

AGENDA
WORKSHOP MEETING OF THE CITY COUNCIL
480 S. ALLISON PARKWAY
CITY MANAGER'S CABINET ROOM
CITY OF LAKEWOOD, COLORADO
IN-PERSON MEETING
MAY 6, 2024
6:00 PM

For more information, please use either one of the following links:
City of Lakewood Website: [Lakewood.org/CouncilVideos](https://lakewood.org/CouncilVideos)
Lakewood Speaks: [Lakewoodspeaks.org](https://lakewoodspeaks.org)

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ITEM 1 – CALL TO ORDER

ITEM 2 – ROLL CALL

ITEM 3 – METRO DISTRICTS

ITEM 4 – ADJOURNMENT

STAFF MEMO

DATE OF MEETING: MAY 6, 2024 / AGENDA ITEM NO. 3

To: Mayor and City Council
From: Travis Parker, Director of Planning
Subject: **METRO DISTRICTS**

SUMMARY STATEMENT: Since 2021, City staff has been examining options for the creation of regulations on the formation of new metro districts in the City of Lakewood. Multiple memos have been sent to City Council over the past three years; the most recent background memo about Metro Districts went to the current City Council on January 4, 2024. This memo contains the options proposed by staff and a City Council committee in 2021 as options for approval by the current City Council.

BACKGROUND INFORMATION:

1. Improve metropolitan district information disclosure to potential end-users including:

- a. Require a one-page, standalone disclosure in simple language.
- b. Include in the disclosure the following:
 - i. What a metro district is and its ability to control certain costs of the end-users,
 - ii. How the board is elected,
 - iii. Initial costs to the end-user of the metro district in dollars, and
 - iv. What the metro district cost (in dollars) could be in the future.
- c. Require that the disclosure document be recorded against all property within the metro district immediately upon formation of the district and against each parcel upon subdivision of any property within the metro district.
- d. Prior to the City issuing a building permit, it required proof that the disclosure was recorded against the lot on which the building will be constructed.
- e. Require that the disclosure be included in all real estate transaction closing documents at least until the metro district's mill levy is included in the closing documents' disclosure of taxes and available on the County assessor's website.
- f. Require the metro district to annually report all real estate transactions that should have included the disclosure and evidence that the appropriate disclosure occurred and to certify compliance with disclosure requirements.
- g. Create authority for buyers to pursue enforcement and seek remedy, without city involvement, if disclosure does not occur as prescribed.

2. Require transition of metro district boards from developer-affiliate members to majority end-user members:

- a. As a condition of City Council approval of a proposed metro district, all (or a majority of) potential developer-affiliated board members must commit in writing to resigning from the board upon a pre-defined date or level of development.
- b. Upon resignation of any board member, state law requires that the remaining board members select the replacement to serve the remaining partial board term.

- c. As a condition of City Council approval of the proposed metro district, the metro district must commit to using the board member election process as the means for appointing board members to replace developer-affiliated board members who resign.

3. Require metro district board selection information be effectively provided to end-users including:

- a. Send, by U.S. Mail at least 90 days prior to an election or appointment of a board member, notification to all electors of such impending election or appointment and the opportunity to seek a board position, and
- b. Use only mail-in board election ballots with each elector receiving a ballot.

4. Prevent loan interest paid by a metro district from being a profit center for the developer by limiting interest paid to the developer.

- a. Options at the time of agreement include:
 - i. The maximum interest rate allowed for a reimbursement agreement could be established during approval consideration of the proposed metro district.
 - ii. The maximum interest rate could be the prime rate.
 - iii. The interest rate could be required to be established through a market transaction.
 - iv. A reimbursement agreement could be prohibited, which would require that the developer seek reimbursement from other source(s).
- b. All four options could be retained and considered on a district-specific basis.

5. Limit metro district debt issued by:

- a. Establish in the Service Plan the maximum initial debt amount, and
- b. Prohibit additional debt until approved by an end-user-controlled metro district board, and
- c. Consider whether to prevent a metro district TABOR election until the board is end-user controlled.

6. Determine how City Council provides oversight of metro districts including:

- a. Require with the proposed Service Plan:
 - i. A pro forma for the development delineating the proposed metro district's financial role, and
 - ii. An explanation of what will be accomplished that would not be accomplished if the metro district is not approved, including numerical support.
- b. Consider whether the Budget and Audit Board could provide, perhaps with consultant support, an evaluation of the financial components of the proposed Service Plan.
- c. Require a periodic report by the metro district board to the City Council.

7. Require metro districts to obtain City Council approval before utilizing eminent domain.

8. Prohibit any multidistrict structures that could result in one of the districts being perpetually controlled by developer-affiliates and having authority to impose costs on or require revenue from any other district.

BUDGETARY IMPACTS: Additional resources will be necessary for implementation of some of the Committee's recommendations if adopted. The additional resources could be provided through a fee paid by

those proposing new metropolitan districts. City Council consensus is requested on whether to require a fee be paid by metro district proponents to cover additional costs incurred.

STAFF RECOMMENDATIONS: Staff participated with City Council in creation of the list above as recommended regulations.

ALTERNATIVES: City Council can send forward the existing recommendations, amend them, or take no further action.

PUBLIC OUTREACH: This item has been promoted through the regular communication channels to be considered by the Lakewood City Council.

NEXT STEPS: Any regulations that City Council decides to move forward will be brought to public hearing as an ordinance.

ATTACHMENTS: None

REVIEWED BY: Kathleen E. Hodgson, City Manager
Benjamin B. Goldstein, Deputy City Manager
Alison McKenney Brown, City Attorney