

BUDGET 2026 Q & A

Q. The General Fund mill levy increased significantly in 2026. What specific operating cost increases necessitated nearly doubling this levy rather than offsetting through expenditure reductions or scope adjustments?

A. The primary cost driver in the general fund mill levy increase was landscape and outdoor open space maintenance. Over the past two years IMD accepted 240 acres of land from the developer that was intended to be part of the district. The land included native grass areas, more than 1500 trees, and numerous shrub beds. Outdoor trails in IMD are the most used asset/amenity in IMD, so it is a priority to maintain the outdoor space. Part of the expense is weed control in the native grass areas. If weed control work is effective, well established native grass will choke out future weeds and may allow us to cut back on weed control expenses.

Q. As the district continues to accept additional non-developable and designated open space from the builder, land that does not expand the tax base, what standards or service levels are being reassessed to prevent rising per-household costs?

A. The district now owns all the land that was held by the developer. The 240 acres mentioned above was the final acreage to be transferred to IMD. The district is responsible for nearly 400 acres total going forward. Recent community surveys have indicated that maintaining outdoor spaces is a priority for IMD residents, and the board and district management will make every effort to keep costs under control while operating the district.

Q. Which portions of current operating expenditures are legally or contractually required, versus discretionary and subject to reduction or deferral?

A. Legally and contractually, IMD requires management and accounting services, and there are state and county legal filings required on an annual basis. Additionally, there are stormwater pond maintenance inspections, and forms required to be filed annually with the City of Aurora stormwater division. Aurora city code requires IMD to keep the grass and trees alive, and weeds under control. One could argue that nearly everything else IMD does is discretionary, and subject to reduction or deferral.

Q. What cost controls or competitive bidding processes are in place for major expense categories such as landscaping, open space maintenance, utilities, and management services?

A. IMD routinely gets competitive bids on most work to be done in the district. A new management company was hired several years ago after a competitive process. Smaller work projects are routinely bid, unless there's a specialty contractor that is known to be preferred for a certain

operation. Additionally, IMD will be going to bid on the landscape contract in 2026, to be effective for the 2027 calendar year.

Q. Is there a long-term strategy to mitigate the financial impact of open space turnover on residents, particularly as capital reserves are reduced and ongoing maintenance obligations increase?

A. The long-term strategy for native open space is to get the native grass well established. It is a proven fact that well established native prairie grass is relatively weed free. For the past two years IMD management has been working with a native grass consultant to achieve this goal, and it's possible that future weed control costs might be reduced.

Q. What benchmarks or triggers would prompt the district to slow amenity expansion, renegotiate service levels, or reconsider acceptance of additional open space without a corresponding funding mechanism?

A. There is no more open space land to be accepted into IMD. Other than the opening of the Inspiration Club building and additional event programming, there are no major amenity expansions planned at this time. There is a Strategic Plan process in place that may discuss future amenities, but no decisions have been made about funding. The IMD Finance Committee and Treasurer work with our accounting department to prepare a budget each calendar year. There are no benchmarks or triggers related to service levels, but all expenditures are considered annually, before the budget adoption.

Q. When mill levies are used for debt service, owners with more expensive homes pay more in taxes than owners in less expensive homes. Fees are the same amount for each home. Why doesn't IMD have all fees for debt service and operations so that each owner pays the same amount?

A. Banks and financial institutions that issue bonds require tax mill levies because the payments are more certain than fee-based payments. If taxes are not paid, the county treasurer places a lien on the property and investors purchase the tax lien providing the unpaid taxes to the county. If the bond debt was paid by fees, the legal process to collect unpaid fees would be difficult, and legal costs would be borne by the metro district. Lenders want the debt service to be certain and property taxes provide security.

Q. When will the IMD bond debt be paid off?

A. The \$3,250,000 capital projects debt will pay off in 2036. Approximately \$70 million in developer debt is amortized over a 30-year period to 2051, but the debt has a balloon payment that needs to be refinanced by 2036. The finance committee and treasurer will recommend when to initiate bond refinancing based on market conditions in future years.

Q. How can residents get involved in the finance committee for Inspiration Metro District?

A. Finance committee applications are available on the IMD website, or you may email the district manager at staff@inspirationmetro.org and request an application.

Q. What is the purpose of the Reserve Study?

A. The Reserve Study provides guidance for setting aside reserve funds for future repairs that will be needed. For example, IMD has nearly 100,000 linear feet of fencing that will need to be replaced in the future. The concrete trails comprise 4.8 million square feet of concrete, and portions of that will fail over the years. The finance committee and treasurer recommend an annual amount to set aside for repair reserves, and that annual decision is guided by the Reserve Study.