PARKER
COLORADO

TOWN COUNCIL STUDY SESSION AGENDA
July 27, 2026
5:00 PM

I. <u>Study Session Items</u>

1. Cottonwood Metro District Exclusion Discussion - Kim Crawford/Jordan - 45 minutes
2. Stormwater Utility Needs Assessment - Williams - 45 Minutes
3. Pawnbroker Ordinance Update - Jordan - 30 minutes
4. Sales Tax Code Update - Fiandaca - 15 minutes

II. <u>Staff Updates</u>

III. <u>Town Council Updates/Items</u>

MEMORANDUM

TO: Honorable Mayor and Members of Town Council

FROM: Lindsay Jordan, Deputy Town Attorney

DATE: July 27, 2026

SUBJECT: Cottonwood Metro District Exclusion Discussion

ITEM OVERVIEW:

The purpose of this discussion is to provide Town Council with information obtained from legal counsel representing Cottonwood Metropolitan District ("Cottonwood Metro") and Cottonwood Highlands Metropolitan District No. 1 (Cottonwood Highlands #1), as well as the Town's special counsel, related to Cottonwood Highlands #1 petition for exclusion from Cottonwood Metro. Cottonwood Highlands #1 is located entirely within the Town and also overlaps a portion of the boundaries of Cottonwood Metro. Cottonwood Highlands #1 seeks exclusion to eliminate double taxation and to facilitate enhanced provision of public services and facilities for the district.

BACKGROUND AND ANALYSIS:

The Cottonwood Highlands Metropolitan District Nos. 1 and 2 (collectively, the "Districts") operate under a consolidated service plan dated September 17, 2014 (the "Service Plan"). Upon organization, an intergovernmental agreement between the Town and each of the Districts dated June 3, 2015, as amended (the "IGA"), was entered into as required by the Town. Cottonwood Highlands #1 currently performs the operation and maintenance of the public improvements for the residential project, including maintaining parks and open space, trails, drainage ways, detention ponds, and landscaping. Cottonwood Highlands #1 imposed a property tax levy of 10 mills for operation and maintenance, and Cottonwood Metro imposes an operating levy of 8.3 mills. Cottonwood Highlands #1 expects to continue to impose an operating levy of not more than 18.3 mills, which is what is currently being levied, in order to provide the same services.

Both Cottonwood Highlands #1 and Cottonwood Metro believe that, in order to consolidate operations and more effectively manage the Cottonwood Highlands #1 district, Cottonwood Highlands #1 should be excluded from Cottonwood Metro. Cottonwood Metro is located in both the Town and the County, so its Service Plan is governed by the County. Cottonwood Highlands #1 is entirely located within the Town. Letters of support for the exclusion from both Cottonwood Highlands #1 and Cottonwood Metro were provided to staff. Both the Cottonwood Highlands #1 and the Cottonwood Metro boards have approved resolutions authorizing the exclusion.

Section V.A.(7) of the Service Plan provides that the Districts shall not exclude any property from a District if such exclusion will result, or is reasonably anticipated to result, in detriment to the remaining residents and taxpayers within the District, or to the District's bondholders.

Cottonwood Metro has no bond outstanding. Cottonwood Highlands #1 has bonds outstanding, but an exclusion would not impact the repayment of these bonds.

Under the Service Plan and state law (Section 32-1-502, C.R.S.), certain steps must be taken in order to accomplish an exclusion. The steps are outlined as follows:

1. Board of any special district may petition a court for exclusion.
2. Within 10 days after filing petition the court notifies the District and the Town of the exclusion proceedings.
3. Taxpaying electors shall be notified of the exclusion proceedings by publication.
4. The Town and the taxpaying electors are parties to the exclusion proceedings.
5. Court holds a hearing on the petition if the following conditions are met:
    a. The Town agrees, by resolution, to provide the services that are currently being provided by the special district;
    b. Same services that were provided by the excluding district will be provided by the municipality.
    c. The Town and the board shall submit a plan for the disposition of assets and continuation of services. This plan shall include for the provision of maintenance and other matters.
6. If 10% or 100 eligible electors of a special district proposed to be excluded, whichever is less, petition the court for a special election on the proposed exclusion, then an election shall be conducted.
7. Any order for exclusion is effective on the next January 1 following the date the order is entered by a court.

The facts of this exclusion do not fit “neatly” under the statute. State law assumes that a part of a district is being excluded from a larger district, and that such exclusion would cause the excluded area to no longer receive services. In this case, a separate special district wishes to be excluded from the larger metropolitan district. Cottonwood Highlands #1 still expects to provide all the services it currently provides. Cottonwood Highlands #1 would amend its IGA with the Town to specify those services, and the exclusion plan filed with the court would include those facts and the proposed form of amended IGA between the Town and Cottonwood Highlands #1.

Cottonwood Highlands #1 and Cottonwood Metro are requesting the Town’s assistance in facilitating this exclusion, which they believe is more beneficial and cost-effective to the residents and taxpayers. Cottonwood Highlands #1 is a residential district, and the board is homeowner controlled, and has two homeowners associations – one for Dove Village and Dove Village Paired HOA. Alder Village does not have an HOA. It is not the intent of Cottonwood Highlands #1 for the Town to provide any services over and above what the Town already provides; they just need the Town’s assistance and cooperation with the exclusion proceedings.

FINANCIAL AND POLICY IMPACTS:

No financial impact on the Town.

COUNCIL DISCUSSION:

Staff seeks discussion and direction on the following:

1. Assisting Cottonwood Highlands #1 with the petition for exclusion from Cottonwood Metro, and entering into an amended IGA and Exclusion Plan
2. Do nothing, and Cottonwoods Highland #1 and Cottonwood Metro continue under the current operating structure.

STRATEGIC GOALS:

INNOVATE WITH COLLABORATIVE GOVERNANCE

ATTACHMENT:

None

MEMORANDUM

TO: Honorable Mayor and Members of Town Council

FROM: Tom Williams, Director Eng/PW

DATE: July 27, 2026

SUBJECT: Stormwater Utility Needs Assessment

ITEM OVERVIEW:
Staff will present additional information requested by Town Council regarding the Stormwater Utility Needs Assessment Update and options for utility fee adjustments.

BACKGROUND AND ANALYSIS:
Background/Prior Actions
In May, Staff presented to Town Council the findings of a recent update to the Stormwater Utility's Needs Assessment. One of the key findings of this effort was that the Utility's operating costs are increasing at a faster rate than its revenues. Staff presented two options for adjusting the Utility Fee to address this issue — these are listed below for reference.

Alternatives/Options
Staff will present additional information requested by the Council at the May meeting, namely the long-range capital improvement program scenarios with and without fee adjustments.

Fee Adjustment Options:
1. Adjust the Utility fee for the recent spike in construction costs, using a phased approach over multiple years if desired.
If the portion of the Utility fee used for construction costs had been increased by Construction Cost Index (CCI) since 2020, the Utility fee would currently be 9.8% higher. This figure is lower than the raw data would suggest because CCI has decreased in 2024 and 2025. This adjustment would be a $0.93 monthly increase to a single family dwelling, or $11.16 annually. This adjustment would not recover revenue that would have been collected with this approach over the past six years but brings it in line with current construction costs moving forward.

2. Revise the annual increase to be measured by an average of Consumer Price Index (CPI) and CCI, to better reflect the portion of the Utility's expenses used directly for construction-related expenses.
While these two measures have historically trended relatively close, adding CCI into the annual increase will ensure that any future spikes in construction costs are included in the annual adjustment, theoretically eliminating the future need to adjust for multi-year periods.

FINANCIAL AND POLICY IMPACTS:

Adjustments to the Stormwater Utility fee are presented for consideration. Any adjustments to the fee would modify the amounts that property owners within the Town would pay to the Utility, and would impact the amount of revenue that the Utility receives.

COUNCIL DISCUSSION:
Staff seeks Council direction on the presented fee adjustment options.

STRATEGIC GOALS:
PROMOTE A SAFE AND HEALTHY COMMUNITY
DEVELOP A VISIONARY COMMUNITY THROUGH BALANCED GROWTH

ATTACHMENT:
None

MEMORANDUM

TO: Honorable Mayor and Members of Town Council

FROM: Lindsay Jordan, Deputy Town Attorney

DATE: July 27, 2026

SUBJECT: Pawnbroker Ordinance Update

ITEM OVERVIEW:

This item re-introduces the current Pawnbroker Ordinance, zoning regulations applicable to Pawnbrokers, regulations implemented by the State of Colorado and proposed changes to the Town Code, which would require any pawnbroker business operating within the Town's limits to comply with all applicable state statutes and local zoning ordinances.

BACKGROUND AND ANALYSIS:

Background/Prior Actions

Currently, the Town has one pawnbroker business, which was annexed into the Town's municipal boundaries. The existing Town ordinance addressing Pawnbrokers is outdated and requires revisions to align with statutory requirements, because state law allows local governments to create their own regulations, but they must be at least as restrictive as the general provisions of the state statute. Moreover, when it comes to fixed time and fixed price, local regulations cannot be more restrictive than state statute. It is important to note that, just because the statute allows local governments to create their own regulations on pawnbrokers, local governments are not required to do so. In fact, a local government may decide to allow the State to handle the regulation and enforcement of these businesses.

Analysis/Discussion

Combining the authority granted to the Town, it may elect to have the operations of a pawnbroker business regulated by the State, but require that business comply with the Town's zoning authority. Based on the Land Development Ordinance (LDO), pawnbrokers are not permitted in Planned Development (PD) zoning districts. Additionally, they must be located a minimum of four hundred (400) feet from any other pawnbroker; sexually oriented business; residentially zoned property; single-family dwelling, duplex dwelling, or multifamily dwellings; religious assembly, public park, or library; state-licensed day-care facility (adult or child); school or educational facility serving persons aged 18 or younger; or public recreation facility or community facility. This 400-foot distance must be measured in a straight line, without regard to intervening structures, from the closest exterior structural wall of each business. Moreover, pawnbroker businesses are not permitted as an industrial use in any PD - Planned Development district.

Based on the language of the LDO, for all intents and purposes, the pawnbroker business, which was annexed into the Town, is likely the only one that fits within the Town's zoning.

FINANCIAL AND POLICY IMPACTS:

There is no anticipated financial impact to the Town if the direction is to allow for pawnbroker businesses be regulated by the state. If the direction is to keep the regulation of such businesses with the Town, revising the pawnbroker ordinance will have a financial impact on the Town as it will require staff resources to draft the revisions and enforce violations. A specific monetary amount is unknown at this time.

COUNCIL DISCUSSION:

Staff seeks discussion and direction on:

1. Retaining regulatory control over pawnbroker businesses with the Town and the Code being extensively revised to align with state requirements;
2. Repeal the current pawnbroker business and replace it with an ordinance setting forth that all pawnbroker businesses and their operations within Town limits shall be regulated by the state and Town zoning restrictions.

STRATEGIC GOALS:

PROMOTE A SAFE AND HEALTHY COMMUNITY

ATTACHMENT:

None

MEMORANDUM

TO: Honorable Mayor and Members of Town Council

FROM: Chris Fiandaca, Finance Director

DATE: July 27, 2026

SUBJECT: Sales Tax Code Update

ITEM OVERVIEW:

This item is informational to brief Council on a future Council agenda item to update Town Code with a change to Sales Tax Code sections 4.03.270 and 4.03.280. This change will provide the Finance Director subpoena powers in the event a taxpayer refuses to voluntarily furnish necessary and requested records during the sales tax audit process.

BACKGROUND AND ANALYSIS:

It is standard practice among many Colorado home rule municipalities to issue subpoenas for records as related to sales tax audits. Because the Town is home rule, we have broad authority over taxation as a matter of local concern. Subpoenas are only issued to taxpayers in the event that requested records are not provided voluntarily.

The Town's Legal department drafted the redlines attached to this agenda item.

FINANCIAL AND POLICY IMPACTS:

There is no direct financial impact, though it will facilitate the Town's ability to obtain necessary records during a sales tax audit.

COUNCIL DISCUSSION:

This Code update will streamline the sales tax audit process by providing subpoena power to the Finance Director to obtain necessary records. This will result in potential reduced timelines for audit completion, which will benefit Parker residents and the taxpayers being audited.

STRATEGIC GOALS:

ENHANCE ECONOMIC VITALITY

ATTACHMENT:

1. Sales Tax Code re Subpoena power - redlines (002)

4.03.270 Director to examine returns.

For the purpose of ascertaining the correctness of any return or for the purpose of making an estimate of the tax due from any taxpayer, the Director shall have power to examine or cause to be examined the records required to be kept by Section 4.03.280 of this Code. Subject to the provisions of this Code, the Director is authorized to prescribe the duties and powers of such officers, accountants, experts and other persons as may be necessary in the performance of his or her duty. The Director may delegate to any employee of the Town such power and authority as deemed reasonable and proper for the effective administration of this Code. If any taxpayer shall refuse voluntarily to furnish any of the foregoing information when requested by the Director, the Director shall have the authority to issue subpoenas requiring the production of records by the taxpayer of any of the foregoing information in the taxpayer's possession.

4.03.280 Audits.

(a) Taxpayer's retention of records. It shall be the duty of every person, firm or corporation liable to the Town for any tax to keep and preserve for a period of at least three (3) years the records described in subsection (b) below.

(b) Records to be made available for audit. All such books, accounts and records, together with all bills, receipts, invoices, cash register tapes or other documents of original entry supporting the entries in the books, including subcontractor's detailed invoices for goods and services, shall be maintained and shall be open for examination at any reasonable time by the Director. The records shall show:

(1) Gross receipts from sales or rental payments from leases of tangible personal property (including any services that are part of the sale or lease) made in the Town, irrespective of whether the seller or lessor regards the receipts to be taxable or nontaxable.

(2) All deductions allowed by law and claimed in filing returns.

(3) Total purchase price of all tangible personal property purchased for sale, consumption or lease in the Town.

(c) Subpoena Powers: As part of the audit process, if the taxpayer refuses to voluntarily furnish any necessary records needed during the audit process, the Director has the authority to issue subpoenas requiring the production of records by the taxpayer in the taxpayer's possession.

(d) Travel required to perform audit. In the case of a person, firm or corporation which does not keep the necessary books, accounts and records within the Town, it shall be sufficient if such person, firm or corporation produces within this Town such books, accounts and records or such information as shall be reasonably required by the Director for examination by the Director; or in lieu thereof, said person, firm or corporation shall pay in advance, or as approved by the Director, such travel, lodging, meal and related expenses as shall reasonably be incurred by the Director or his or her duly authorized agent in examination of said books, accounts and records at such place where said books, accounts and records are kept.

(~~d~~e) Coordinated audit.

(1) Any taxpayer licensed in this Town and holding a similar sales tax license or business license in at least four (4) other Colorado municipalities that administer their own sales tax collection, may request a coordinated audit as provided in this Code.

(2) Within fourteen (14) days of receipt of notice of an intended audit by any municipality that administers its own sales tax collection, the taxpayer may provide to the Director, by certified mail, return receipt requested, a written request for a coordinated audit indicating the municipality from which the notice of intended audit was received and the name of the official who issued such notice. Such request shall

include a list of those Colorado municipalities utilizing local collection of their sales tax in which the taxpayer holds a current sales tax license or business license.

(3) Except as provided in subsection (6) below, any taxpayer that submits a complete request for a coordinated audit and promptly signs a waiver of limitation, if required, may be audited by the Town during the twelve (12) months after the request is submitted only through a coordinated audit involving all municipalities electing to participate in such an audit.

(4) If the Town desires to participate in the audit of a taxpayer that submits a complete request for a coordinated audit pursuant to subsection (3) above, the Director shall so notify the finance director of the municipality whose notice of audit prompted the taxpayer's request within ten (10) days after receipt of the taxpayer's request for a coordinated audit. The Director shall then cooperate with other participating municipalities in the development of arrangements for the coordinated audit, including arrangement of the time during which the coordinated audit will be conducted, the period of time to be covered by the audit and a coordinated notice to the taxpayer of those records most likely to be required for completion of the coordinated audit.

(5) If the taxpayer's request for a coordinated audit was in response to a notice of audit issued by the Town, the Finance Director shall facilitate arrangements between the Town and other municipalities participating in the coordinated audit, unless and until an official from some other participating municipality agrees to assume this responsibility. The Director shall cooperate with other participating municipalities to, whenever practicable, minimize the number of auditors that will be present on the taxpayer's premises to conduct the coordinated audit on behalf of the participating municipalities. Information obtained by or on behalf of those municipalities participating in the coordinated audit may be shared only among such participating municipalities.

(6) If the taxpayer's request for a coordinated audit was in response to a notice of audit issued by the Town, the Finance Director shall, once arrangements for the coordinated audit between the Town and other participating municipalities are completed, provide written notice to the taxpayer of which municipalities will be participating, the period to be audited and the records most likely to be required by participating municipalities for completion of the coordinated audit. The Director shall also propose a schedule for the coordinated audit.

(7) The Town may conduct an audit in conjunction with another municipality.

(8) The coordinated audit procedure set forth in this Section shall not apply:

a. When the proposed audit is a jeopardy audit;

b. To audits for which a notice of audit was given prior to the effective date of this Section;

c. When a taxpayer refuses to promptly sign a waiver of limitation; or

d. When a taxpayer fails to provide a timely and complete request for a coordinated audit as provided in subsection (2) above.

(~~e~~f) The Director may retain a contract auditor to perform an audit on behalf of the Town.

(Ord. 8.28.4 §1, 2017; Ord. 8.28 §1, 2014)