
Developer Reimbursement	Debt \leq projected capacity	40-yr limit; advisor certified	Case-by-case	Advisor certifies debt; 40-yr cap	Advisor required; 12% cap	Strict: 80% max, no compounding, 35 yrs

Governance & Attitude

Policy Aspect	Erie	Fort Collins	Boulder	Denver	Aurora	Commerce City
Point System	Yes 20/30 pts required	None; high “benefit” bar	None	None	None	None
Restricted Uses	No resident fees; public infra only	Not HOAs; dissolve post-debt	Likely bar private uses	No covenants, no trash svc	Broad powers; can act HOA-like	No private amenities; public infra only
General Attitude	Cautiously supportive	Selective; strict criteria	Very restrictive	Supportive; standardized	Very supportive	Cautious; moratorium then strict reopen
Recent Changes	2022 overhaul	2021 update	No changes	Stable	None since 2004	2022 ban 2023 strict rules 2025 reopen

Questions?



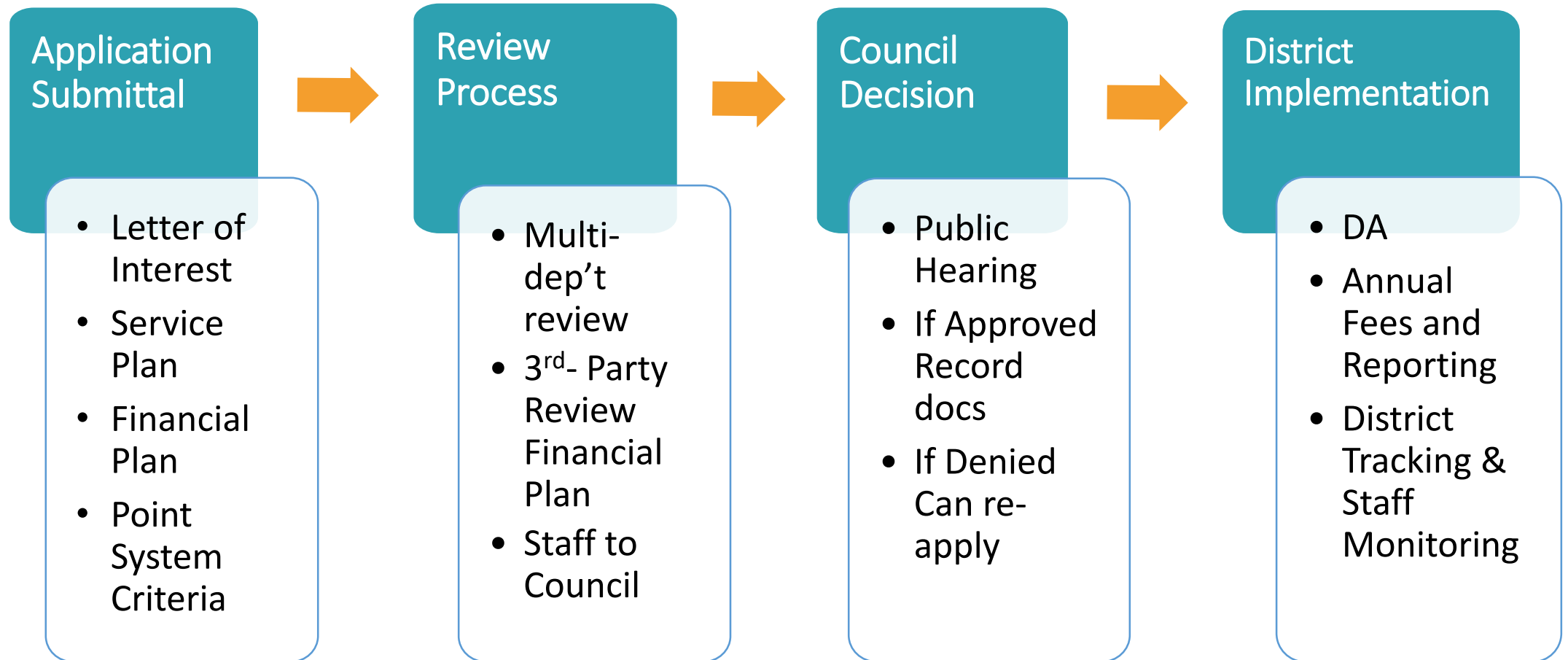
Policy for Reviewing Service Plans for Special Districts

- Developed over 14 months with Board of Trustees & stakeholders between 2021 and 2022
- Intent to establish criteria for evaluation and approval of Service Plans for metro districts
 - Ensure that prospective buyers are educated and can participate in their district
 - Confirm that taxes imposed by a metro district result in clear public benefits and are not excessive
 - Promote development that reflects the Town's strategic priorities.

Key Features of the Policy

- Notification, time, and location requirements for meetings;
- Disclosure and information requirements to educate future homebuyers on tax obligations;
- Metro district board membership requirements to ensure resident participation;
- Maximum mill levy limit for infrastructure and maintenance;
- Specific criteria that support Housing Diversity, Sustainability Outcomes, Economic Healthy and Vitality, and Equity, Health and Culture.

Policy Review & Implementation



Potential Updates & Council Direction

Potential Updates

- Evaluate mill levy limits;
- Updates to district structures, procedures, and fees
- Update the point system

Council Direction

- Staff to bring back proposed updates in 2026

UMBFSI

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