

Proposed 1st Amendment to the Montava Metro District

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Consider a ***Resolution*** to approve the 1st Amendment to the Montava Metro District, including:

- Increasing the maximum debt authorization, and
- Authorize the creation of Special Improvement Districts (SIDs)

Staff Recommendation:

Changes within the proposed Amendment ***do not violate*** the ***City's Policy*** nor ***State Statutes***; enhances financing flexibility; maintains consistent public improvements to be financed by the District, therefore, ***Recommend Approval***

Project Overview



- 988.5 Acres
- 2,000 Single Family Home
- 2,400 Multi-family Unit
- 200,000 to 400,000 square feet office
- 88,900 square feet retail
- 15 percent of housing to be affordable up to 120 percent Area Median Income (AMI)
(mix of for-rent and for-sale)

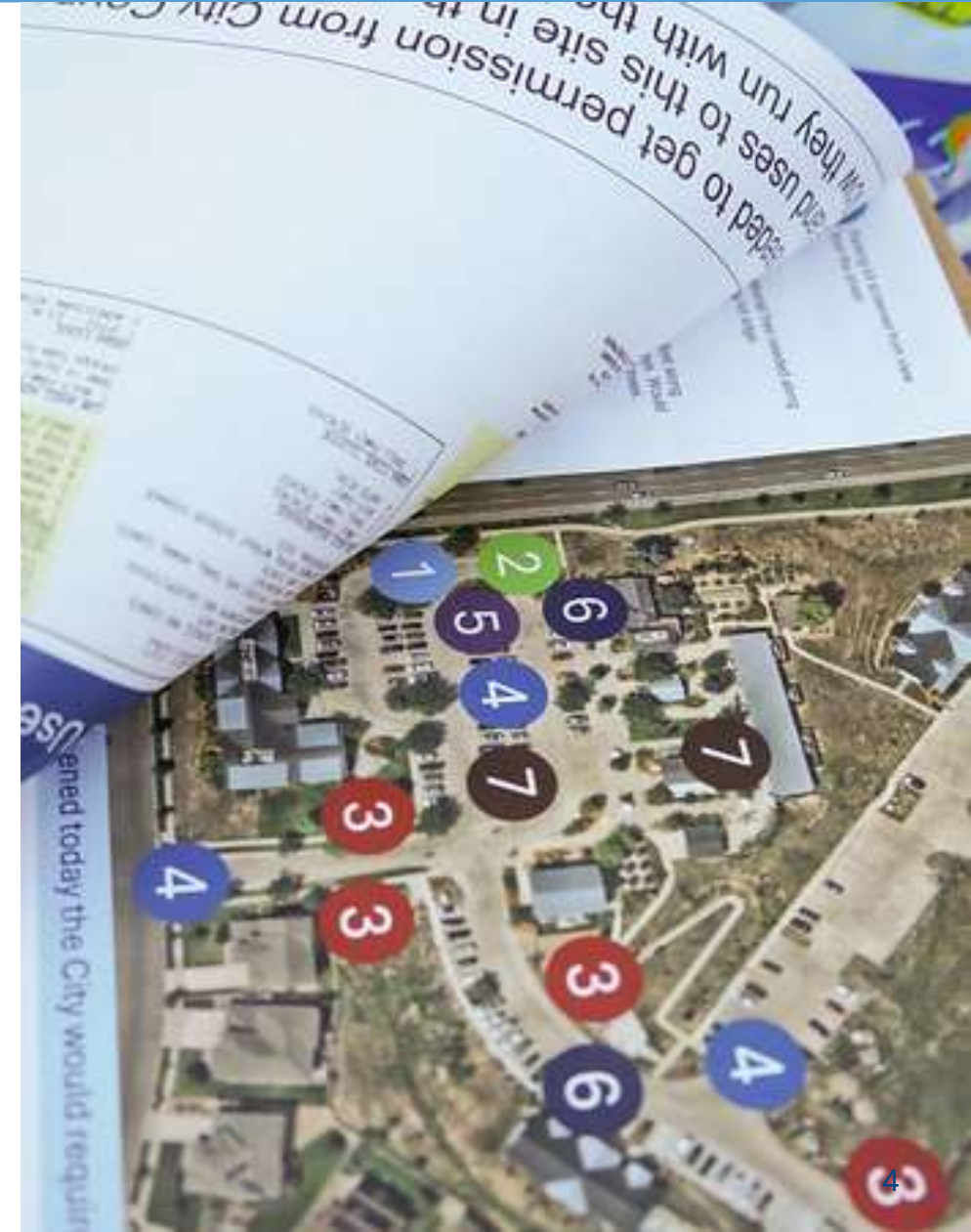
Background

The Consolidated Service Plan (*Service Plan*) for Montava Metropolitan District Nos. 1-7 approved by Council

- **September 25, 2018** (*Resolution 2018-083*)
- Mill Levy Cap – 60 mills; 40 debt and 20 operating
- Max Debt Authorization - \$163 million
- Estimate public improvement cost - \$325 million
- Regional Mill Levy – 5 mills

Development Agreement to Secure Public Benefits for Planned Unit Development Master Plan approved by Council

- **January 14, 2020** (*Resolution 2020-007*)
- Signed and Executed – **December 11, 2020**
- Large-scale comprehensive master plan (smart growth)
- Agri-Urban Development
- Zero Energy Ready
- Non-potable Water System
- Affordable Housing – 15 percent between 30% and 120% AMI
 - 50% of affordable (300+) at 30% to 80% AMI





- ***Increase Maximum Debt Authorization*** – from \$163 million to \$297 million; offset the increase in construction costs since 2018
- ***Grant Authority to Establish Special Improvement Districts (SIDS)*** – Enable the use of a tool that may create more equitable and efficient mechanism for allocating and financing some portion of public improvement costs

- **Public Benefits** – Nothing in the proposed Amendment alters the pledged benefits nor impacts the ability of the project to deliver those benefits
- **Rationale for Amendment** – Staff recognizes importance of Metro District as a financing tool
- **Specific aspects of the Amendment** – Presented in greater detail on subsequent slides





Request: \$134 million increase to \$297 million

- 75% of estimated \$396 million in public improvement costs

Policy Analysis:

- Policy caps debt authorization at 100 percent of supportable
- Requested amount is within the policy cap

Additional Considerations:

- Public improvement categories remain consistent
- Increase of estimated public improvement costs = 22 percent over seven (7) years, equivalent of approximately 3.1% annually
- Increase is consistent with changes in construction costs for the same period

Conclusion – Increase is consistent with policy limits and funds consistent improvements

Estimated Public Improvement Cost Details

Item	2018 Estimate	Revised Estimate	Difference
Admin., Misc., & Engineering	\$47.00	\$58.77	\$11.77
Earthwork	\$21.50	\$23.99	\$2.49
Streets	\$105.30	\$91.10	(\$14.20)
Sanitary Sewer	\$15.70	\$16.85	\$1.15
Water	\$11.10	\$17.79	\$6.69
Nonpotable Water	\$13.80	\$28.04	\$14.42
Storm Sewer	\$10.20	\$43.01	\$32.81
Recreation	\$8.00	\$8.50	\$0.50
Landscaping, Trails, Open Space, & Farm Facilities	\$44.20	\$49.46	\$5.26
Contingency	\$48.00	\$58.70	\$10.7
Total	\$325.00	\$396.22	\$71.22

Authority to Establish SIDs

SID – legal sub-area where property owners are assessed for public improvements that specifically benefit those properties

Authorized by statute:

- Limited to strict benefit nexus
- Requires consent of 100% of property owners or majority of eligible electors
- May only be used to finance improvements authorized by the Metro District Service Plan (e.g., Public Improvements)
- Cannot be used outside the powers of the Metro District
- Require notice, hearings, etc. like the Metro District

Amendment Further Limits: All assessments and associated liens must be “satisfied and cleared prior to the issuance of a certificate of occupancy”

Conclusion – Use is consistent with State statutes; Provides reasonable flexibility; Self imposed additional limitations





- **Letter of Interest (*Include*)** – Initiates the review process
- **Staff Response to LOI (*Modify*)** – Staff elected to contact the applicant directly and conduct a preliminary meeting rather than prepare a formal written response. **Preliminary Staff Meeting with Applicant (*Include*)** – As stated above, staff used this meeting in lieu of a formal written response.
- **City Council Conceptual Review (*Exclude*)** – The policy intends for this conceptual review to provide Council an opportunity to understand the project and the extraordinary public benefits it will generate. Neither are changing.
- **Formal Application & Submittal (*Modify*)** – Staff have received the Amendment and a draft of it is included with this document.
- **Formal Staff Review (*Modify*)** – Staff and the City Attorney's Office conducted a thorough review of the Amendment and discussed it with Finance staff.
- **Council Finance Committee Meeting (*Include*)** – Logical step:
 - (1) allowing a sub-section of the Council a preliminary review
 - (2) Amendment is primarily financial
- **Public Hearing Notice (*Include*)** – Required by statute and Policy
- **Council Public Hearing (*Include*)** – Required by statute and Policy

Residential Scoring System

- Approval predates the system – therefore not applied originally
- Council postponed consideration of the Service plan twice to adjust public benefits
- When adopted, Council limited the ability of the Metro District to issue debt, collect the debt mill levy, or charge fees to pay debt until an approved agreement secured the public benefits
- Council reviewed and adopted a Public Benefits Agreement on January 14, 2020 (Resolution 2020-007)

Conclusion – Council has already adopted PBA which is not changing; therefore, no reason to re-evaluate those benefits with the scoring system



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Questions?