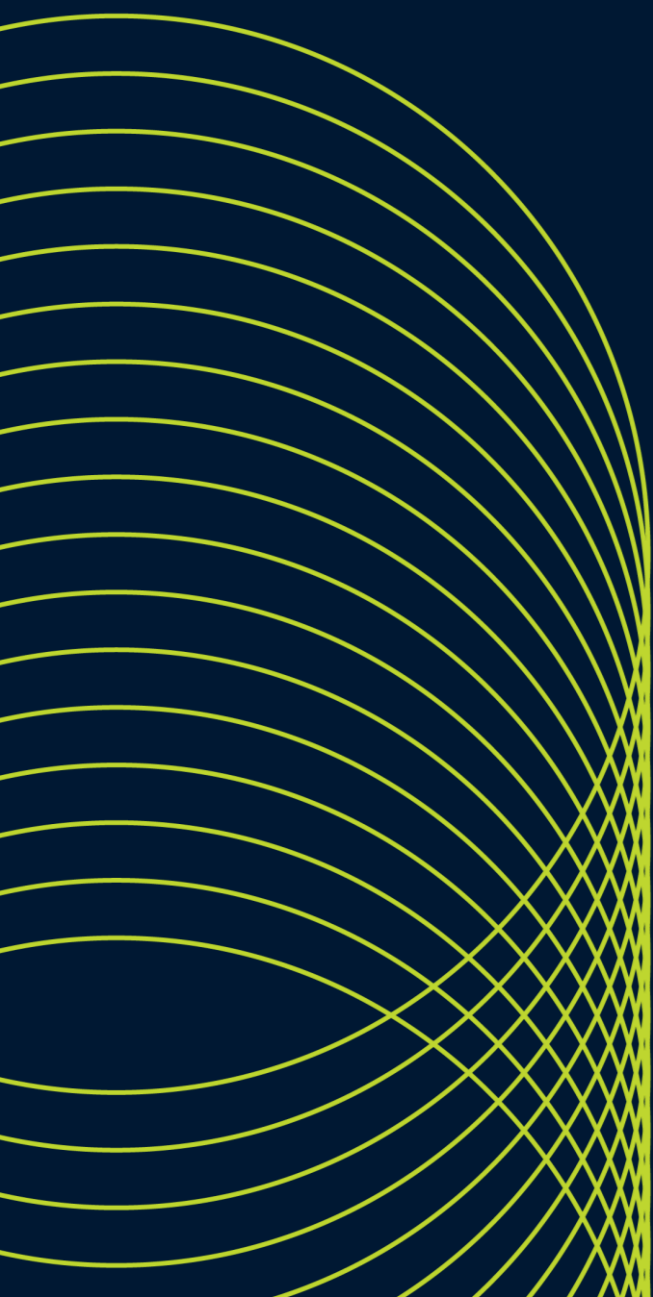




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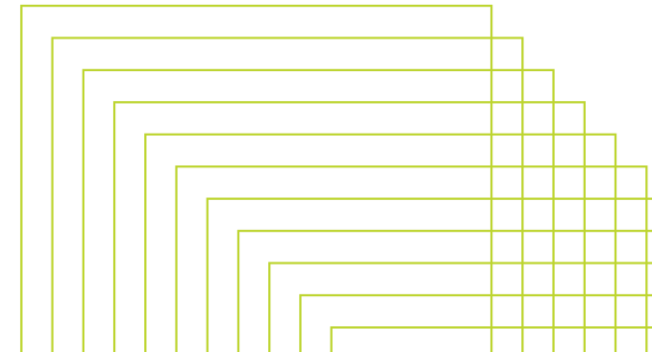
Metro Districts

City of Brighton
July 14, 2026

Dillon Peters and Laurel Witt

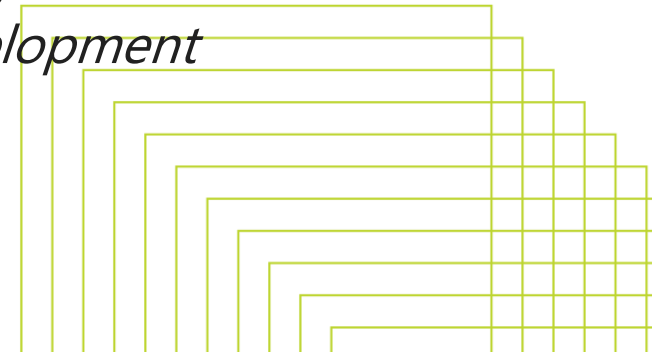
Overview

- What are metropolitan districts?
- Formation Process
- District Governance
- Revenue Sources
- Brighton Model Service Plan
- City Council Role
- Transparency Requirements
- Enforcement
- SB24-233 & HB24B-1001
- Mill Levy Adjustments
- Policy Question
- Discussion of Metro Districts Generally



What are Metro Districts?

- Formed under C.R.S. Section 32-1-101, *et seq.*
- Independent quasi-municipal corporation and political subdivision of the state.
- Metropolitan districts provide two or more services.
- Potential services include:
 - Fire Protection
 - Mosquito Control
 - Parks and Recreation
 - Safety Protection
 - Sanitation (Sewers)
 - Solid Waste disposal or collection and transportation
 - Streets
 - TV relay and translator
 - Water
 - Transportation (Mass Transit)
 - *Except as limited by the service plan of the district, the board of a metro district has the power to provide activities in support of business recruitment, management, and development within the district.*

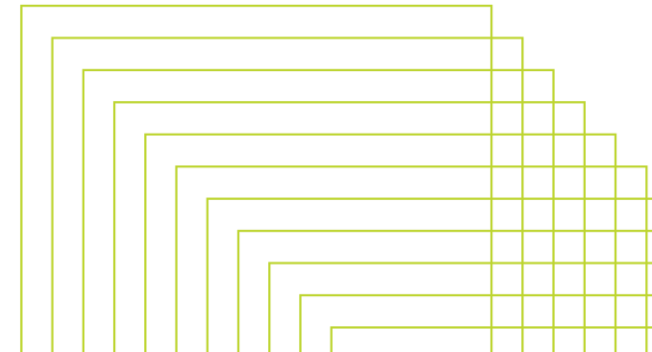


How are Metro Districts Formed?

If the boundaries of the proposed district are located wholly within the City:

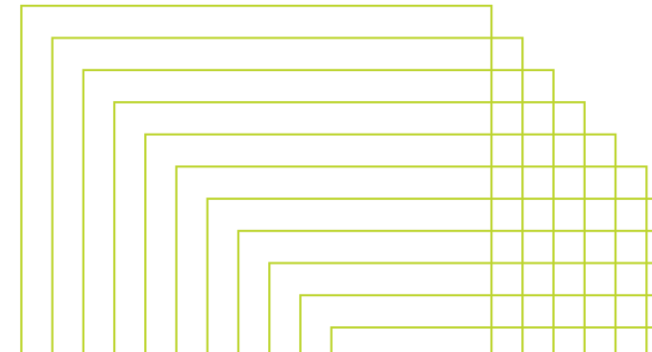
- Petitioner must submit service plan to the City Council and the service plan must comply with criteria in C.R.S. § 32-1-203(2).
- The City Council has the authority to, after notice and public hearing:
 - **Approve** the service plan without condition or modification;
 - **Disapprove** the service plan; or
 - **Conditionally approve** the service plan subject to the submission of additional information relating to, or the modification of, the proposed service plan

The City of Brighton has a model service plan adopted by the City Council and used as the basis for each metro district proposed.

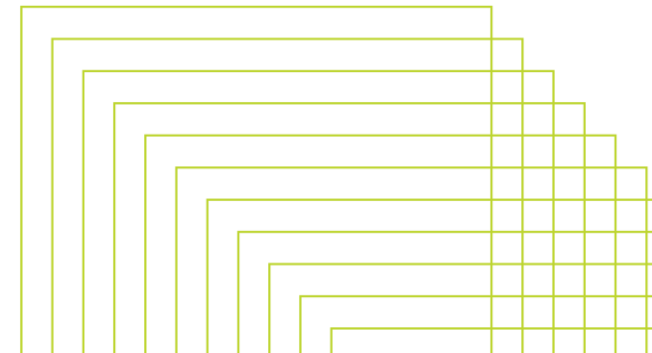
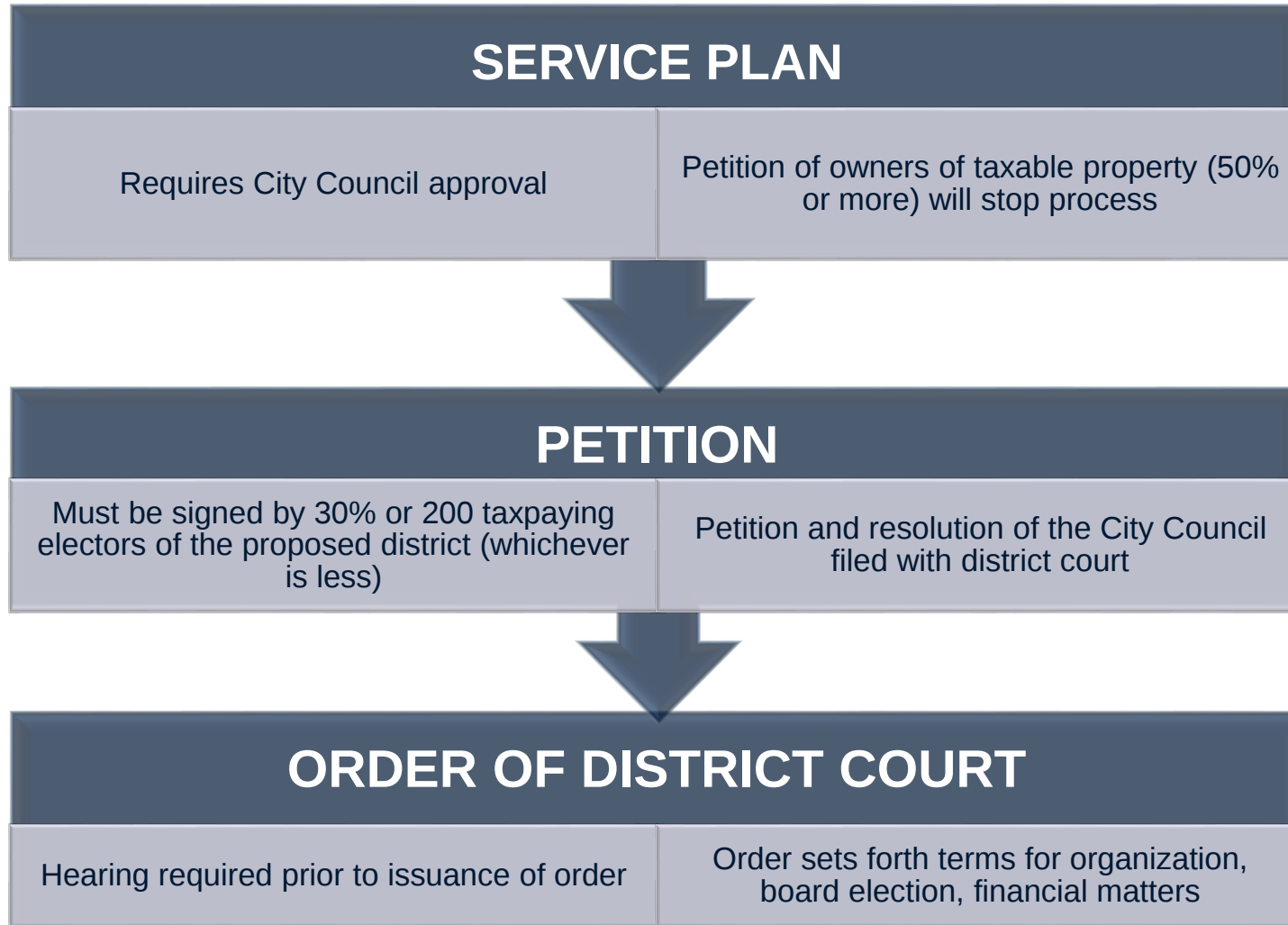


How are Metro Districts Formed?

- If the majority of voters at the organization election vote in favor of organization, then the district court declares the metropolitan district organized.
- The order of the district court finally and conclusively establishes the organization of the metropolitan district.
- The newly formed metropolitan district is a quasi-municipal corporation and a political subdivision of the state of Colorado with all the powers thereof.

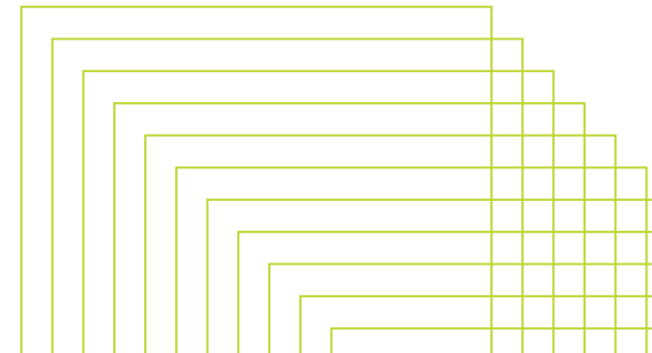


How are Metro Districts Formed?



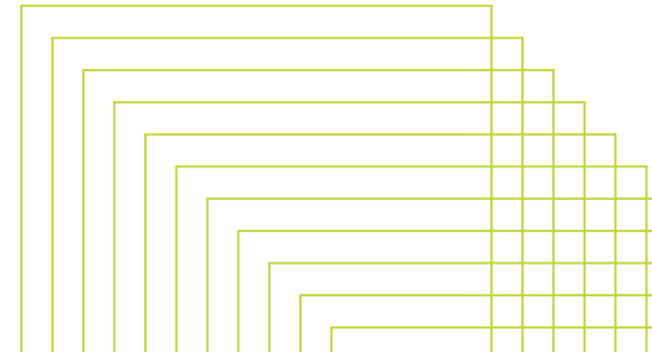
Metro District Governance

- Board of directors of 5 to 7 members elected by eligible electors of district.
- A metro district has all of the powers given to it under Title 32, except as limited by its approved service plan.



How do Metro Districts Raise Revenue?

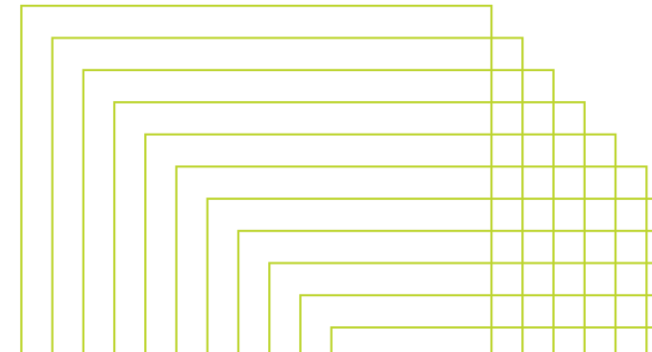
- May levy property taxes on the property within the district.
- May levy special assessments on specially benefitted property within the district. Can use a special improvement district ("SID") to do so.
- May impose fees, rates, tolls, charges and penalties for revenue-producing services or facilities.
- May levy sales taxes for certain purposes on property that is not also within the boundaries of an incorporated municipality, subject to certain conditions (not applicable to District within the City).
- Metropolitan Districts are subject to TABOR, so all taxes and debt must be approved by the metropolitan district's voters at an election.



Brighton Model Service Plan

Purpose & Role of the District

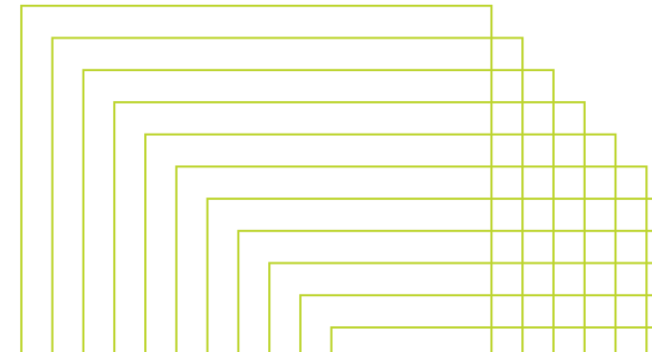
- Finance and construct public improvements
- Provide ongoing operations & maintenance
- Independent local government entity
- Supports infrastructure for development growth
- Improvements must comply with City approvals



Brighton Model Service Plan

District Powers & Limitations

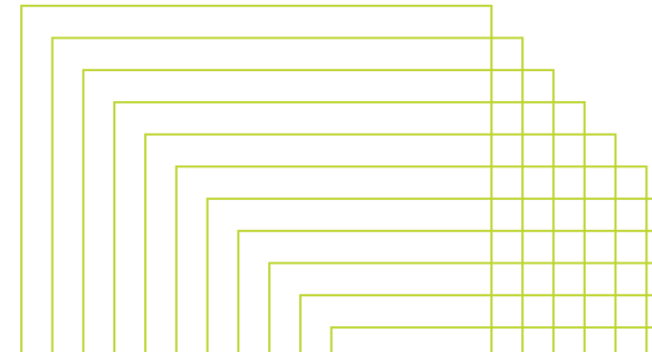
- May construct and maintain streets, drainage, parks
- Subject to City zoning and development rules
- Can issue debt and levy taxes/fees (more on next slide)
- Cannot provide fire protection services
- City council approval required for major changes



Brighton Model Service Plan

Financial & Governance Framework

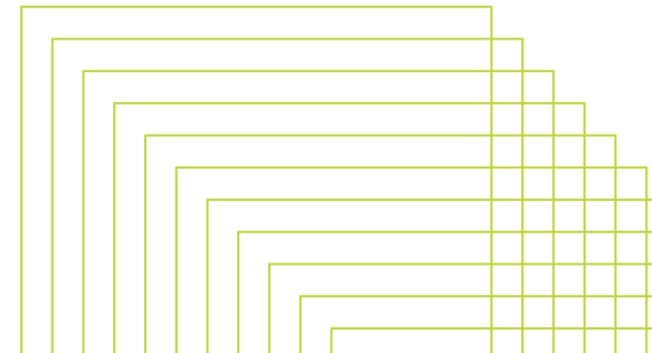
- Debt funded through mill levies, fees, assessments
- Maximum combined mill levy capped (60 mills)
- Debt term limited to 40 years
- Annual audits and reporting required
- Intergovernmental agreement with City required



City Council Role in Service Plan Reviews

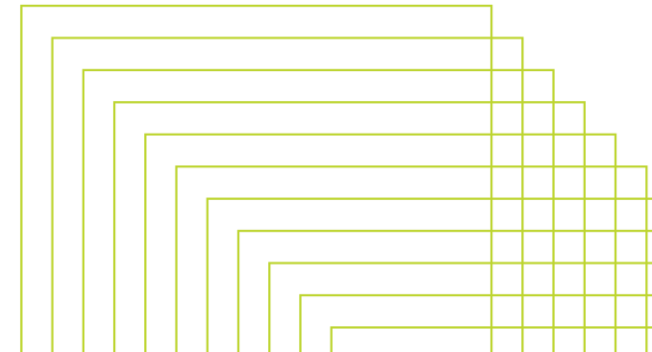
- Approves Service Plan and amendments for material changes
- Approve increases to the Debt Service Mill Levy or Maximum Combined Mill Levy above stated limits
- Approves boundary changes (inclusions/exclusions of property)
- Approves overlapping districts or district consolidation
- Approves use of eminent domain powers by the District
- Approves the form of the Intergovernmental Agreement

The City also receives annual audits and reports for ongoing oversight, in addition to transparency requirements.



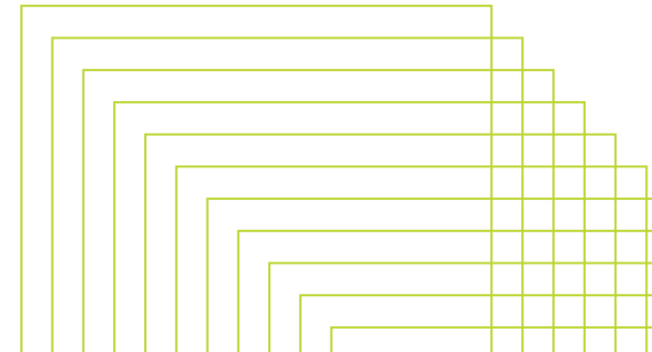
Metro Districts Responsibility and Transparency

- Must have a budget and an audit.
- Subject to open meetings and open records laws.
- Governmental immunity laws apply.
- Board elections every two years.
- Must submit an annual report to the City.
- Must maintain a website updated with required information.



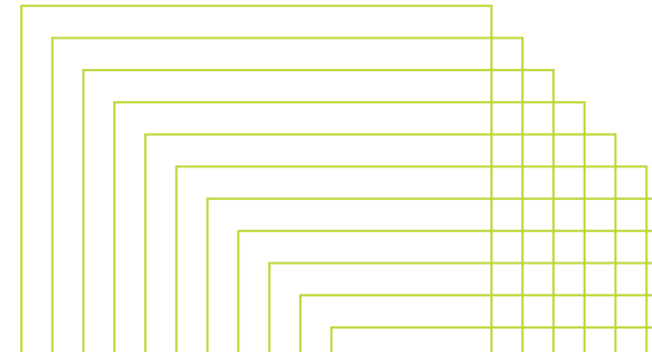
Metro Districts - Compliance with Service Plan (after Formation)

- The facilities, services, and financial arrangements of the District shall conform so far as practicable to the service plan.
- Material modifications to the service plan may be made by a District's Board only by petition to and approval by the City Council in substantially the same manner as is provided for the approval of an original service plan.
 - Changes of a basic or essential nature.
 - Examples: Addition to services, decrease in level of services, decrease in ability to discharge existing or proposed indebtedness, decrease in existing or projected need for organized service in the area.



Metro Districts – Enforcement Mechanisms

- A material modification may be enjoined by the court on its own motion, upon the motion of the City, or upon motion of an interested party.
 - Interested parties are any existing municipality or special district that has levied an ad valorem tax within the next preceding tax year and that has boundaries within a radius of three miles of the metropolitan district boundaries or residents and property owners within the metropolitan district.
- The City also has any enforcement mechanisms set forth in the service plan or intergovernmental agreement with the metro district.



Quinquennial Finding of Diligence

- Every five years after a metro district's ballot issue to incur general obligation indebtedness was approved by its electors, City Council may require the board of such metro district to file an application for a quinquennial finding of reasonable diligence.
- The application shall set forth:
 - the amount of the metro district's authorized and unissued general obligation debt,
 - any current or anticipated plan to issue such debt,
 - a copy of the district's last audit or application for exemption from audit, and
 - any other information required by the City Council.
- The City Council holds a public hearing on the application to consider whether the service plan and financial plan of the district are adequate to meet the debt financing requirements of the authorized and unissued general obligation debt based upon present conditions within the District.

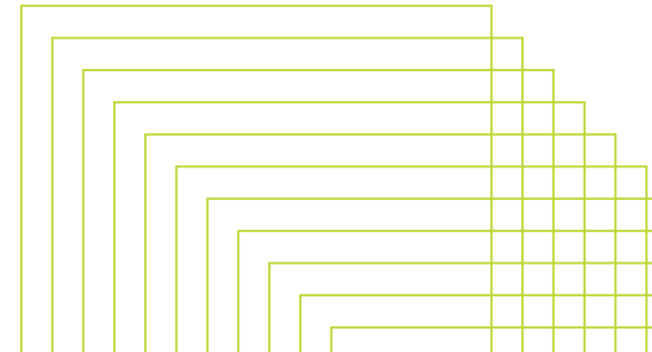


Quinquennial Finding of Diligence

After the public hearing, the City Council may determine whether implementation of the service or financial plan will reasonably and timely discharge the metro district's general obligation debt.

- If the Council finds the plan sufficient, it may continue the board's authority to issue remaining authorized debt.
- If the Council finds the plan insufficient or likely to create excessive tax burdens, it may deny continuation authority or require amendments to the plan before finding reasonable diligence.

The City Council may use all available legal remedies to enforce its determination.



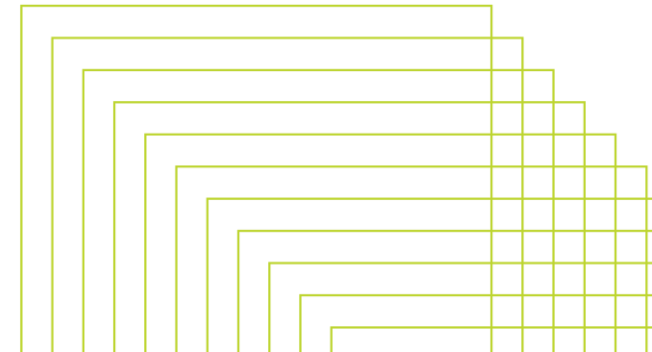
What is a mill levy adjustment and why is it used in a service plan?

- The General Assembly has considered and passed several bills temporarily reducing the assessment rate for different classes of property due to rising home values, citizen outcry, and some previous state law changes.
- Hold harmless provisions allow mill levy adjustments to offset future legislative changes to property tax assessment rates and preserve revenue neutrality.
- The policy intent is to allow districts to continue levying 50 mills for debt service based on the assessment rate in effect when the service plan was approved.
- Mill levy adjustments reduce legislative risk for metro district bondholders by protecting repayment sources from reductions caused by changes in assessment rates.
- Without these protections, metro districts could face reduced bonding capacity and decreased investor willingness to purchase bonds.



Staff Question to Council on Policy of Submitted Service Plans:

Should submitted service plans be required to substantially conform to the model service plan, and if so, what degree of variation is acceptable?



Discussion of Metro Districts and Examples Generally

