

# Appendix B

## SPECIAL DISTRICT FINANCIAL PLAN

### INFORMATION REQUIREMENTS

**A. A GENERAL DESCRIPTION OF ESTIMATED COSTS:**

1. Acquiring land,
2. Engineering services,
3. Legal services,
4. Administrative service,
5. Initial proposed indebtedness and
6. Estimated proposed maximum interest rates and discounts, and
7. Other major expenses related to the organization and initial operation of the district.
8. Comparison of revenue to Special District expenses
  - a] Valuation at
    - 70% build-out, \_\_\_\_\_
    - 80% build-out, \_\_\_\_\_
    - 90% build-out \_\_\_\_\_
  - b] Revenue generated by mill levy at
    - 1] 70% build-out, \_\_\_\_\_
    - 2] 80% build-out, \_\_\_\_\_
    - 3] 90% build-out \_\_\_\_\_
  - c] District expenses estimated at
    - 1] 70% build-out, \_\_\_\_\_
    - 2] 80% build-out, \_\_\_\_\_
    - 3] 90% build-out, \_\_\_\_\_

9. A detailed market analysis to demonstrate projected demand and need for services shall be required, if the projected cost for homes is greater than that which could be serviced by mortgage for a family with a household income equal to or less than the mean household income in Elbert County. Detailed information shall be provided about the following criteria.
  - a] Build-out projections when considering forecasts of demographic & economic indicators such as population, employment, & income.
  - b] Population growth of Metro Denver area
  - c] Portion of that growth to locate in Elbert County
  - d] Competition from other subdivisions in Elbert County
    - 1] Similar lot sizes available
    - 2] Similar / comparable amenities available
    - 3] Length of commutes to work
10. Cost of commutes to work

## **B. OPERATING REVENUE & INDEBTEDNESS**

1. How the proposed services are to be financed, including projected bonding details on which financial commitment is based.
2. Proposed operating revenue derived from property taxes for the first budget year of the district and each of the following four years which shall not be materially exceeded except as authorized pursuant to C.R.S. 32-1-207 or 29-1-302, as amended.
3. All proposed indebtedness for the district shall be displayed together with a schedule indicating the year or years in which the debt is scheduled to be issued.
4. The plan shall provide for 50% funding in excess of the projected 10 year costs to provide for cost overruns.
5. The plan will incorporate a plan for 20 years of operation within the proposed structure, or, will provide a plan for Elbert County take over of the District.
6. The submitted plan will provide a list of all area residents affected and their stated preference in favor or in opposition to the Special District as evidenced in writing.

7. The plan will incorporate a financial analysis detailing the following:
  - a] Cost for infrastructure
  - b] Cost for water for affected citizens
  - c] Cost for organizational elements detailing salaries, profits etc.
8. With respect to Water Special Districts, or Special Districts providing water services, a study of the water source adequate-ability for compliance to the 300 years rule is included with sufficient data for independent third party analysis to concur with the finding.
9. Cost for replacement water should the primary source prove inadequate.
  - a] All costs shall be projected for a twenty year period.
  - b] A method of ensuring compliance with the State allocated water usage must be incorporated into the plan and financed.
10. A plan for waste/waste water disposal (septic tanks, etc. ) is incorporated as part of the plan.
11. If an overlapping special district is proposed, all of the requirements elucidated herein will be submitted for that overlapping district as well as for the proposed district.
12. Proposed operating revenue derived from property taxes for the first budget year of the district and each of the following four years which shall not be materially exceeded except as authorized pursuant to C.R.S. 32-1-207 or 29-1-302, as amended.
  - a] Include historical trendlines for property values within the proposed Special District, and projected Special District property tax revenues for the term of the loan, and
  - b] Total costs to service the debt over the financing term.
13. When a Special District proposes Tap Fees and PIF revenue,
  - a] Explain how Tap fees, [not generated until a building permit is issued], will work to fund utilities, [which need to be installed prior to building permits being issued?
  - b] Describe how financing of infrastructure will be achieved! and
  - c] How pay-back will occur.
    - 1] If Developer is to subsidize infrastructure installment,
    - 2] What lending institution will finance?
    - 3] Terms?
    - 4] What Guarantees will the Develop provide that infrastructure bills will be paid, even when buildout does

not occur as projected? Provide contingency plan for a doubling of build out time and costs.

14. Before the end of December each year, the Special District shall prepare a detailed budget for the following twelve months. Budget items will be updated through the following four years.
15. Guidelines for providing information about Special District Financials. [There will always be a five year budget with adequate resources identified ]
  - a] The interest rates, issuing costs, & other financial data used in calculation shall be provided by a reliable, identified source, such as an investment banking firm, CPA, or otherwise experienced person Similarly, projected rates & charges should be based upon realistic analyses prepared by qualified sources.
  - b] Provide evidence of commitment from a qualified lender or investment banking firm / information toward justifying financial support for your project.
  - c] Provide an itemized breakdown of all costs to be incurred & allocation of costs, [ developer / applicant, district, private parties ]
  - d] Background financial information on the developer / applicant & financial relationships between owner, developer /applicant & Special District.
  - e] Evidence that the area to be included in the Special District has or will have the financial ability to discharge the proposed indebtedness on a reasonable basis. Information about sources of such information shall be required. [Proposed indebtedness should be reasonable, [Mills not to exceed 50] for residents to pay-off at 70% build-out of the subdivision]. [Not ever more than mill levy cap]
    - 1] Median income in Elbert County \_\_\_\_\_.
    - 2] Projected valuation / selling price for homes in the subdivision \_\_\_\_\_
    - 3] Subsequent resident income needed for mortgage payment calculated from factors listed below:  
\_\_\_\_\_

- 4] Mortgage payment not to exceed 35% of household income with
  - 5] 20% down-payment and
  - 6] At least 30 year fixed rate of interest.
- f] Considerations for mortgage payments to exceed 35% of household income and down-payments to be less than 20% must be justified.
- 1] Letters / written evidence from financial institutions willing to lend with these parameters?
  - 2] Letters from participating financial institutions confirming their willingness to participate.
  - 3] What percentage of the buying public falls in these parameters and what numbers do they represent to Elbert County as part of the Denver Metropolitan potential buying number?
- g] Employment growth / opportunities in Elbert County
- 1] Number of jobs currently providing income needed to purchase a home in the subdivision according to the projected home cost.
  - 2] Number of additional jobs projected during next five years to provide income needed to purchase a home in the subdivision according to the projected home cost.
- h] Employment growth / opportunities Outside of Elbert County
- 1] Number of jobs providing income needed to purchase a home in the subdivision according to the projected home cost.
  - 2] Number of jobs projected during next five years to provide income needed to purchase a home in the subdivision according to the projected home cost.
- i] When development does not begin as proposed in the Service Plan, an update of financials shall be required to account for inflation and market changes and justify the Development as planned.
- k] Identify plans to mitigate any shortfalls in a district's ability to meet financial obligations
- 1] Insurance,
  - 2] Guarantees,
  - 3] Bonds – By Whom? Necessary to cover Metro District

revenue shortfalls because project is not achieving build-out together with revenue from build-out that was part of Developer's original forecast.

- l] History of property tax payment on all properties to be included in the district.
- m] Existing or pending financial difficulties of the Applicant, including insolvency, bankruptcy, or foreclosure proceedings
- n] Any existing tax delinquency by the Applicant, developer, developer's representative, or other parties involved with the project or in any other project in the County or elsewhere, must be paid in full prior to the project review process going forward. At least a signed certification from all applicants & initial potential District Board members confirming that they have no tax owed for any current or past project or personal situation]
- o] Explanation of the standards upon which cost estimates are based [e.g., county transportation department, State Health Department, etc.] Estimates should be costs at time of construction.

### **C. RECOMMENDED FORMAT FOR FINANCIAL PLAN**

1. Larger font than 11 is preferable, use more than one page for the spreadsheet.
2. Show source, definition, calculation and / or explanation for each of the cost / revenue items. See attached example.
3. List all assumptions.