

Worksession Agenda Summary

January 25, 2022

Becky Safarik, Interim Community Development Director/Deputy City Manager, 970-350-9786

Title:

Consideration of Special District Authorization

Background:

Colorado State Statutes allow for the creation of "Special Districts" as an economic alternative to the development of municipal infrastructure (the Special District Act). These districts are generally formed for a specific purpose which is described by their title. Many such districts provide for the construction and operation of infrastructure, such as water and sanitation districts. Others provide for area wide delivery of a special service such as ambulance, fire protection, or health services.

Metropolitan Districts are also considered a type of Special District but must provide at least two types of services from a prescribed list provided for in the statutes. These districts have become a common tool to finance the development of private property, particularly residential subdivisions or commercial developments. City Council has approved a number of metropolitan districts, predominately in west Greeley where infrastructure has not yet been extended.

Special districts are created with a specific boundary and improvements and services delivered to that area are funded by assessing a property tax mill levy to all property owners in the service area.

Process

The process to approve a special district includes a petition to the governing authority which describes the need for the district, a proposed service plan, a financial pro forma that provides the rationale for the proposed mill levy proposed to support the improvements or services of the district. This mill levy is not a substitute for any other mill levy imposed on a property but is in addition to that assessment.

If the governing body determines the special district meets the standards in the state and local regulations and meets a need the jurisdiction is unable to provide, it can authorize the application to proceed to an election of the landowners in the district who would be assessed the additional mill levy for the proposed improvements or services. Election cycles are set forth in state statute and a vote in favor of the district by a majority of the property owners authorizes the district.

Special districts are considered quasi-governmental and political subdivisions and are governed by a board that manages the improvements of and services for the life of the district. Metropolitan Districts also may impose a mill levy for the purpose of

maintenance of common area improvements. Most Metropolitan Districts are established under the ownership of land held by a single party or development entity who are the only parties who vote in an election to create the Metropolitan District. The mill levy obligation, however, is attached to the land as it is subdivided and developed and subsequent land owners.

Parks and Recreation District Proposal

One type of allowed Special District is for park and recreation improvements and services. The City has been approached by a local development company, Richmark, that is interested in this financing tool to develop an open space and recreational area east of US Hwy 85 and along the Cache la Poudre River. The company initially explored the use of a Metropolitan District to create these improvements, which would also include some residential and commercial development (see attached concept plan).

The area in question includes a significant amount of non-developable area due to its location in the floodplain, which would not offer much opportunity to generate income from a mill levy. The developer thought this would be offset by the value of oil and gas severance taxes captured by the district. This opportunity waned with state rules that disallow the diversion of oil and gas revenues due to the State be retained by Metropolitan Districts instead.

As reflected in the concept plan, much of the area is outside the city of Greeley. The City only can approve a district within its jurisdiction; areas outside the city limits would need to be annexed before the City could act on a petition to establish a special district for the entire area unless done jointly with Weld County, which would also have to have the authority to act on such a petition. The applicant could establish a portion of the site that is in Greeley's jurisdiction and describe how additional land could be included at future time, once eligible for consideration.

Such a rule does not apparently exist at present for other districts and the company is interested in proposing, instead, the development of a Parks and Recreation District to create the open space, parks and recreational improvements and, separately, pursue a Metropolitan District for adjacent residential and commercial development when such development in that area is viable.

To accomplish this, the City of Greeley would first need to amend its municipal code to create the legislative framework to provide the criteria and process for consideration of a Parks and Recreation District, which could be modeled generally after the City's Metropolitan District standards. If such code amendments are approved the company – or any other interested party – could petition to establish a Parks and Recreation District in the city of Greeley. The City is not obliged to approve an application to proceed to an election if it is not satisfied that the proposal is in the community's best interest after completing its review and analysis of the proposed district.

Strategic Work Program Item or Applicable Council Priority and Goal:

Access & Connection to Recreational, Cultural, Educational, Natural Resources and Human Services.

Decision Options:

Staff requests Council direction to either:

1. Proceed to develop an ordinance allowing Special District applications, particularly for a Parks and Recreation Special District; and/or
2. Identify additional areas of information desired to further consider the use of a Special District for Parks and Recreation development; or
3. Suspend development of such Special District legislation in the Greeley Municipal Code indefinitely.

Attachments:

A: Richmark East Greeley original Metro District concept plan
Powerpoint Presentation