



CIMARRON AND VAUXMONT METROPOLITAN DISTRICTS OPERATIONS & MAINTENANCE COST FAQ

WHAT IS THE PURPOSE OF THE DISTRICT

Cimarron Metropolitan District (“Cimarron” or, the “District”) was organized in 2004 concurrently with Vauxmont Metropolitan District (“Vauxmont”) in order to finance, construct, operate and maintain certain public improvements throughout the Candelas development. Cimarron acts as the “managing” district and is responsible for managing the financing, construction and operation of the public improvements. Vauxmont acts as the “financing” district, and is responsible for providing funding needed to support the District’s provision of services.

The majority of the public improvements (including the water lines, sewer lines and streets) constructed by Cimarron are dedicated to the City of Arvada or to other governmental entities for perpetual ownership and maintenance. But, Cimarron does have certain ongoing service responsibilities primarily including operation of the recreation centers and park facilities and maintenance of certain landscape and open space areas.

Additionally, the property within Candelas is subject to certain Covenants related to: (1) maintenance, repair and replacement of certain drainage improvements; (2) design review approval; (3) administration and enforcement of the community sustainability program; (4) landscape maintenance of certain specific lots; and (5) administration of trash removal and recycling programs. The Districts are responsible for administering and enforcing the Covenants. A copy of the Covenants can be found at our District website: WWW.CANDELASCOMMUNITY.COM.

HOW IS THE DISTRICT FUNDED?

Metropolitan districts, like cities or counties, have the power to impose property taxes on all properties located within its boundaries. Metropolitan districts are very common across the state of Colorado. There are very few new communities developed these days that do not have metropolitan districts. Metropolitan districts fund two separate buckets through the taxes that they impose: A) Capital expenditures such as streets, sidewalks, trails, recreation centers, landscaping, sewer lines, water lines, etc. which are public improvements that are part of an overall public infrastructure system; and B) Annual operations & maintenance of the public improvements for which a metropolitan district is responsible. Vauxmont metropolitan district imposes both a debt mill levy of 50 mills (to fund the public capital improvements) and an operations and maintenance mill levy of 20 mills. The debt mill levy is allocated 100% to repay the bond debt that the District has issued to finance the construction of a PORTION of the public improvements. The operations & maintenance mill levy is imposed annually to fund these costs as budgeted by the District Board and management. These are the costs incurred to maintain the District owned landscaping tracts, trails, parks, recreation centers, and to fund snow plowing of District owned areas, operations, and administration costs.

DOES CANDELAS HAVE AN HOA?

No. The Districts operate and maintain all of Candelas’ District assets including landscaping tracts, parks, trails, and recreation centers located within the boundaries and service area of the District. There is no HOA, and as a result, there are no “HOA” fees.



HOW ARE MY DISTRICT PROPERTY TAXES DETERMINED?

Property taxes are determined through a formula driven by Colorado State law. The formula is as follows:

- Market value of your home as determined by the Jefferson County Assessor multiplied by
- The statewide residential property assessment ratio (as determined periodically by the State of Colorado legislature and was 7.20% for calendar year 2017) equals:
- Assessed Value of your home
- The Assessed Value of your home is then multiplied by the mill levy imposed by the District to arrive at the annual taxes due to the District
- 1 mill is equal to 1/10th of 1 percent

For 2017, collection year 2018, Vauxmont metropolitan district imposed 54.77 mills for debt service and 22.619 mills for operations and maintenance costs. The operations mill levy is subject to change annually as determined by the Vauxmont Board of Directors. The debt mill levy is capped by state law not to exceed 50 mills, however, it may be adjusted from time to time under the “Gallagher Amendment” or other situations. This law allows the District to adjust the mill levy whenever there is an adjustment in the underlying residential property assessment ratio by the state legislature, as occurred in 2017.

As an example, the **operations and maintenance taxes** imposed annually on a \$500,000 home located within Vauxmont metropolitan district would be determined as follows:

$$\text{\$500,000} \times 7.20\% = \text{\$36,000.00} \times 22.619 \text{ mills} = \text{\$814.28/year}$$

HOW DO THE ANNUAL PROPERTY TAXES COMPARE TO THE TOTAL ANNUAL COSTS, INCLUDING HOA FEES, OF OTHER COMPARABLE NEW HOME COMMUNITIES IN THE AREA?

As previously discussed Candelas does not have an HOA. However, some comparable communities in the area do have an HOA in addition to a metropolitan district. Therefore, residents and prospective homebuyers should consider the total annual cost of Candelas relative to total annual cost of other comparable new home communities. The District management team has compiled the following statistics, as of July 2017, from publicly available documents for comparable communities in the area and compared the results to Candelas total annual cost of ownership:

	Comparable Communities Average	Candelas	Variance
Total Annual Cost of Ownership*	\$2,972	\$2,914	(\$57)
Total Annual Cost of Operations & Maintenance**	\$1,287	\$924	(\$345)

*Total cost of ownership assumes a \$500,000 market value home and includes all HOA fees, district debt mill levies and district O & M mill levies

**Total annual cost of operations & maintenance assumes a \$500,000 market value home and includes all HOA fees and district O & M mill levies and fees

The table attached provides more detail on the above calculations and identifies the comparable new communities.

HOW IS THE DISTRICT FUNDED UNTIL ALL HOMES ARE SOLD?

Since most all of the amenities such as parks, trails, and recreation centers have already been built well in advance of selling all the homes in Candelas the District is incurring significant costs to maintain all of these facilities without sufficient tax revenue available to fund these costs. The developer of Candelas has subsidized these deficits every year since inception of the project. To date the developer has advanced over \$3mm in operations and maintenance costs to the District.



**Candelas/Vauxmont Metropolitan District
Community Assessment and District Mill Levy Comparison
As of 7/2018**

	A	B	C	D	E	F	G	H	I	J	K	L	M			
COMMUNITY NAME	LOCATION (CITY)	HOA/DISTRICT QTRLY ASSESSMENT	HOA/DISTRICT MONTHLY ASSESSMENT	DISTRICT DEBT MILL LEVY****	DISTRICT O & M MILL LEVY****	ASSUMED HOME VALUE	ASSESSMENT RATIO(1)	ASSUMED ASSESSED HOME VALUE (E*F)	DEBT PROPERTY TAXES (G*C/1000)	O & M PROPERTY TAXES (G*D/1000)	TOTAL ANNUAL HOMEOWNER COSTS (A*4+B*12+H+I)	TOTAL MONTHLY HOMEOWNER COSTS (J/12)	TOTAL ANNUAL O&M COSTS (A*4+B*12+I)	TOTAL MONTHLY O&M COSTS (L/12)		
Traditional SFD																
Anthem Highlands	Broomfield	\$394.00	\$0.00	41.63	3.29	\$500,000	7.20%	\$36,000	\$1,499	\$118	\$3,193	\$266	\$1,694	\$141		
Leyden Rock	Arvada	\$0.00	\$30.00	43.82	13.69	\$500,000	7.20%	\$36,000	\$1,577	\$493	\$2,430	\$203	\$853	\$71		
SkyeStone	Broomfield	\$0.00	\$125.00	46.92	5.48	\$500,000	7.20%	\$36,000	\$1,689	\$197	\$3,386	\$282	\$1,697	\$141		
Whisper Creek - SFD Homes	Arvada	\$0.00	\$36.00	54.77	13.15	\$500,000	7.20%	\$36,000	\$1,972	\$473	\$2,877	\$240	\$905	\$75		
AVERAGE									\$1,684	\$320	\$2,972	\$248	\$1,287	\$107		
HI									\$1,972	\$493	\$3,386	\$282	\$1,697	\$141		
LOW									\$1,499	\$118	\$2,430	\$203	\$853	\$71		
CANDELAS SFD	Arvada	\$32.00	\$0.00	54.77	22.62	\$500,000	7.20%	\$36,000	\$1,972	\$814	\$2,914	\$243	\$942	\$79		
VARIANCE vs. Avg.											\$288	\$494	(\$57)	(\$5)	(\$345)	(\$29)
Full Maintenance																
Anthem Ranch	Broomfield	\$513.00	\$0.00	41.63	3.29	\$500,000	7.20%	\$36,000	\$1,499	\$118	\$3,669	\$306	\$2,170	\$181		
SkyeStone	Broomfield	\$0.00	\$280.00	46.92	5.48	\$500,000	7.20%	\$36,000	\$1,689	\$197	\$5,246	\$437	\$3,557	\$296		
Whisper Creek - Patio Homes	Arvada	\$0.00	\$140.00	54.77	13.15	\$500,000	7.20%	\$36,000	\$1,972	\$473	\$4,125	\$344	\$2,153	\$179		
AVERAGE									\$1,720	\$263	\$4,347	\$362	\$2,627	\$219		
HI									\$1,972	\$473	\$5,246	\$437	\$3,557	\$296		
LOW									\$1,499	\$118	\$3,669	\$306	\$2,153	\$179		
CANDELAS ALLEY LOTS	Arvada	\$32.00	\$110.00	54.77	22.62	\$500,000	7.20%	\$36,000	\$1,972	\$814	\$4,234	\$353	\$2,262	\$189		
VARIANCE vs. Avg.											\$252	\$551	(\$113)	(\$9)	(\$365)	(\$30)

* HOA fees and district mill levies are subject to change at least annually. Residents and prospective homebuyers are encouraged to verify these figures through their own investigation.

** Comparable communities chosen on basis of proximity to Candelas, amenities including at least one pool and recreation center, and currently selling and constructing new built homes.

*** Comparable communities mill levies adjusted proportionately to change in assessment ratio for 2017, collection year 2018

Notes:

(1) Assessment ratio subject to adjustment under state law. Changed to 7.20% for assessment year 2017, collection year 2018