

# SOUTHSHORE METRO DISTRICT

In response to the community member feedback, the Resident Board is issuing FAQs intended to provide insight on our community's Metro District.

## FACILITY AND LANDSCAPING TRANSITION

After 2 years of planning, analysis and careful consideration, the Board has made the decision to transition facilities and landscape operations to the metro district. This strategic move will enhance the overall management and maximize the benefits for all residents. The Board believes this transition will not only result in cost savings but bring several added operating and financial benefits.

## KEY POINTS OF TRANSITION

### **Cost Savings**

One of the primary reasons for this transition is for the potential cost savings. The metro district will shift management from our law firm to a professional metro district management company. Further saving will come from the HOA as approximately 70% of the HOA budget will be eliminated. The HOA should reduce their management expense and insurance limits (currently a \$10m liability limit) resulting in immediate savings.

### **Enhanced Services**

In 2023 the metro district began security services and in 2024 the metro district is working on street plowing on all streets.

### **Financial Stability**

Metro districts offer stable and sustainable financial structures. At 12/31/2022, the HOA had accounts receivable total approximately \$78k or roughly 3% of the HOA's 2023 annual budget. Metro districts receive property taxes revenues from the county, thus avoiding the need to pay an outside company. Further reducing management and legal costs. Also, property owners get the added benefit of property tax deductibility. If the community was to converting the HOA annual dues of \$1,620 (\$135 x 12 months) to property taxes, property owners would get the added benefit of saving \$486 annually (assuming a 30% combined federal and state income tax rate).

### **Professional Expertise**

Communities have been shifting to metro districts for years. This includes professional services including but not limited to finance, legal, facility hospitality and management.

### **Future Opportunities**

The metro district has informed the HOA that at their discretion, the metro district could assume their remaining services at an equivalent fee of \$25 a month per home. This shows the metro district's willingness to continue working with the HOA in an effort to optimize operations and save both the HOA and the community funds in the future.

## TAX DEDUCTIBLE

Unlike monthly dues, property taxes are income tax deductible for both federal and state. Currently the federal income taxes have a \$10k state and local tax limit. This limit is set to expire at the end of 2025.

## IGA

Metro districts can work with other government entities through Intergovernmental agreements (IGA).

Southshore has several IGAs that allowed for security services, construction and operating city parks, and other landscaping enhancements.

Southshore is working with Aurora on a new IGA that will allow street plowing in storms over 6 inches.

## *Southshore Metro District*

### **RESIDENT DIRECTORS**

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### **DISTRICT'S PRINCIPAL BUSINESS OFFICE**

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### **DISTRICT WEBSITE**

[southshoremetro.org](http://southshoremetro.org)