

# Colorado Springs “Special Districts 101.5”

## Session No. 1

City Council Work Session September 23, 2019

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# Anticipated Session Schedule



## Session 1- September 23, 2019

- State context
- General overview of types and uses of districts
- 2006 Special District Policy
- BIDs

## Session 2- October 7, 2019

- Metropolitan Districts
- Special district submittal, review and approval processes

## Session 3- October 21, 2019

- GIDs, LIDs and SIDs
- Mill levies and Gallagher adjustments

# More Upcoming Sessions



## Session 4- November 12, 2019

### SIMDs

- Special district financial obligations, debt authorizations and debt issuances

## Session 5- November 25, 2019

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

## Session 6- December 9, 2019

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

# Districts are used Statewide



- (Almost) every major jurisdiction in Colorado has them
- Statewide there are:
  - 1,827 metropolitan districts
  - 62 business improvement districts
  - 54 general improvement districts
- Together, just these three categories account for almost 50% of all Statewide taxing entities

# City Special District Numbers 1997-2019 YTD



Type of District	# in 1997	# in 2008	# in 2019-YTD
Special Improvement Maintenance Districts (SIMDs)	8	7	7
General Improvement Districts (GIDs)	3	4	3
Business Improvement Districts (BIDs)	0	10	14
Total Metropolitan Districts	2	53	74
Primary Metropolitan Districts*	[2]	[28]	[39]
Downtown Development Authority (DDA)	0	1	1
Local Improvement Districts (LIDs)	4	9	0
Flood Conservancy District [Banning-Lewis Ranch]	1	1	0
Fire Protection District [Broadmoor]	1	1	1
Metropolitan Park and Water District [Cheyenne Creek]	1	1	1
Special Improvement District (SID)	0	1	1
Fountain Creek Watershed District	0	0	1
<b>Total Districts</b>	<b>20</b>	<b>88</b>	<b>103</b>

Does not include districts in process (3 additional Metro districts and one additional BID are pending)

\*[unique service plans]

# Authorization

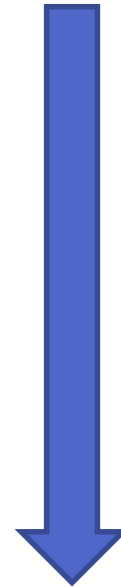


- Colorado Revised Statutes
  - Title 31: General Improvement Districts; Business Improvement Districts
  - Title 32: Metropolitan Districts
- City Code
  - Chapter 3, Article 7: Special Improvement Maintenance Districts (SIMDs)
  - Chapter 3, Article 5: Local Improvement Districts (LIDs)

# Continuum of City Influence, Control and Responsibility



- Assessment Districts
- SIMDs
- GIDs
- BIDs
- Metropolitan districts



Component of City

Independent peer government

# Why Are Special Districts Used?



- TABOR
- “Developer Pay”
- Prior annexation agreements
- Special/regional projects
- Facilities timing
- Amenities/non-basic services
- Inter and intra-jurisdictional development competitiveness
- Major source of revenues for development financing



# City Policy History



- Pre- 2000, no apparent policy and no development-specific metro districts
- 2000 Policy (Res. No.122-00)
  - Limited allowance
  - 20 mill overall cap/ no more than 20% of overall mill levy
- 2006 (current) Policy (Res. No. 9-06)
  - Model metropolitan district service plans
- 2012 Limited Model Service Plan Change
  - End user debt service fees
- 2014 Standard BID Template
  - Annual Operating Plans and Budgets
- 2019 Fees updated
  - Process and schedule now administrative

# City District Evolution



- Assessment districts- last 100 years? now largely out of favor
- SIMDs (post development maintenance only) 1979-1986
- Development specific GIDs 1985+
- Downtown BID 1996
- Development-specific BIDs 2002+
- A few regional metro districts 1986 and 2001
- Development-specific metro districts 2000+

Majority of post-2005 City greenfield development is already in metro districts

# 2006 Policy and Model Plans



- "Permissive with Limits"
- Policy Addresses Only Metropolitan Districts, BIDs and GIDs
- Model Service Plans for Metro. Districts
  - Borrowed Aurora's format and content in 2006
  - More or less a standard form contract
- Standard Format and Content for BID Operating Plans and Budgets -2014

# Key 2006 Policies



- Residential Debt Service Levy Cap : 30 Mills- Gallagher-adjusted
- Commercial Debt Service Cap: 50 Mills- Gallagher-adjusted
- Operational Cap: 10 Mills- Gallagher-adjusted
- No condemnation without Council approval
- No future Metro. Dist. inclusions unless identified
  - (exclusions and internal changes okay)
- Must identify any non-administrative ongoing services
- 40- Year maximum residential debt service mill levy

# Key 2006 Policies – cont.



- Value of property already acquired- not eligible
- No Conservation Trust Fund shares, and district maintained parks must be open to all
- Reference to Charter provision
  - Re: 10% AV limitation
- Additional certifications for privately placed debt
- Overlap limitation (metropolitan districts only)
- Council reserved authority to review and approve formal debt authorizations

# Business Improvement Districts (BIDs)



Session on BIDs first because annual BID actions are scheduled for October Council meetings

- Statutory districts created under Colorado Revised Statutes § 31-25-1201 et. seq. - only in municipalities
- Statutory purpose:
  - “will serve a public purpose; will promote the health, safety, prosperity, security, and general welfare of the inhabitants thereof, the property owners therein, and all the people of the state; will promote the continued vitality of commercial business areas within municipalities; and will be of special benefit to the property within the boundaries of any district created pursuant to this part 12”
- Broad powers, but required to submit an annual Operating Plan and Budget to City for approval
- Created by ordinance
- Can only tax non-residential properties
- Powers to issue debt, impose taxes and fees, own and maintain properties- and others
- Property inclusions and exclusions by City ordinance

# BIDs In Colorado Springs



- 62 BIDs in Colorado
- 14 in Colorado Springs with one more coming (MW Retail)
- Downtown BID, with the other 13 development specific BIDs
  - All development specific BIDs have elected developer boards
- Most have not performed maintenance function- but this is changing
- Similarly, our BIDs tend not to own property- but they can

# BID Governance Options



- **Council as board** (none in Colorado Springs)
- **Council- appointed** (Downtown BID)
- **Elected** (13 BIDs with one more pending)



# Mill Levies and Debt Issuance



- Greater Downtown BID- 5 mills and no debt
- All others have debt issued, or are planning in near future.
- Debt service mill levies vary but are typically high-several at 50.0 mills
- Operational mill levies for most are 1.0 and for administration only
- More on this when 2020 Plans are provided on October 7<sup>th</sup>.
- Several use public improvement fees (PIFs), as revenues for debt, with more to follow

# Budgets and operating plans



- Due to City each year by September 30th
- Must be acted on in 30 days, if complete
- Standard format and content
- Parameters, plans and next year's budgets
- Focus on changes from one year to the next.
- BID audits submitted to City Finance with information included in CAFR

# Questions/ Comments?

