



Inspiration Metro District 2023 Ballot Question

Eliminate IMD quarterly fees in favor of collecting operating funds through property taxes

February 2023

IMD Board proposes eliminating District quarterly fees and collecting operating funds through property taxes



This change:

- Is projected to be *revenue neutral*
- Is expected to **decrease** the administrative **cost** of billing and collections by approximately 67% -- about \$90K per year
- Has the **support** of the Finance Committee

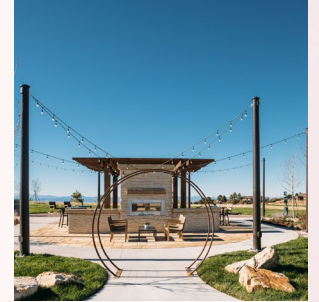
Why Change Things?

- In 2002, the original developer unilaterally limited the operating mill levy IMD can collect to **\$1.5 million** per year
- In 2023, IMD's budget anticipates collecting **\$2.9 million** through both the general fund mill levy and operating fund quarterly fees
- The cap can only be raised through a majority vote of residents
- IMD proposes increasing the General Fund *limit* to \$7 million to allow for inflation and other potential cost changes so another ballot initiative should not be necessary for approximately 15 years – to coincide with when IMD bonds must be refinanced in 2036

How will this affect me?

- No more IMD quarterly fees beginning in 2024 if ballot is approved
- Intent is to be revenue neutral and not raise overall total annual resident cost
- *Both the District and EVERY household* benefits from the reduction in collection costs
- Property taxes are based on assessed value determined by Douglas County Assessor*
- Majority of residents will pay less, and some will pay more

* Douglas County property assessed values are updated every 2 years and are scheduled to be updated on June 30, 2023.



How will this affect me?

Find your assessed value on your Douglas County Assessor statement or online at:
<https://apps.douglas.co.us/assessor/web>

Douglas County Assessed Value (\$)	Est % of 2022 IMD Residents Affected	Estimated Range of Annual Financial Impact
31.9 K to 41.9 K	53%	\$ 250 savings to \$0 cost
41.9 K to 46.1 K	25%	\$1 to \$120
46.1 K to 50.7 K	15%	\$120 to \$250
50.7 K to 55.7 K	6%	\$250 to \$385
55.7 K to 63.2 K	1%	\$385 to \$600

- Estimates of savings and additional expense costs are based on IMD mill levies increasing by 28.09 mills to offset elimination of annual assessments.
- Data is based on valuation data for 1,423 homes downloaded from Douglas County Assessor in Feb. 2023.

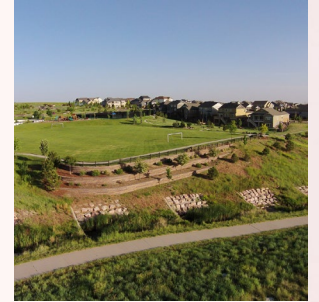
What is Actual vs. Assessed Value?

- The Assessor determines the “actual” (market) value for all real and personal property.
 - A percentage of that value is taken in order to derive the “assessed” value.
 - For residential property, the assessment percentage is set at 6.95%*.
- Example: A home with an “actual value” of \$600,000 would have an “assessed value” of \$41,700.
- Assessed value multiplied by mill levy determines the amount of property tax.
- The market value of a home is typically higher than the actual value determined by the Assessor.

* Since the Gallagher Amendment was repealed in 2020, Assessment Rates are subject to change annually.

How confident is the Board that this will work?

- IMD's all-resident Board has not raised fees in *four* years
- In 2023, the IMD Board *lowered* property taxes
- The Board has demonstrated *prudent fiscal management*

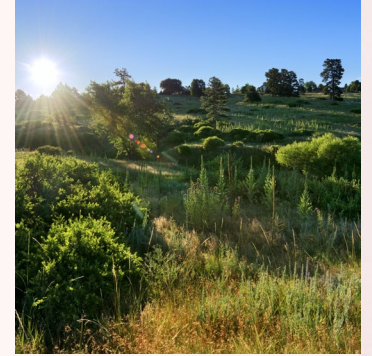


Summary

- Residents will be asked to vote on one question.
- Wording will be similar to the following example:
 - SHALL INSPIRATION METROPOLITAN DISTRICT TAXES BE INCREASED BY \$7,000,000 ANNUALLY BY THE IMPOSITION OF AD VALOREM PROPERTY TAXES LEVIED IN ANY YEAR, WITHOUT LIMITATION AS TO RATE OR AMOUNT OR ANY OTHER CONDITION, OR BY SUCH LESSER AMOUNT AS NECESSARY TO PAY THE DISTRICT'S ADMINISTRATION, COVENANT ENFORCEMENT, DESIGN REVIEW, OPERATIONS, MAINTENANCE, AND OTHER SIMILAR EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY INVESTMENT INCOME THEREON BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT IN FISCAL YEAR 2023 AND IN EACH FISCAL YEAR THEREAFTER AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-1-301, C.R.S., IN ANY YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT?
- Approving the measure is estimated to save IMD ~\$90K per year through reduced billing and collection costs
- Intent is to keep total District annual revenues neutral



Q&A



Why does the question say taxes can be *increased* by \$7 million *every* year?

- This confusing language is required by statute. For budgeting purposes, the District starts every year at zero. The Board must vote to increase taxes through the operating mill levy during each annual budget approval to raise any amount of funding.

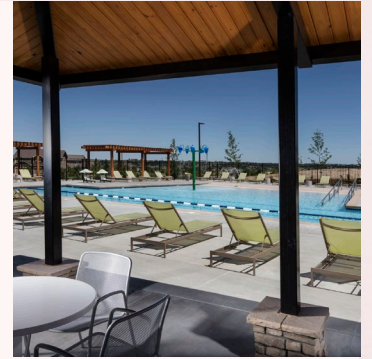
Will the District budget go from under \$3 million to \$7 million?

- No – at least not for many years. Because ballot questions are costly, the Board is asking for a large number that will not be achieved for at least 13 years, when the current bonds must be refinanced in 2036.

Q&A

What % of Resident votes are required for this to pass?

- There is no minimum resident # of votes to approve this
- A simple majority of the total votes cast will determine the outcome – Pass or Fail



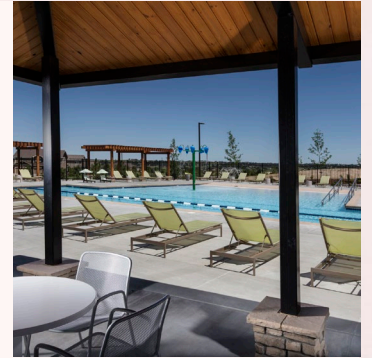
Q&A

What happens if the question passes?

- IMD quarterly fees would continue for all remaining Quarters in 2023
- The 2024 IMD budget approved by the BOD in Nov 2023 would reflect a higher total Mill levy and property tax revenue that would be offset by the elimination of residents' quarterly fees

What happens if the question fails?

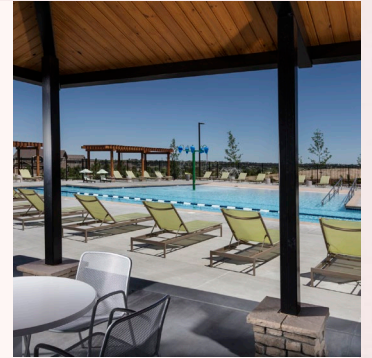
- If a majority of voters reject the question, the District will continue to supplement operating funds through the quarterly fees in 2024 and beyond



Q&A

What happens next?

- The District will hold education sessions so residents can ask questions.
- Once the ballot is certified in early March, the District cannot spend funds campaigning for or against the measure. Individual Board members can, however, campaign on their own time.
- We encourage residents to reach out to Board members with questions.
 - Director email addresses are on the website.



Please vote!

***Eliminate
quarterly fees
and
raise the
operating mill
levy cap***