

AGENDA ITEM SUMMARY

City Council



STAFF

Josh Birks, Deputy Director, Sustainability Services

SUBJECT

Public Hearing and Resolution 2025-100 Approving a First Amendment to the Consolidated Service Plan for Montava Metropolitan District Nos. 1 through 7.

EXECUTIVE SUMMARY

The purpose of this item is to consider approval of an amendment to the existing Consolidated Service Plan for the Montava Metropolitan District Nos. 1 through 7, requested by the board of the Montava Metropolitan District, after conducting a hearing on the application, pursuant to City policy (explained in the Background/Discussion section below). The amendment alters the maximum debt authorization and authorizes the District to create Special Improvement Districts to facilitate equitable and efficient financing flexibility. Neither proposed change impacts the underlying Public Benefits of the proposed project.

STAFF RECOMMENDATION

Presented with a recommendation to adopt the resolution, after conducting the required public hearing, of the proposed First Amendment to the Consolidated Service Plan for Metropolitan Districts Nos. 1 through 7.

BACKGROUND / DISCUSSION

Legal and Procedural Requirements

Part 2, Article 1 of Title 32 of the Colorado Revised Statutes ("C.R.S.") authorizes the formation of a metropolitan district within the City by approval of Council of the district's proposed service plan, after a hearing on the proposed service plan which sets forth the public improvements and services which the district will provide, by adoption of a resolution and subsequent voter approval in favor of the organization of the district, per Part 3, Article 1 of Title 32, C.R.S.

Amendments to service plans which constitute a "material modification" of the originally approved service plan require additional approval and process that is similar to those upon formation of a district, including a public hearing on the proposed service plan amendments. C.R.S. § 32-1-207.

The City's Financial Management Policy 10 – Metro Districts (the "Policy"), as authorized by City Council Resolutions 2021-045, 2019-016, 2018-079, and 2008-069, further establishes the criteria, guidelines, and processes for the City in considering applications for service plans for proposed metropolitan districts and amendments to those plans. The Policy was originally adopted in 2008 and revised in both 2018 and 2021.

Per the Policy, the procedures for conducting a hearing on metropolitan district service plan or plan amendment will be in accordance with the Council's adopted procedures and Section 3.K. of the Policy, which sets the order of the proceedings on such a public hearing as follows:

1. Announcement of item;
2. Consideration of any procedural issues;
3. Explanation of the application by City staff;
4. Presentation by the applicant;
5. Public testimony regarding the application;
6. Rebuttal testimony by the applicant;
7. Councilmember questions of City staff and the applicant; and
8. Motion, discussion and vote by City Council.

History of the Montava Metropolitan District Nos. 1 through 7

On September 25, 2018, Council approved, by adoption of Resolution 2018-083, the Consolidated Service Plan ("Service Plan") for Montava Metropolitan District Nos. 1 through 7 ("Metro District" or "District"). The adopted Service Plan encompassed approximately 988.5 Acres located in the northeast portion of the community near the existing AB/InBev Brewery. The development was anticipated to include 2,000 single family homes, 2,400 multi-family units, 200,000 to 400,000 square feet of office, and 88,900 square feet of retail. The project has committed to providing 10 percent of housing units in a mix of for rent and for-sale affordable housing.

Adopted Service Plan Overview

The current Service Plan established seven, overlapping Metro Districts working collaboratively to deliver the proposed Montava development. The phased development is anticipated to occur over the next 25 plus years and supports an estimated population of 11,073. A few highlights about the proposed Service Plan include:

- **Assessed Value** – Estimated to be approximately \$76 million in 2029, which would be ten years into the phased development and not include full build-out
- **Aggregate Mill Levy** – 60 mills, subject to Gallagher Adjustments
- **Debt Mill Levy** – 40 mills may not be levied until a City Council approved development plan and/or intergovernmental agreement has been executed that delivers the pledged public benefits
- **Operating Mill Levy** – 20 Mills to fund several on-going operations, such as but not limited to: (a) a non-potable irrigation system, and (b) a community-wide "in home" water conservation program
- **Maximum Debt Authorization** – Anticipated to be \$163 million to cover a portion of the estimated \$325 million in public improvement costs
- **Regional Mill Levy** – 5 Mills, anticipated to be used to fund specific transportation and/or stormwater improvements

Proposed Amendments to Current Service Plan

On August 21, 2025, staff received a Letter of Interest from the Metro District, requesting review of its proposed First Amendment to the Service Plan for the Metro District (the "Amendment"). (See AIS **Attachment 1**, "Letter of Interest and attachments, August 21, 2025.") The Amendment requested two changes to the existing Service Plan:

1. **To increase the Maximum Debt Authorization.** The request would increase the current Maximum Debt Authorization from \$163 million to \$297 million (*Proposed Maximum Debt Authorization*). This increase of \$134 million in Maximum Debt Authorization would allow the Debt Mill of the Metro District to cover approximately 75 percent of the anticipated \$396 million in estimated public infrastructure costs.
2. **Grant Authority to Establish Special Improvement Districts.** Title 32 of the Colorado Revised Statutes authorizes metropolitan districts to establish Special Improvement Districts (SIDs) if they

are authorized in the service plan or approved in writing by the municipality that approved the service plan.

Staff Review of the Amendment

Staff have reviewed both the Letter of Interest (AIS **Attachment 1**) and the Amendment (**Exhibit A**) for consistency with the City's Policy.

1. **Review of Public Benefits.** The adopted Service Plan has committed to providing a variety of direct and indirect public benefits (the *Public Benefits*). The Public Benefits are described in detail in the current Service Plan, and delivery was secured by the Development Agreement to Secure Public Benefits for Planned Unit Development Master Plan dated December 11, 2020 ("Public Benefits Agreement" or "PBA").

Please note that the proposed Amendment does not include modifications to the Service Plan that would impact the ability of the project to deliver the benefits described in the PBA.

2. **General Purposes of the proposed Amendment.** The Metro District continues to be an integral part of the financing, operation, and maintenance structure for the Montava Development. The primary rationale for the Amendment ties to the ability of the Metro District to provide public infrastructure in a timely and efficient manner. Each of the two requests embedded within the Amendment are reviewed in detail below.

The current Service Plan established the Metro District, in part, as an important financing tool in order to deliver on the public improvements. The Amendment also serves this purpose.

3. **First of Two Proposed Changes: Increase the Maximum Debt Authorization.** The Amendment proposes an increase to the Maximum Debt Authorization of \$134 million to a total of \$297 million, or approximately 75 percent of the anticipated public infrastructure costs of \$396 million.

Policy Analysis: The City's Policy establishes that the total debt authorized in a service plan must not exceed 100 percent of the projected maximum debt capacity shown in the Metro District's financial plan. The revised financial plan, attached to the Amendment, supports the Metro District's issuance of \$297 million in debt based on the parameters of the Policy and the authorizations (e.g., Debt Mill Levy, Term, etc.) under the exiting Service Plan.

Furthermore, the Public Improvements listed in the Amendment are consistent with the categories in the previously approved Service Plan. Based on **Table 1**, revised cost estimates represent a 22 percent increase since 2018 (approximately 7 years) or a roughly 3.1 percent annual increase in costs. While some of the line items have grown much more significantly, the total increase appears to be reasonable given staff's own understanding of construction cost increases throughout the same period.

Table 1: Comparison of Public Improvement Cost Estimates
(\$ in millions)

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

Staff Assessment: The requested amount complies with the Policy limitation and the proposed use, on Public Improvements, has not materially changed since approval in 2018.

4. **Second of Two Proposed Changes: Authorize Establishment of Special Improvement Districts.** Special Improvement Districts (SIDs) are a kind of legal sub-area where property owners (or property within the district) are assessed for public improvements that specifically benefit those properties. The idea is that if a subset of properties will get a particular public improvement (streets, sidewalks, sewers, etc.) then those properties help pay for it via assessments.

Colorado law provides for two different statutory contexts for the establishment of SIDs:

- a. **Within a special district.** Pursuant to Title 32 (Special Districts) of the Colorado Revised Statutes ("C.R.S."), special districts (which is a political subdivision providing certain services) may create an SID within their boundaries.
- b. **Within a municipality.** Per Part 5, Article 25 of Title 31, C.R.S., municipalities may use SIDs to finance local improvements, with statutorily defined powers, procedures, assessment methods, and hearings.

The proposed Amendment would authorize the Metro District to establish SIDs for the purpose of levying special assessments and issuing assessment lien bonds as part of the public improvement funding mechanism. The intent, which is clearly spelled out in the Amendment, is for 100 percent of the assessment and the lien encumbering a finished lot will be repaid prior to a resident taking possession of a home.

The proposed Amendment proposes to expand the typical approach to financing public improvement costs, which is to issue district-wide debt borne by all properties within the boundaries. This approach may not always be the most equitable or efficient mechanism to allocate costs based on benefit. Therefore, this proposed Amendment includes the authority to establish SIDs for the purpose of offering a complementary financing method that provides flexibility, fairness, and fiscal responsibility.

From a statutory perspective, there are several restrictions that make authorizing SIDs for the Metro District consistent with the current financial authority of the existing Service Plan:

- Assessments are limited to properties that specifically benefit from the funded public improvement. This reinforces a nexus requirement and also provides additional transparency around direct benefit.
- Approval of an SID either requires written consent of 100 percent of the owner of the property or approval by a majority of the eligible elector within the SID. Therefore, this tool is subject to similar requirements of approval to the Metro District. Forming SIDs early on will likely be easy for the developer but will become very difficult later in the development of the project.
- Assessments and financing based on that revenue are limited by statute to the improvements that the "parent" special district is authorized to finance. In this case, those are the public improvements identified directly in the Service Plan and no others.

- The assessments and creation of SIDs must follow the powers given in the Service Plan, require property approval or voters, and requirements of notice, hearings, etc. like the Metro District.

Finally, the Amendment makes a specific stipulation around the use of SIDs that alleviates a staff concern around further burdening homeowners. It states “any lien on a property resulting from the imposition of a special assessment shall be satisfied and cleared prior to the issuance of a certificate of occupancy for any unit, structure or other appurtenance...” This self-imposed limitation on the repayment of the special assessments ensures that no “End User” will be responsible for the payment of the assessment.

Staff Assessment: The proposal to authorize the Metro District to create SIDs allows for the diversification of both the method and timing of debt issuance to further the delivery of the public improvements identified in the Service Plan. Furthermore, the statutory restrictions and the self-imposed limitation address concerns of over-reach or using the SIDs to finance aspects of the project that are not already identified in the Service Plan or do not accrue direct benefit to the properties paying the assessment.

Given that the SIDs must remain within the boundaries of the Metro District, cannot be used to fund anything other than the same approved public improvements as the Debt Mill Levy, and must be repaid before a homeowner takes possession (*a specific stipulation within the Amendment*), this aspect of the proposed Amendment does not conflict with the general goals of the City Policy and the specific public infrastructure and improvements of this project.

Council Review: City Policy and Procedure

The City Policy defines the process for reviewing newly proposed metro district service plans and plan amendments. However, many of the steps of the Policy apply to newly proposed districts or to certain types of service plan amendments. Therefore, staff have evaluated and now recommend (below) the steps of the process required to consider a newly proposed service plan to determine which steps make the most sense to include in this review. Staff have been mindful of establishing clear rationale and a potential precedent for future amendment reviews and/or adjustment to the Policy.

Staff recommend, more generally, that the Policy should be evaluated for necessary updates for administration and clarity and to incorporate new best practices and any statutory changes since 2021.

Each step of the evaluation process has been evaluated for applicability to this review with a rationale provide regarding inclusion or exclusion.

1. **Letter of Interest (Include)** – Requires the applicant submit a Letter of Interest to initiate the review process and pay an associated fee (intended to offset staff review cost). This step has been included in this review as it provides a likely and clear starting point to any review, whether for a new district or an amendment.
2. **Staff Response to LOI (Modify)** – Staff elected to contact the applicant directly and conduct a preliminary meeting rather than prepare a formal written response. This approach was chosen given the overall scope of the amendment – being limited to financial aspects of the district and not affecting the PBA.
3. **Preliminary Staff Meeting with Applicant (Include)** – As stated above, staff used this meeting in lieu of a formal written response.
4. **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 prior to a full application proceeding. Thus, it seems that applying such an activity to an existing Service Plan where the amendment does not alter the underlying project or public benefits does not need to undergo this step of the process.

5. **Formal Application & Submittal (Modify)** – This is clearly a required step but rather than requiring a complete Service Plan, staff requested a clear amendment draft be provided with ample time to respond. Staff have received the Amendment and a draft of it is included with this document.
6. **Formal Staff Review (Modify)** – A full interdisciplinary staff team was not convened as the nature of the Amendment was limited to the financing plan and public finance considerations. Staff and the City Attorney's Office conducted a thorough review of the Amendment and discussed it with Finance staff.
7. **Council Finance Committee Meeting (Include)** – The intent of this step is for a sub-section of the Council to review the formal application and to do so with a focus on the Policy providing feedback and recommendations. It is logical to include this step for two reasons (1) allowing a sub-section of the Council a preliminary review will provide staff much needed feedback, and (2) the nature of the Amendment is primarily financial making it a good fit for the committee's review.
8. **Public Hearing Notice (Include)** – A requirement of statute and the Policy both.
9. **Council Public Hearing (Include)** – Required for Council to consider any service plan approval including amendments.

Role of the Residential Scoring System

The existing Service Plan was not evaluated under the Residential Metro Districts Evaluation Points System referenced in the Policy. The approval of the Service Plan for this District predates the addition of the system to the Policy. However, in recognition of the lack of clarity regarding the public benefits to be delivered by the project Council postponed final consideration on the original Service Plan approval twice. Furthermore, Council adopted the Service Plan with an explicit limitation on the Metro District's ability to issue debt, collect the debt mill levy, or charge fees to pay debt until Council approved an intergovernmental agreement and/or development agreement securing the Public Benefits described in the Service Plan.

Council reviewed and adopted an agreement meeting the requirements stated above at a special meeting held on January 14, 2020 (*Resolution 2020-007*), which was finalized and executed on December 11, 2020. The nature of those commitments on public benefits remains unaffected by the Amendment. Therefore, applying the residential scoring system to a set of public benefits previously approved by Council and unaltered did not seem necessary to staff. Therefore, no such assessment has been conducted nor is it provided with this document.

CITY FINANCIAL IMPACTS

None.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

On October 2, 2025, the Council Finance Committee reviewed the proposed Amendment. The committee agreed the item was ready to be forwarded to the full Council for consideration. The draft minutes were not available.

PUBLIC OUTREACH

None to date. Public notice of the First Amendment to property owners of any scheduled hearing on the petition was given, consistent with statutory requirements of Title 32, C.R.S. and City Policy (see AIS **Attachment 2**, "Certificate of Mailing of Notice of Public Hearing," and AIS **Attachment 3**, "Affidavit of Publication of Notice").

ATTACHMENTS

1. Letter of Interest and attachments, August 21, 2025
2. Certificate of Mailing of Notice of Public Hearing
3. Affidavit of Publication of Notice of Public Hearing
4. Applicant Presentation
5. Staff Presentation
6. Resolution 2025-100