



## TOWN HALL SUMMARY REPORT

**DATE:** March 1, 2021

**TIME:** 6:00 pm – 8:00 pm

**TOPIC:** Metropolitan Districts

**City Council Attendees: 9 members**

(Marsh, Overcash, Ball, Clark, Fogle, Molloy, Olson, Samson, Wright)

**Staff Attendance: 12 members**

(S. Adams, J. Bruno, C. Castellanos, J. Cheever, M. Garcia, B. Gudmestad, H. Hill, A. Krcmarik, D. Lapierre, A. Phillips, B. Walker, R. Wensing)

### SUMMARY

In an effort to provide a more open and informal environment to discuss topics of interest to the Loveland community, the City Council requested to host a series of Town Halls. Town Halls are open to all Loveland stakeholders and provide a forum that allows City Council to hear from their constituents in an informal setting and engage in two-way dialogue. While the Town Halls were originally designed as in-person events, they are being conducted in a remote format due to the public health concerns of the COVID-19 pandemic and to increase access and attendance.

Based on the frequent use of metropolitan districts, also known as metro districts, throughout the state of Colorado and the level of public interest surrounding the use of this financing tool, metropolitan districts were selected as the topic for the first Town Hall. At the maximum, there were approximately 141 participants logged into the Town Hall. Due to the high number of registrants, Harwood's Community Conversations model was used to engage participants. This report summarizes the input received from the roundtable participants, with full notes from each breakout room included in Appendix A.

A total of six staff members facilitated three roundtable sessions that contained about 45 members each. The Town Hall was originally scheduled for 90-minutes, but due to the number of participants, it was extended by an additional 30-minutes to allow more time for dialogue in the breakout rooms.

The Town Hall was initiated by summarizing ground rules for meeting participants and introducing attendees. Following the introduction, staff provided a brief presentation on metropolitan districts as well as specific information about metro districts in Loveland. Following the presentation, participants were randomly assigned a breakout room, with 3 City Councilors and 2 staff facilitators to encourage conversation and sharing per room. The participants in the rooms were invited to respond to three questions:

1. Describe your experience living in a metro district?
2. What additional action, if any, do you want City Council to consider on metro districts?
3. What questions do you want addressed by metro district experts at the April 13th City Council meeting?



## **ROUND TABLE THEMES**

There were several participants that expressed both favor and concern for the use of metro districts. All of the roundtable discussion was focused on residential metropolitan districts and was largely driven by homeowners. Metro districts can be a great tool if they are governed properly and protections are put in place for homeowners. Some property owners are unsure where the metro district services start, where the city services begin, and what the HOA payment is going towards in their development. Most participants expressed support for more outreach and education on metro districts as well as City involvement to limit further abuses of debt and how the metro district is governed (controlling boards).

### **Lack of Knowledge and Awareness on Metro Districts/Function and Operations**

With each roundtable, many participants demonstrated a lack of information and understanding of metropolitan districts and how they function. Several participants were confused about why their metro district payments increased annually in relation to the value of their property, and often mistook their property taxes for their HOA dues, or metro district payments. Some participants indicated they were informed in some manner that they were buying within a metro district, but did not understand what that meant and it was not explained properly.

Several participants, including members of the real estate community, recommended the City create a “Metro District 101” informational document to be dispersed to all potential and existing homeowners. The desired information would describe what a metro district is, the financial implications, and how it differs from non-metro district properties. Members of the real estate community suggested adding information on what the metro district fees cover, the cap on debt, and how the mill levy amount originates.

### **High Payments and Impacts for Home Resale**

Participants expressed concerns about the negative reputation metro districts were getting and that it may adversely impact their ability to sell their home in the future. Participants from the second breakout room lived in the Lakes at Centerra and Van De Water (both metro districts) and expressed concern over high taxes living in the district. Several participants expressed feeling ‘blindsided’ by the taxes owed to the district and would like to be pointed to the service plan for their district before purchasing, or at least be provided the plan after purchasing within the district.

### **Metro District Abuses / Board Control**

Participants in breakout rooms 1 and 3 had concerns over board membership for their metro districts. Some participants cited dishonesty in the practices for board membership and involvement, expressing that it might be a prolonged period of time before residents have majority ownership of each board. Some of the participants disparaged the structure of the metro district boards and how one district has the ability to control the debt issuance and repayment for other districts.



Several participants sought more assistance from the City to ensure that the developers are financially responsible with the revenue being generated and that the board composition is largely comprised of homeowners, not individuals representing the developer. One participant believes board composition needs to be addressed from the beginning and that the City should require board members that do not have a vested financial interest in the district.

### **Increased Oversight and Regulation from the City**

Most participants favored granting the City more authority to mandate certain board composition and options for recourse if the metro district is not performing as intended. Whether increased City oversight is feasible or legally recommended still needs further evaluation; however, participants did express that interest. Some suggested that the City take a more active role in metro district oversight to ensure the mill levy rate is being adjusted down as property values increase and taxes paid increase; sunset votes to prevent an extension of the mill levy; requiring homeowners to be present when additional debt is approved; and active recruitment of board members. Other participants sought oversight to ensure debt is being paid and not pocketed, potentially with some type of annual audit process.

Participants in the conversations were presented with a short list of “Ground Rules” to help keep the conversations productive, focused and respectful:

- **HERE TO HAVE A “KITCHEN TABLE” CONVERSATION**  
Everyone can participate; no one dominates.
- **THERE ARE NO “RIGHT ANSWERS”**  
Draw on your own experiences, views and beliefs. You do not need to be an expert.
- **KEEP AN OPEN MIND**  
Listen carefully and try to hear and understand the views of others, especially those you may disagree with.
- **HELP KEEP THE CONVERSATION ON TRACK**  
Stick to the questions. Try not to ramble and note if your point has been made already.
- **IT’S OKAY TO DISAGREE, BUT DON’T BE DISAGREEABLE**  
Respond to others how you want them to respond to you.
- **RAISE YOUR HAND TO SPEAK**  
Press the ‘raise your hand’ button and wait to be called on before speaking. Please mute yourself if you are not speaking.
  - If you are dialing in from your phone, press \*9 to raise your hand and \*6 to unmute
  - When speaking for the first time, please introduce yourself and if you are a Loveland resident.
- **TIMING & FOLLOW-UP**  
Each breakout group will have 40-minutes to respond to three questions. If your group finishes early, please rejoin the main room. If you did not get the opportunity to relay your thoughts or have further



questions, please visit Let's Talk Loveland to take our survey and impart your thoughts:  
<https://www.letstalkloveland.org/metro-districts>

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## **APPENDIX A: Notes from 3/1/2021 Town Hall (three breakout groups)**

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## **Breakout Room 1**

QUESTION 1: Describe your experience living in a metro district?

- (Lakes at Centerra) Question about when someone comes and creates a metro district, why each year does the metro tax seem to go up? Discussion regarding Metro Districts issuing bonds to fund public



improvements/infrastructure. Taxes increase because mill levy is adjusted upward and/or property value has gone up. Because property value/metro tax is related, the tax goes up if property value goes up. Participant commented that they do not understand what that means as a resident.

- A participant provided an example of significant abuses by the metro district in Lakewood. The developer issuing bond debt was coaching residents that they did not have a right to sit on the board until the development was built out. Developer cancelled elections and the residents recalled the board. The developer offered to resign if they issued more bonds.
- (City of Thornton) Living in a metro district has been a positive experience and the City of Loveland has the 12-point plan has been a good resource.
- “Our experience in metro district has been largely positive. Due to the fact that our kids go to High Plains School which is an incredible experience for all of us, it’s just expensive. We have concerns that when it comes time to sell our home, there may be a big enough stigma around metro districts that it may deter potential buyers”
- Most home owners have no idea where to find their metro district service plan document. A suggestion would be to provide buyers a copy of the document before they purchase the home. Metro districts are still hard to understand and the total amount needed to pay is difficult to understand. Who is on the board and unsure when the terms expire?
- Can be very positive. Great financing tool that can take care of development needs that no one else is willing to fund (i.e. roads, traffic signals). This can speed up the delivery of projects because there is funding and community benefits can be undertaken. Metro districts need to be monitored to ensure they are following the service plan. Metro districts can be a good thing for the community if they are governed properly and applicable laws are followed.
- Do Metro taxes ever get paid in full and go away?
- What is a mill levy?
- Do county assessors take into account home values based on location within a metro and thus lower values as when originally purchased?

QUESTION 2: What additional action, if any, do you want City Council to consider on metro districts?

- (Aurora) Some positive things about some metro districts; however, abuses are getting bad. Make certain that developments are following state statute. Also, we wouldn’t have so many problems if municipalities had a better understanding of the service plans. There is not a good understanding of what is required nor is it being enforced.
- Have council review the initial ballot issue the developers passed. Do they limit TABOR what financial authority are they issuing themselves? Noted two loans with two separate sets of interest; more cost effective. Comparison of different funding mechanisms for the cost of infrastructure.
- How does the city help ensure that the developers are financially responsible with the finances once the development begins because the board is mainly comprised of individuals representing the developer.



- Response to comment: I think that there needs to be more oversight in general, it would be good to find a way to put others on the board originally that don't have a vested financial interest in the district, if possible.
- What recourse does the City Council or residents have if the developer fails to execute the plan, or executes too slowly?
- Consider developing a "Metro District 101" informational document to be dispersed to all potential and existing homeowners describing EXACTLY what a metro district is and its financial implications. It should be described in context of how they differ from NOT having a metro district.
- Are finance plans constructed so the developer must pay at least the interest on the bond, if the tax revenues on the young metro district aren't enough to cover the interest?
- Service plans must be inclusive of democratic principles. Plans must not allow five developer representatives to bond all future residents to millions of dollars of bonded debt and interest. Future residents must have the right to vote.

**QUESTION 3:** What questions do you want addressed by metro district experts at the April 13th City Council meeting?

- Can an ordinance be created where the person that owns property next to a metro district (commercial or residential) is notified and allowed to participate in Planning Commission or planning meetings and speak about those changes to the neighborhood?
- Have those issues that were reprinted in the Reporter Herald (Denver Post) been addressed or answered? Identify what the issue was and if it's been addressed. Do we have processes in place in Loveland to keep those issues from happening?
- Shouldn't disclosure on real estate sales include a detailed description of the bond status? Inception date, initial balance, current balance, and maturity date, and names of key bondholders, etc.
- Can they provide pros and cons of metro districts, examples of positive and negative cases?

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## **Breakout Room 2**

**QUESTION 1:** Describe your experience living in a metro district?

- (Lakes at Centerra - purchased home in June 2018): No complaints at moment. Taxes are high (near \$3000/year). Lives behind open space that is not well kept. How to find out what taxes are paying for? What is the accountability for a metro district and how can council help? Can they just raise the mill levy? Wasn't told moving in to a metro district when purchased home (clarified later that was told moving into a metro district but it was not explained what that meant)
- (Centerra Patio home owner): Taxes high. Can property owners get out of a Metro District? (Per CM Ball - no, will remain in Metro District).
- (Van de Water home owner): Taxes high. What is the timeline on the debt? How to view a revenue statement at the end of the year has not seen one)?



QUESTION 2: What additional action, if any, do you want City Council to consider on metro districts?

- (Realtor) Share information with Realtor agents so they can give the most accurate information to buyers. What fees do the metro district cover? What is the cap on years of debt? What does the mill levy amount come from?
  - Mayor Marsh suggested that the additional amount property owner owes for their portion of the metro district be disclosed at time of purchase.
  - CM Olson noted that taxes pay for infrastructure.
- Complex issues with metro districts and has taken 5 years to understand. How can the 12 policy issues be modified to help going forward?
- What financing tools can council offer to help ease burden?
- Improve disclosures. Can there be some type of data base at the city to access all of the service plans?
- Oversight on metro districts to ensure they are operating in the best interest of the people who are paying the debt.
- Can council ensure metro districts adjust mill levy down as property values increase and taxes paid increase.
- Would be good to know what the cost of living in the metro district will be up from in in terms of overall or long-term cost comparison, but that doesn't necessarily help plan for the unknown potential increases in costs if the mill levy is raised. That's a major concern for many people, not so much the thought about long-term costs of the infrastructure.

QUESTION 3: What questions do you want addressed by metro district experts at the April 13th City Council meeting?

- How long are home owners required to pay off the financing of the infrastructure for the development? Should not be open-ended. Mandatory reviews by City Council. Sunset votes enforced to prevent extension of mill levy.
- Home owners not represented when metro district adds to the tax payer burden. Should the metro district be allowed to be the financier too? If attached amount to a property, can the property owner "buy out" of it early?
- With rapid increase in home prices and thus revenue, are metro districts making additional payments to their debt? What is council doing to monitor and ensure debt is being paid and not pocketed? What other Council oversight is there?
- How was a 12% interest rate approved and how was this not questioned? (Vicki Adams clarified that this is the HOA fee and not the Metro District tax)
- Clarify reimbursement to the developer and provided the average return/reimbursement?





- City has caps affiliated with debt but what is the recommendation from experts on operations and maintenance?
  - Is it the expert's opinion that the proliferation of metro districts began in 2015? How do the experts feel City of Loveland has handled metro districts?
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### **Breakout Room 3**

#### QUESTION 1: Describe your experience living in a metro district?

- When moved into the neighborhood, the realtor and the builder did not give much information about the metro district, so when received the property taxes it was a surprise. We need more education from the builders. For example: a handout prior to the purchase.
- Metro district was clear and the communication was clear (admitted perspective may be a little different because serve on the board and is an owner).
- (Centerra resident) Has owned home for three years. Understood the financial implication; however, the biggest point of confusion is what the metro district does, what the city is providing, and what the HOA is providing. Confused about where the money is going and contributing to. Never sure what projects the money is going to and where property taxes are going to.
- Prior to moving here, had experience with special district in Longmont, but not a metro district. Loves living here and the amenities, but was blindsided by the property tax 50% metro district and 50% to property tax.
- How long until the residents have the majority of the board? Right now, no way to tell how long. Automatic, not how the state works. It's important to recruit people to serve on the board; it's difficult for people to volunteer.
- The moment you have a contract effectively makes you obligated to pay property taxes. You are eligible as long as you pay property taxes.
- Metro District One (Centerra) controls the fiscal issues district so Metro Districts 2 or 3 don't have real voice.

#### QUESTION 2: What additional action, if any, do you want City Council to consider on metro districts?

- How is our money being spent?
- It took me two years to learn I can serve on the board, HOA board actually recruits for board, but never saw this information from the metro district.
- Metro district expert comment: We provide a lot of information in our website. We try to share information and get the word out. We may launch a new website. Keeping notes and record that are accessible to the public.
- Very clear that real residents are not eligible to sit on the board in Metro District 1 of Centerra. The Metro District 1 Board makes decision for the other districts, and not the residents in those other districts.





QUESTION 3: What questions do you want addressed by metro district experts at the April 13th City Council meeting?

- What best practices are out there?
- Do other metro districts have best practices for residents and developers?
- Why do we have metro districts? Other cities don't have metro districts and they are very successful.
- Who benefits from metro districts (the homeowners, developers, the City of Loveland)?
- Community wide, significantly higher taxes. How do they feel about higher taxes? Mil levy impacts people who are already paying higher taxes.