

FACTUAL SUMMARY

August 27, 2024

Ken-Caryl Ranch Metropolitan District

7676 S Continental Divide Road

Littleton, CO 80127

303-979-1876

Proposed Property Tax Retention

November 5, 2024 Coordinated Mail Ballot Election

METROPOLITAN DISTRICT: The Ken-Caryl Ranch Metropolitan District ("District") is a political subdivision of the State of Colorado, organized pursuant to the Colorado Special Districts Act, C.R.S. § 32-1-101, et seq. ("Act"), to provide passive and active park and recreation services and amenities to the community. The District provides park and recreation services including park maintenance, swimming pools, athletic fields, community space, tennis courts, recreation programs, and special events, among other recreational opportunities.

SUMMARY OF THE ISSUE: For several years, the District Board has been discussing the ongoing funding of long-term capital and maintenance needs. While District daily operations are currently sustainable, financial forecasting has revealed that revenues may not be enough to provide long-term funding for the capital and maintenance projects identified in the District's Capital Plan.

In 2014, the District's voters authorized the District to issue General Obligation Bonds, and approved the assessment of a debt repayment property tax to repay the bonds. Currently, taxpayers pay 15.209 mills in operating property tax and 3.343 mills in debt repayment property tax. The bonds are scheduled to be paid off, and the debt repayment property tax to end, in December 2024.

The District Board decided to place a property tax ballot issue on the November 5, 2024 ballot, which seeks voter authorization to temporarily retain an amount of 2.229 mills currently contained within the total 3.343 mills in debt repayment property tax that it currently assesses, instead of ending the full amount of the debt repayment property tax when the bonds are paid off. The temporary property tax retention would be used to fund ongoing capital infrastructure and maintenance of capital infrastructure and would not incur new debt. The temporary property tax retention would end after 10 years.

ARGUMENTS FOR THE PROPOSAL: If successful, the temporary property tax retention would generate revenue for the District to fund the capital and maintenance projects and needs in the District's Capital Plan. These include infrastructure projects throughout the community, which may include Community Center improvements, Community Park improvements, tennis facility improvements, pickleball courts, District-owned playground replacements, conservation-focused irrigation enhancements, fitness equipment, parking lot maintenance, field renovations, facility heating and cooling systems, flooring, lighting, roofing, and equipment.

The District's current revenue forecasting indicates that, without the additional tax revenue, the District Board will need to begin deferring capital and maintenance projects, as adequate revenue to fund them will not be available beyond 2027. While total tax revenue for the District has increased since 2018 primarily due to property valuation increases, the District has also incurred increased expenses due to inflation and the impacts of prior deferred maintenance. Retaining 2/3 of the current bond repayment property tax (2.229 mills) will still result in a 1.114 decrease in the District's total property tax, and will provide the District with revenue to implement Capital Plan projects and needs. The property tax retention is temporary, and will expire after 10 years.

ARGUMENTS AGAINST THE PROPOSAL: The current bond repayment property tax is scheduled to end in December 2024, when the bonds are paid off. This means that, in the absence of this proposal, property owners would see a 3.343 mill reduction in the total District property tax beginning in 2025. However, if the proposal is successful, then property owners will only see a reduction of 1.114 mills, because the remaining property tax will be retained for 10 years. Accordingly, voters who support further reduced taxes and small government may oppose the District's retention of the 2.229 mills that would otherwise end. Additionally, all voters may not support all of the capital and maintenance projects funded by the property tax retention. Finally, the District's current financial forecasting shows that existing revenue may be sufficient to fund the District's capital and maintenance projects through 2027. District voters may prefer that the District seek a property tax increase in a future year, once existing revenues are no longer sufficient to fund the capital and maintenance projects and needs identified in the District's Capital Plan.

BALLOT ISSUE: During its meeting on July 23, 2024, the District's Board of Directors adopted a Resolution calling for an election on November 5, 2024 to seek voter approval for a temporary retention of a property tax. The ballot issue is as follows:

WITHOUT RAISING ITS CURRENT TOTAL PROPERTY TAX RATE, SHALL KEN-CARYL RANCH METROPOLITAN DISTRICT BE AUTHORIZED TO TEMPORARILY RETAIN 2.229 MILLS OUT OF THE TOTAL 3.343 MILLS IN PROPERTY TAXES IT CURRENTLY ASSESSES TO PAY OFF ITS BOND DEBT, WHICH DEBT IS SCHEDULED TO BE PAID OFF IN 2024, THROUGH THE ASSESSMENT OF A CAPITAL EXPENDITURES MILL LEVY, BEGINNING IN ASSESSMENT YEAR 2024 (FOR COLLECTION IN 2025) AND SUNSETTING AT THE END OF ASSESSMENT YEAR 2034 (FOR COLLECTION IN 2035), TO BE USED FOR FUTURE CAPITAL INFRASTRUCTURE AND THE MAINTENANCE OF CAPITAL INFRASTRUCTURE, AND SHALL ALL REVENUE AND ANY EARNINGS ON THIS TEMPORARILY RETAINED TAX CONSTITUTE A VOTER-APPROVED REVENUE CHANGE WITHIN THE MEANING OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION AND AN EXCEPTION TO THE LIMITATIONS SET FORTH IN SECTIONS 29-1-301 AND 29-1-1702 OF THE COLORADO REVISED STATUTES, AND ANY OTHER LAW?

This Factual Summary is being provided in accordance with the authority granted by C.R.S. § 1-45-117(b)(l).