

Colorado Springs “Special Districts 101.5”

Session No. 4

City Council Work Session November 25, 2019

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Session 4 Topics



- 1) Update from Session 3
- 2) Assessment Districts
 - a. LIDs (local improvement districts)
 - b. SIDs (special improvement districts)
- 3) Special District Mill levies
- 4) Gallagher Adjustments

Update from Session 3



Metropolitan district service plan criterion Colorado Revised Statutes § 32-1-203 2) (b)

-Question on legislative history and intent regarding “inadequate service”

“b) The existing service in the area to be served by the proposed special district is inadequate for present and projected needs”.

- Existing C.R.S. language dates from 1981
 - From 1965 to 1981 language was similar but more discretionary
- Prior to 1981, few if any new metro. districts were located solely in cities and towns and used primarily for facilities financing
- Statewide, most municipal metro. districts have been created under the current language
- Justification in many cases is presumably based on public improvements not being provided by a city in a vacant or redevelopment area

Assessment Districts



- Method of assessing specific properties for specific improvements
- Assessments and not taxes
- Component units of City or other entity
- Dozens, if not, hundreds, have been created in Colorado Springs in the past
- The only one existing now is the Briargate Center BID- SID
 - Unique circumstances
- Others have been City Code-based



1935 Monopoly card



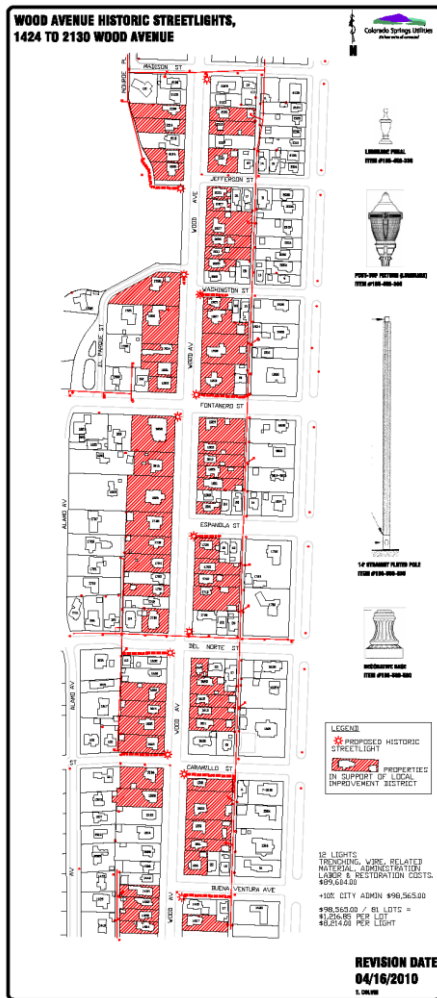
Assessment District Options



- **City Code-based LID** (local improvement district)
 - Current allowable structure
 - Administered by City Engineering
- **Statutory SID** (special improvement district) under C.R.S. Title 31

- Both do allow issuance of debt (subject to TABOR)
- Processes similar:
 - Identify improvements, costs and benefiting properties
 - Identify assessment method and create assessment roll
 - Notice and hearing processes
 - County Treasurer process

Past Assessment Districts



Historic Medians

Tejon
Streetlights

Why Not Now?



- No longer an active City program
- TABOR* considerations
- Owner concurrence requirements
- Replaced by city-wide approaches/ revenue sources such as:
 - PPRTA
 - 2A, 2C
 - Storm water fee
 - CDBG
 - Etc.
- Reluctance of Councils to impose without 100% concurrence

* City or State Taxpayer's Bill of Rights

Future LIDs or SIDs?



- Potential for addressing existing or redeveloping areas with inadequate facilities
 - Possibly including annexation areas (e.g. enclaves)
- Enhanced public improvements in established areas
- There may be a need to update City Code on LIDs

Special District Mill Levies



- Maximum Limits established in 2006 Special District Policy and metropolitan district Model Service Plans
 - “Gallagher Adjusted” back to 2006
 - There are also some statutory limits
 - BID levies further stipulated in annual operating plans
- Maximum Operational Mill Levy:
 - 10.0 mills for all districts
- Maximum Debt Service Mill Levy:
 - 30.0 mills for any district with any properties used for residential purposes
 - 50.0 mills for any district with no properties used for residential purposes

Exceptions from Standard Policy



- Listed in Cover memo
- All related to residential districts
 - Except for Stadium Metropolitan District
- Factors/ justifications
 - Levels/ costs of service (e.g. Banning Lewis Ranch (Oakwood) and Wolf Ranch)
 - HOA/ common area function (e.g. Patriot Park and Banning Lewis Ranch)- possible affordable housing nexus
 - Legacy (e.g. Lowell Metropolitan District)
 - Districts Created in County (e.g. Sands and Meadowbrook)
 - Temporary –Abatements

Actual Mill Levies



- BIDs
 - About ½ are at maximum for debt service
 - Most have only 1.0 mills for operations
- GIDs
 - One at maximum for debt service, two well below
 - No operational levy
- SIMDs
 - Operational only- and not under Policy
- Metro Districts
 - Most residential districts at maximums; most commercial districts, not

Other Mill Levy Considerations



- One opportunity per year to certify (December)
- Gallagher Adjustments (next slides)
- TABOR
 - Most developer-initiated districts assumed to be “de-TABORed” for mill levies; most City-initiated districts assumed not to be
- Debt service mill levies may be imposed without, or prior to, formally issued debt
- “Operating” metropolitan districts typically do not impose mill levies
- Districts may delay mill levy certification

Gallagher Amendment



- Refer to attachment for more detail
- 1982 Constitutional Amendment
- Statewide ratio of assessed value set at 45% residential/55% non-residential
- Residential assessment rate fluctuates based on non-residential rate (now at 29% of taxable market value)
 - Residential rate now at 7.20% and expected to be 7.15 next year (has been periodically adjusted downward since 1985)

Gallagher Adjustments



- Part of Policy and district plan language since the Year 2000 or prior
- Hold districts harmless
 - if/when residential assessment rates ratchet down
- Particular nexus to districts with debt issued
 - But applicable to all relevant districts and to both debt service and operational levies
- Retroactive to 2006 in Policy and Model Plans

Districts with Gallagher-Adjusted Mill Levies



- Only Metropolitan Districts with Residential Uses
 - Most but not all of these
- Not SIMDs or GIDs
 - TABOR?
- Not BIDs

Updated Schedule- Future Sessions



Session 5- December 9, 2019

- SIMDs
- Special district financial obligations, debt authorizations and debt issuances

Session 6- January 13, 2019

- District powers and functions in addition to debt issuance
- District boards and elections/ TABOR

Session 7- January 27, 2019

- Contacts, annual reports, audits, data and disclosure
- District dissolution, or conversion to resident boards