

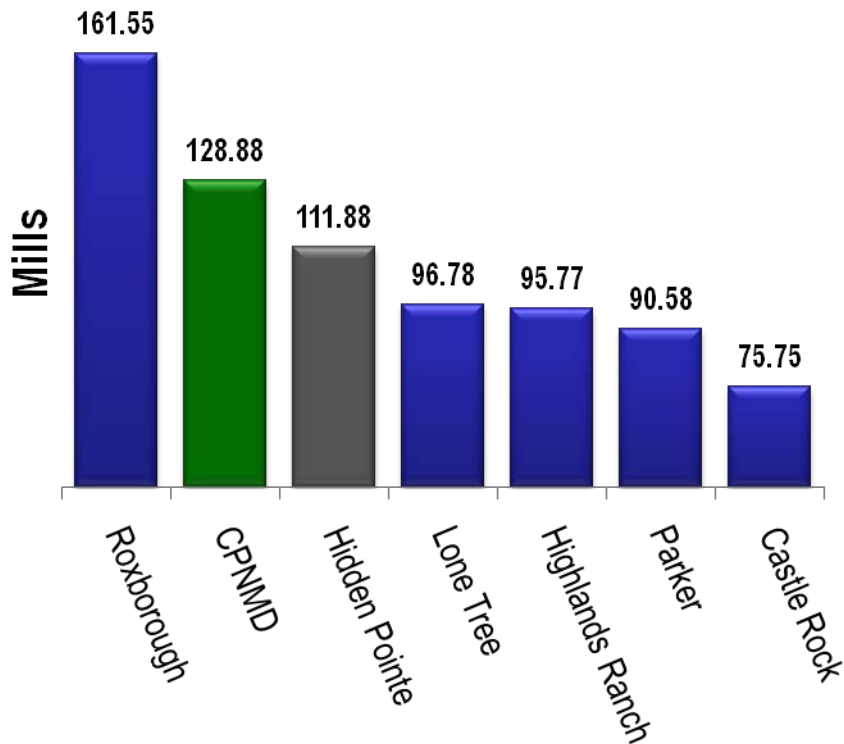


Community Services Integration

Financial Savings

Community Expense Problems

Relative property tax rates (mills)



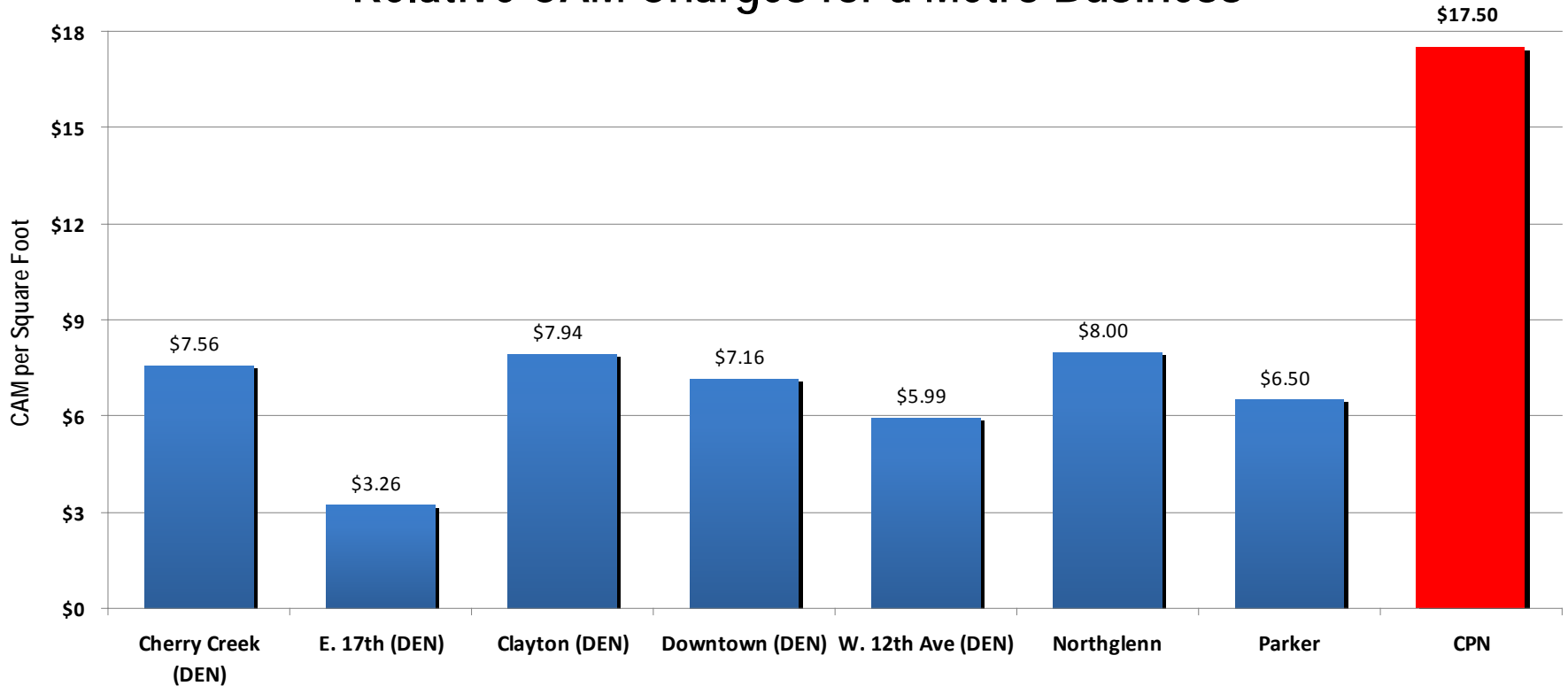
1. CPN Property taxes are high compared to surrounding areas

- 41% *higher* than Castle Rock
- 30% *higher* than Parker
- 26% *higher* than Highlands Ranch
- 25% *higher* than Lone Tree

Higher property taxes equate to lower property values.
Each \$500 in increased taxes can equate to a loss of home value of \$30,000

Community Expense Problems

Relative CAM Charges for a Metro Business



Common area maintenance (CAM) charges are extremely high in CPN due to high property taxes and exceed the total rent in many locations

Community Expense Problems (cont.)

2. Fees are high when compared to surrounding areas and not directly voter approved

- City – business fees
- MD – CIP & Stormwater fees
- MA – dues
- HOA - dues

Community Expense Problems (cont.)

3. Service duplication and layering

- Multiple entities duplicating services (City, Metro District, Master Association, and HOA's)
- Accountability is not centralized
- Multiple service providers could be consolidated with a sole provider improving services and reducing costs
 - Trash collections – multiple providers
 - Snow Maintenance – multiple providers
 - Landscaping services – provided by City, MD, and HOA's.
 - Administration – each entity has it's own administrative costs

Summary of CPN Taxes

■ Property Taxes

- Douglas County 24.7 mils
- Douglas County School District 47.1 mils
- Metro District 43.0 mils
- SMFD 9.45 mils
- Douglas County Sheriff (via City mill levy) 4.5 mils

■ Sales Taxes

- City (2.75%)
- Douglas County (1%)
- State of Colorado (3.0%)

Summary of CPN Fees

- Current providers utilize a variety of user fees
 - City (user-based)
 - licensing, building, planning
 - Metro District (user-based and all users)
 - water, sewer, stormwater
 - Master Association Dues (all users)
 - HOA Dues (all users)

Community Integration

■ Integration Method

- Voters approve Home Rule status for City
- Consolidation of community services that are economically and administratively feasible to consolidate

■ Benefits

- Cost savings – decreased property tax and service fees
- Shift tax burden towards sales tax
 - Non-residents help fund city services (non-residents use city infrastructure and services) via enhanced commercial economic development that only the City can offer
 - Discretionary spending
- Coordinated services
 - Improve services
 - Decrease service costs
 - Greater accountability to residents
- Decision making becomes more localized (versus State and County)

Available Community Resources

- Metro District - \$12.2M annual revenues
 - O&M = 19 mills or \$387/household/year
 - Debt = 24 mills or \$489/household/year
 - Fees = \$324/household/year

- City - \$3.2M annual revenues
 - Law Enforcement (Douglas County Sheriff) = 4.5 mills or \$212/household/year (mill transfer from County to City)
 - Sales/Use Tax (2.75% rate) = \$1.25M/year or \$379/household/year
 - Franchise Fees = \$300K/year or \$91/household/year
 - Intergovernmental revenues = \$600K/year or \$182/household/year
 - User Fees = \$350K/year or \$106/household/year (few residents pay user fees)

City Revenue for City Operations (yearly costs per household)

Intergovernmental Revenues

(road & bridge tax, cigarette tax, highway user tax, auto registration fees, lottery)

\$182
24%

User Fees
(building permits, business licensing, developer fees)

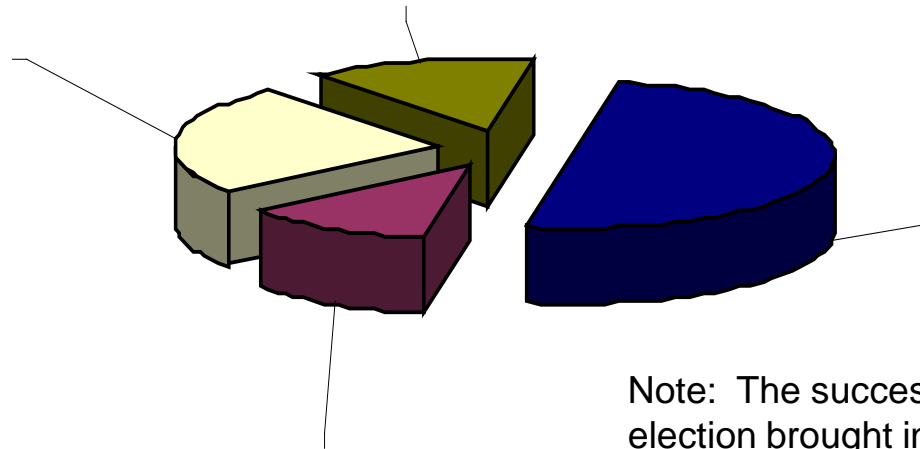
\$106
14%

Franchise Fees

\$91
12%

Sales/Use Tax

\$379
50%



Note: The successful incorporation election brought intergovernmental revenues, user fees, and franchise fees directly to the City, versus going to Douglas County. It added sales/use taxes and some franchise fees to help fund the City.

City Budget

	2009 Adjusted Budget	2010 Draft Budget
Revenues		
Taxes	\$1,951,000	\$2,022,000
Franchise Fees	312,791	344,000
Intergovernmental	605,800	517,600
Fees & Charges	355,000	410,300
Total	\$3,224,591	\$3,293,900
Expenditures		
General Government	\$3,100,281	\$2,414,999
Capital	0	100,000
Contingency	105,440	12,927
Total	\$3,205,721	\$2,527,926
Net	\$18,870	\$765,974

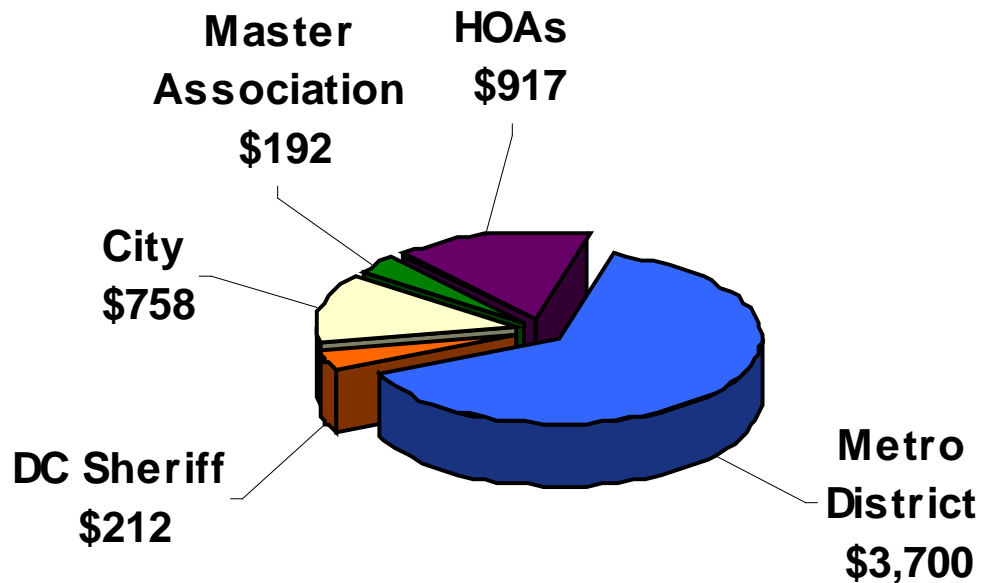
Available Community Resources (cont.)

- Master Association - \$626K annual revenues
 - Dues for administration and services = \$192/household/year
 - Parks Authority = portion of annual dues

- HOA's - \$2.8M annual revenues
 - Dues for common area maintenance, snow maintenance, and trash = \$917/household/year

Household Summary Costs

It costs **\$5,779** per household per year on average for CPN* services:



*Average CPN home value is \$510,000. Non-CPN services include fire (9.5 mills), schools (47 mills), county services (24 mills), libraries (4 mills), and other water services (1 mill).

Solutions

■ Home Rule

- Provides revenue generation options favorable to the residents
- Provides additional local control of decision making

■ Integration

- Eliminates duplication of efforts to provide services
- Greater economies of scale
- Lowers overall costs
- Greater accountability of public funds
- Expanded City services base
 - Metro District becomes an arm of the City, with a purpose of renewable water and debt service payoff
 - City takes over certain HOA services where service consolidation leads to lower costs

Future

- A Home Rule option leads community services, replacing the duplication and layering services by different entities, creating a brighter **future**:
 - The City can use economic development efforts to attract non-resident shoppers to pay city sales tax, which in turn help pays for your services
 - Lower property taxes
 - Elimination and/or lowering of fees
 - Improved services
 - Enhanced local decision making

Cost Benefits of Community Integration

- Anticipated Tax & Fee Reduction = **\$772/household/year**

- Metro District integration savings = \$596/household/year
- MA & HOA Integration savings = \$176/household/year

- Additional Cost Benefits

- Future home value increase = \$38,000 over 30 years
- Commercial properties will realize \$13,400 savings annually for each \$1M in property value. Under the Gallagher Amendment, businesses pay 3.64 times the property taxes for the same residential value.

