



Town Council Budget and Capital Project Planning

Retreat Agenda

August 24th, 2019

All times are approximated. The retreat may run ahead of, or behind, the planned schedule.

1. Outcomes – 9:15 am

- *Shared understanding of 2019 year to date budget and status of special projects/ capital projects and outlays;*
- *Shared understanding of the budgeting and capital projects planning process, and agreed direction for the 2020 budget process;*
- *Direction for staff to prioritize and estimate projects and costs for Council consideration at future workshops.*

2. Budget/CIP Process and Roles – 9:15 am

- *Home Rule Charter and CIP Policy*
- *The role of Council is to direct, protect and enable*
- *The manager's role is to lead, manage and accomplish*
- *Council determines the ends, staff carries out the means*

3. Budget Timeline – 9:15 am

- *Sept 18th – 6:00 – 8:30 PM: Budget Workshop #2*
- *October 15th – 5:00 – 5:30 PM Submit first draft budget to Town Council*
- *October 23rd – 6:00 – 8:30 PM Workshop #3 and Legislative Update from Town Attorney*
- *November 20th – 6:00 – 8:30 PM Workshop #4*
- *December 11th – Adopt 2020 Budget, including capital projects plan and 2020 strategic plan*

4. 8/24 Budget Retreat Materials

- (02a) Town Home Rule Charter Article IX Finance: Budgeting and Capital Improvements
- (2b) Town of Ridgway Capital Improvement Program
- (05a) YTD Treasurer's Report on Revenues and Expenses – General Fund
- (05b) YTD Treasurer's Report on Revenues and Expenses – Water and Sewer Funds
- (06) YTD Capital Projects Summary
- (07) YTD Strategic Plan Summary
- (09a) Master Plan Summary
- (09b) Master Plan Action Items (Short Term/Ongoing only)
- (10) 2020 Capital Projects Plan Draft
- (11a) REVENUES (CML taxes and fees)
- (11b) REVENUES (CML improvement districts)
- (11c) REVENUES (Districts and Alternative Financing Mechanisms)



5. 2019 Figures and Update: YTD Budget Revenues and Expenses - 9:30 am

- i. 2019 General Fund YTD Revenues
- ii. 2019 General Fund YTD Expenses
- iii. 2019 YTD Water Fund Revenues and Expenses
- iv. 2019 YTD Sewer Fund Revenues and Expenses
- v. Staffing

6. 2019 YTD Capital Projects Update – 10:00 am

7. 2019 YTD Strategic Plan Update – 10:30 am

8. 2020 Budget Discussion – 11:00 pm

- i. Revenues:
- ii. Expenses:
- iii. 2020: Land Use Activity

BREAK for lunch at 11:30 am – 30 minutes

9. 2020 Strategy: Master Plan Short Term and Ongoing – 12:00 pm

Prioritization exercise: Please review in advance and identify top priorities for the town to target undertaking and/or budgeting for in 2020

10. 2020 Capital Outlays, Capital Projects and 5-Year and 10-Year Capital Projects Plan – 1:00 pm

- i. 2020 Capital Outlays – please review in advance and identify 2020 priorities
- ii. 2020 Budget Capital Projects Review - please review in advance and identify 2020 priorities
- iii. Updated 5 Year Plan
- iv. Updated 10 Year Plan

11. 2020 Revenue Workshop – 2:00 pm

12. Adjourn – 3:00 pm

ARTICLE IX

FINANCE

9-1: Fiscal Year. The fiscal year of the Town shall be the calendar year.

9-2: Contracts. Except as otherwise prescribed by the Town Council, the Town Council shall approve all contracts for the Town. All employment or personal service contracts shall either terminate in one year or less or be terminable for the Town's convenience.

9-3: Funds and Accounts. The Town Council may establish such funds and accounts as necessary or convenient for the Town. Funds and accounts may be established by ordinance, resolution or by the annual budget.

9-4: Budget.

(A) The Town Council shall cause the preparation of a proposed annual budget by the first regular Council meeting in October of each year for the next fiscal year.

(B) The budget shall contain at a minimum the following information:

- (1) Detailed revenues, expenditures and balances for each fund and account for
 - (a) the prior fiscal year,
 - (b) the adopted budget for the current fiscal year,
 - (c) the estimated actual revenues and expenditures for the current year and
 - (d) the budget year.

(2) Prior to the adoption of the budget, a public hearing shall be held, notice of which shall be posted and published once in a newspaper of general circulation within the Town at least 15 days prior to the hearing.

(3) Prior to adoption of the budget, the Council may amend the proposed budget as appropriate.

(4) The budgeted expenditures shall be balanced by budgeted revenues, which may include fund balances and reserves.

(5) The Council shall adopt the budget by the minimum vote of 4 members of Council by resolution prior to December 15. Adoption of the budget shall constitute the appropriation of the budgeted expenditures by fund.

9-5: Adoption of Property Tax Levy. The Town Council shall adopt the property tax levy each year in time to have it certified to Ouray County for collection. If the Town Council should fail to make such levy, the rate last fixed shall be the rate for the next ensuing fiscal year and shall be levied according to law.

9-6: Budget Control.

(A) The Council shall require monthly reports to be prepared for review by the Council showing the relation between budgeted expenditures and revenues, and the year's actual expenditures and revenues to date.

(B) If it appears that revenues may be less than anticipated, the Council may reduce appropriations and amend the budget as necessary to avoid expenditures exceeding revenues.

(C) During the year the Council may make supplemental appropriations by resolution provided that revenues are available from unanticipated revenues, unappropriated fund balances, reserves, emergency reserves or other sources for such purpose.

(D) The Council may authorize unappropriated fund balances, unencumbered appropriation b

(E) All supplemental appropriations, reduced appropriations or transfers shall be accomplished by a resolution approved by a minimum of 4 members of the Town Council.

(F) Annual expenditures shall not exceed appropriations on a fund basis.

9-7: Audit. The Council shall provide for an annual independent audit of the Town's financial condition and may provide for more frequent audits as determined appropriate. The annual audit shall be made by a qualified, certified public accountant.

9-8: Accounting Principles. Except as otherwise provided by this Charter or Town ordinances, the Town shall comply with generally accepted accounting principles for municipalities.

9-9: Deposits and Investments. The Town may deposit and invest its money until such time as it is required to be expended, in any bank, depository, savings and loan, financial

institution, investment or security authorized by Colorado statutes for the state or local governments or any agency or political subdivision thereof. The Town or any fund,

district or authority thereof may invest in the bonds or other securities of the Town or any fund, district or authority thereof.

9-10: Taxes.

(A) All taxes of the Town shall be enacted by an ordinance.

(B) (1) The following limitations of this Subsection "B" shall apply only in the event that the limitations on taxes, tax increases, mill levies and property tax revenues in Article 10, Section XX of the Colorado Constitution should become inapplicable to the Town.

(2) No new tax shall be enacted unless approved by a vote of the Town's electors.

(3) The rate of any existing tax, not including the property tax mill levy, shall not be increased without a vote of the Town's electors. This shall not restrict increases in revenues due to taxes at existing rates.

(4) (a) The property tax mill levy shall be limited each year to avoid producing revenue, when applied to the assessed valuation of the Town, greater than an amount of revenue equal to that levied in the preceding year plus inflation; except to provide for the payment of bonds and interest thereon, or the payment of any contractual obligation, which have been approved by the voters.

(b) In computing this limit, the following shall be excluded:

(i) increased valuation for assessment attributable to annexation or inclusion of additional land, the improvements thereon and personal property connected therewith for the preceding year;

(ii) the increased valuation for assessment attributable to new construction and personal property connected therewith for the preceding year;

(iii) the increased valuation for assessment attributable to increased volume and production for the preceding year by a producing mine;

(iv) the increased valuation for assessment attributable to previously legally exempt property which becomes taxable;

(c) "Inflation", as used above, shall be equal to the percentage change in the United States Bureau of Labor Statistics, Consumer Price Index for Denver - Boulder, all items, all urban consumers, or its successor index, for the most recent four quarters for which the index is available when the mill levy is set.

9-11: Capital Improvements Plan.

(A) The Town Council shall provide for the development and adoption of a capital improvements plan each year.

(B) The plan shall be developed and adopted each year in time to be considered in the preparation and adoption of the Town's annual budget.

(C) The plan shall at a minimum include significant capital improvement projects, planned or proposed, for the next five years, including estimated costs and sources of revenue proposed to finance such improvements.

(D) Such plan shall be utilized by the Council as a guide in drafting and adopting the annual bud

TOWN OF RIDGWAY

CAPITAL IMPROVEMENT PROGRAM

Purpose

The purpose of the Capital Improvement Program is to plan, compile, prioritize, and finance capital improvements that are responsive to the needs and demands of the public and town government, and supportive of the long and short range goals of the Town of Ridgway.

Policy

The Capital Improvement Program should enable the Town to maintain a healthy reserve by using sound long range fiscal planning. The Town will maintain its physical assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. The Capital Improvement Program will provide for the adequate maintenance and the orderly replacement of capital buildings and equipment from current revenues where possible.

The commencement of this Program shall occur in FY2002, and address those improvements targeted for FY2003. Subsequent to this initial process, the Capital Improvement Program shall be a five-year program subject to annual updates. All department's needs shall be considered in the plan. The Town shall strive to maintain a balanced mix of financing for funding capital projects, including current available revenue, grants, assessments and fees, and debt financing without reliance on any one source.

The Town will coordinate development of the Capital Improvement Plan with development of the operating budget. The annual scheduling of these processes shall be in general conformance with the attached schedule. The budget process shall incorporate those improvements identified and prioritized within the Plan, and future operating costs associated with new capital improvements shall be projected and included in operating budget forecasts accordingly.

Definitions

Five-Year Capital Improvement Plan - A comprehensive schedule of planned capital improvement projects from all fund sources for studies/engineering, land acquisition, construction, renovation, demolition, site development or equipment.

Capital Improvement Project - A permanent addition to the Town's assets of major importance and cost (generally in excess of five thousand dollars). The cost of studies/engineering, land acquisition, construction, renovation, demolition, site development, and equipment are included.

Implementation

The Town Manager and Department Heads shall oversee the capital improvements plan. This committee shall provide the initial review and tabulation of the capital improvement request. Community workshops on the Capital Improvement Plan can be held from time to time on larger community projects.

The tabulated requests shall incorporate existing capital improvement requests, and the process shall be one of annual updating. Once completed by the committee, the tabulation shall be submitted to Council for review, together with operating budgets (reflective of the capital improvement plan).

Evaluation Criteria

No project shall be funded which does not comply with the provisions of and is not contained in the currently approved Capital Improvement Program, and summarized on the attached Capital Improvements Form, with the exception of emergency projects that alleviate conditions posing a serious and immediate threat to health, safety or welfare of the community.

Capital Improvement Projects will be evaluated on the following criteria:

Fiscal Impact

- Reduces the cost of operations and/or energy consumption
- Uses Federal, State or other grant funds
- Coordinates with another project
- Increases cost by delaying the project

Legal Impact

- * Mandated by Federal or State law or Local regulations, or by contractual or other legally binding obligation

Asset Development and Preservation

- * Preserves the Town's infrastructure
- * Enables the Town to keep pace with current technology
- * Alleviates a service deficiency or replace a deteriorated and/or non-functioning facility

Economic Impact

- * Fosters economic vitality

Public Support

- * Complies with the Town of Ridgway Comprehensive Plan or other approved plans

Health and Safety Impact

- Eliminates a threat to public health and safety

Town of Ridgway

Admin Budget vs. Actual 2019

January 1 through August 5, 2019

	Jan 1 - Aug 5, 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Expense				
Admin Services - Personnel				
500GOO · Administrative Wages	272,126.49	427,917.00	-155,790.51	63.6%
501GOO · Employer Tax Expense	20,783.31	35,585.00	-14,801.69	58.4%
502GOO · Health Insurance	42,618.75	69,264.00	-26,645.25	61.5%
503GOO · Retirement Fund	8,106.88	17,117.00	-9,010.12	47.4%
504GOO · Workers Compensation Insurance	0.00	2,595.00	-2,595.00	0.0%
509GOO · Council Compensation	10,050.00	19,850.00	-9,800.00	50.6%
510GOO · Planning Comm Compensation	8,700.00	17,400.00	-8,700.00	50.0%
Total Admin Services - Personnel	362,385.43	589,728.00	-227,342.57	61.4%
Admin Services - Prof Services				
511GOO · Town Attorney	31,370.87	70,000.00	-38,629.13	44.8%
512GOO · Auditing Services	0.00	5,900.00	-5,900.00	0.0%
513GOO · Planning Consulting	16,107.99	17,000.00	-892.01	94.8%
556GOO · IT Services	6,568.08	9,309.00	-2,740.92	70.6%
514GOO · Consulting Services	2,813.94	28,000.00	-25,186.06	10.0%
515GOO · County Treasurer Fees	4,792.24	7,500.00	-2,707.76	63.9%
516GOO · Refuse Collection Franchise	79,472.08	154,000.00	-74,527.92	51.6%
518GOO · Building Inspection	0.00	0.00	0.00	0.0%
519GOO · Contractual Services	8,600.00	75,000.00	-66,400.00	11.5%
538GOO · Muni-Revs Services	5,506.25	10,500.00	-4,993.75	52.4%
539GOO · Human Resources Consulting	2,608.21	3,000.00	-391.79	86.9%
Total Admin Services - Prof Services	157,839.66	380,209.00	-222,369.34	41.5%
Admin Services - Admin Expense				
520GOO · Insurance (Property/Casualty)	1,000.00	6,000.00	-5,000.00	16.7%
521GOO · Confer,Workshops,Training	2,495.38	10,000.00	-7,504.62	25.0%
522GOO · Dues & Memberships	3,438.00	2,800.00	638.00	122.8%
523GOO · Council/PC - Conferences/Travel	2,051.16	4,000.00	-1,948.84	51.3%
524GOO · Reimbursable Bonds & Permits	13,223.00	12,500.00	723.00	105.8%
525GOO · Unemployment Tax (all)	1,723.80	3,450.00	-1,726.20	50.0%
526GOO · Life Insurance (all)	304.64	600.00	-295.36	50.8%
527GOO · Personnel - Recruitment/Testing	1,556.95	1,500.00	56.95	103.8%
528GOO · Other - admin	288.22	1,000.00	-711.78	28.8%
536GOO · Wellness Program	3,697.94	16,350.00	-12,652.06	22.6%
555GOO · Uncollectible Debts	0.00	0.00	0.00	0.0%
Total Admin Services - Admin Expense	29,779.09	58,200.00	-28,420.91	51.2%
Admin-Community&EconomicDevelop				
529GOO · Tourism Promotion	19,863.67	50,400.00	-30,536.33	39.4%
531GOO · Community Outreach	425.35	2,500.00	-2,074.65	17.0%
532GOO · Creative District	2,502.94	33,000.00	-30,497.06	7.6%
533GOO · Economic Development	2,724.75	10,000.00	-7,275.25	27.2%
534GOO · Sustainability Initiatives	0.00	0.00	0.00	0.0%
Total Admin-Community&EconomicDevelop	25,516.71	95,900.00	-70,383.29	26.6%
Admin Services - Office Expense				
540GOO · Printing & Publishing	385.86	2,500.00	-2,114.14	15.4%
541GOO · Office Supplies	1,459.71	6,000.00	-4,540.29	24.3%
542GOO · Utilities	843.17	1,600.00	-756.83	52.7%
543GOO · Telephone	1,199.20	3,500.00	-2,300.80	34.3%
530GOO · Computer	1,402.50	3,482.00	-2,079.50	40.3%
544GOO · Elections	117.08	2,500.00	-2,382.92	4.7%
545GOO · Janitorial Services	2,266.68	6,800.00	-4,533.32	33.3%
546GOO · Council/PC - Materials/Equipmnt	1,244.26	1,000.00	244.26	124.4%
547GOO · Records Management	4.79	250.00	-245.21	1.9%
548GOO · Office Equipment - Leases	1,697.91	3,000.00	-1,302.09	56.6%
549GOO · Office Equipment - Maint&Repair	0.00	700.00	-700.00	0.0%
550GOO · Filing Fees/Recording Costs	341.66	850.00	-508.34	40.2%
551GOO · Postage - general	710.19	1,000.00	-289.81	71.0%
552GOO · GIS Mapping - admin	762.52	5,000.00	-4,237.48	15.3%
553GOO · Meetings & Community Events	2,106.56	14,000.00	-11,893.44	15.0%

Town of Ridgway
Admin Budget vs. Actual 2019
January 1 through August 5, 2019

	Jan 1 - Aug 5, 19	Budget	\$ Over Budget	% of Budget
554GOO · Website Maintenance	0.00	3,000.00	-3,000.00	0.0%
537GOO · Bank & Misc Fees&Charges	857.30	3,500.00	-2,642.70	24.5%
Total Admin Services - Office Expense	15,399.39	58,682.00	-43,282.61	26.2%
Admin Services-Vehicle Expense				
560GOO · Gas & Oil	0.00	1,000.00	-1,000.00	0.0%
561GOO · Vehicle Maintenance & Repair	0.00	500.00	-500.00	0.0%
Total Admin Services-Vehicle Expense	0.00	1,500.00	-1,500.00	0.0%
Admin Services - Capital Outlay				
570GOO · Vehicle Purchase	0.00	0.00	0.00	0.0%
571GOO · Office Equipment Purchase	4,281.50	8,500.00	-4,218.50	50.4%
Total Admin Services - Capital Outlay	4,281.50	8,500.00	-4,218.50	50.4%
DEBT SERVICE				
591GOO · BB&T Financing	16,840.50	118,681.00	-101,840.50	14.2%
Total DEBT SERVICE	16,840.50	118,681.00	-101,840.50	14.2%
Admin Services-T/C Initiatives				
5010GO1 · Uncompahgre Volunteer Legal Aid	0.00	3,000.00	-3,000.00	0.0%
5015GO1 · Ouray County Partners Program	0.00	1,000.00	-1,000.00	0.0%
5020GO1 · Black Canyon Land Trust	2,000.00	2,000.00	0.00	100.0%
5025GO1 · Voyager Program	7,000.00	7,000.00	0.00	100.0%
5030GO1 · Juvenile Diversion	6,500.00	6,500.00	0.00	100.0%
5040GO1 · Other Contributions	3,000.00	12,500.00	-9,500.00	24.0%
5050GO1 · KVNF Public Radio	0.00	1,000.00	-1,000.00	0.0%
5055GO1 · Center for Mental Health	0.00	500.00	-500.00	0.0%
5060GO1 · Second Chance Humane Society	0.00	6,500.00	-6,500.00	0.0%
5065GO1 · Neighbor to Neighbor Program	0.00	1,000.00	-1,000.00	0.0%
5070GO1 · Affordable Housing Incentives	0.00	1,500.00	-1,500.00	0.0%
5075GO1 · Region 10	1,207.00	50,000.00	-48,793.00	2.4%
5085GO1 · Eco Action Partners	0.00	5,000.00	-5,000.00	0.0%
5095GO1 · Student Scholarship	1,000.00	1,000.00	0.00	100.0%
5100GO1 · Public Art Ridgway Colorado	3,000.00	3,000.00	0.00	100.0%
5105GO1 · CO Mountain Bike Association	0.00	1,000.00	-1,000.00	0.0%
5110GO1 · UncompahgreWatershedPartnership	3,000.00	3,000.00	0.00	100.0%
5115GO1 · George Gardner Scholarship Fund	1,000.00	1,000.00	0.00	100.0%
5120GO1 · Ouray Co Soccer Association	0.00	2,000.00	-2,000.00	0.0%
5125GO1 · Top of the Pines	0.00	0.00	0.00	0.0%
5130GO1 · ADA Small Busi Grant	0.00	2,500.00	-2,500.00	0.0%
5135GO1 · Sherbino Theater	0.00	5,000.00	-5,000.00	0.0%
5136GO1 · Ouray County Food Pantry	0.00	1,000.00	-1,000.00	0.0%
Total Admin Services-T/C Initiatives	27,707.00	117,000.00	-89,293.00	23.7%
Streets - Personnel				
600GO2 · Streets Wages	58,022.91	94,053.00	-36,030.09	61.7%
605GO2 · Streets - Seasonal Wages	1,026.00	2,500.00	-1,474.00	41.0%
601GO2 · Employer Tax Expense	4,241.34	7,386.00	-3,144.66	57.4%
602GO2 · Health Insurance	11,158.15	20,055.00	-8,896.85	55.6%
603GO2 · Retirement Fund	2,179.38	3,762.00	-1,582.62	57.9%
604GO2 · Workers Compensation Insurance	0.00	4,985.00	-4,985.00	0.0%
Total Streets - Personnel	76,627.78	132,741.00	-56,113.22	57.7%
Streets - Admin Expense				
613GO2 · Office - Miscellaneous	142.57	750.00	-607.43	19.0%
614GO2 · Consulting/ContractualServices	63,212.60	225,200.00	-161,987.40	28.1%
615GO2 · IT Services	535.30	846.00	-310.70	63.3%
621GO2 · Workshops & Training	590.89	3,000.00	-2,409.11	19.7%
628GO2 · Other - streets	0.00	500.00	-500.00	0.0%
Total Streets - Admin Expense	64,481.36	230,296.00	-165,814.64	28.0%

Town of Ridgway
Admin Budget vs. Actual 2019
January 1 through August 5, 2019

	Jan 1 - Aug 5, 19	Budget	\$ Over Budget	% of Budget
Streets - Operating Expense				
631GO2 · Maintenance & Repairs	24.33	8,500.00	-8,475.67	0.3%
632GO2 · Supplies & Materials	658.87	5,000.00	-4,341.13	13.2%
633GO2 · Tools	0.00	500.00	-500.00	0.0%
634GO2 · Safety Equipment	367.51	1,000.00	-632.49	36.8%
635GO2 · Gravel & Sand	2,381.95	30,000.00	-27,618.05	7.9%
636GO2 · Dust Prevention	30,600.00	40,000.00	-9,400.00	76.5%
637GO2 · Paving & Maintenance	5,510.00	6,500.00	-990.00	84.8%
638GO2 · Street Lighting	2,663.38	10,000.00	-7,336.62	26.6%
639GO2 · Street Signs	2,321.05	5,000.00	-2,678.95	46.4%
663GO2 · Storm Drainage	0.00	40,000.00	-40,000.00	0.0%
664GO2 · Streetscape	0.00	0.00	0.00	0.0%
665GO2 · Leased Property-dwntwn parking	0.00	0.00	0.00	0.0%
667GO2 · Street Sweeping	2,650.00	7,000.00	-4,350.00	37.9%
682GO2 · Tree Trimming - Streets&RofWays	0.00	3,000.00	-3,000.00	0.0%
662GO2 · SnowRemoval Equip&Services	8,256.10	12,100.00	-3,843.90	68.2%
Total Streets - Operating Expense	55,433.19	168,600.00	-113,166.81	32.9%
Streets - Office Expense				
642GO2 · Utilities	1,740.29	2,400.00	-659.71	72.5%
643GO2 · Telephone	760.60	1,450.00	-689.40	52.5%
630GO2 · Computer	127.50	317.00	-189.50	40.2%
Total Streets - Office Expense	2,628.39	4,167.00	-1,538.61	63.1%
Streets - Vehicle Expense				
660GO2 · Gas & Oil	3,165.29	5,500.00	-2,334.71	57.6%
661GO2 · Vehicle & Equip Maint & Repair	5,941.65	8,000.00	-2,058.35	74.3%
Total Streets - Vehicle Expense	9,106.94	13,500.00	-4,393.06	67.5%
Streets - Capital Outlay				
670GO2 · Vehicle Purchase	31,250.00	30,000.00	1,250.00	104.2%
671GO2 · Office Equipment Purchase	0.00	500.00	-500.00	0.0%
672GO2 · Equipment Purchase	18,732.34	28,750.00	-10,017.66	65.2%
Total Streets - Capital Outlay	49,982.34	59,250.00	-9,267.66	84.4%
Streets - Debt Service				
691GO2 · Equipment Lease - CAT	0.00	0.00	0.00	0.0%
Total Streets - Debt Service	0.00	0.00	0.00	0.0%
Parks - Personnel				
700POO · Parks Wages	7,546.62	12,000.00	-4,453.38	62.9%
701POO · Employer Tax Expense	2,998.60	6,694.00	-3,695.40	44.8%
702POO · Health Insurance	1,750.00	2,865.00	-1,115.00	61.1%
703POO · Retirement Fund	275.82	480.00	-204.18	57.5%
704POO · Workers Compensation Insurance	2,146.25	4,920.00	-2,773.75	43.6%
706POO · Parks - Seasonal Wages	38,465.65	75,500.00	-37,034.35	50.9%
Total Parks - Personnel	53,182.94	102,459.00	-49,276.06	51.9%
Parks - Admin Expense				
719POO · Contractural Services	2,843.00	2,000.00	843.00	142.2%
720POO · Insurance (Property/Casulty)	5,718.83	6,459.00	-740.17	88.5%
721POO · Workshops & Training	339.84	2,000.00	-1,660.16	17.0%
728POO · Other - parks	0.00	500.00	-500.00	0.0%
Total Parks - Admin Expense	8,901.67	10,959.00	-2,057.33	81.2%

Town of Ridgway
Admin Budget vs. Actual 2019
January 1 through August 5, 2019

	Jan 1 - Aug 5, 19	Budget	\$ Over Budget	% of Budget
Parks - Operating Expense				
741POO · Telephone	0.00	250.00	-250.00	0.0%
731POO · Maintenance & Repairs	3,827.44	5,000.00	-1,172.56	76.5%
732POO · Supplies & Materials	9,151.94	21,000.00	-11,848.06	43.6%
742POO · Utilities	5,014.78	4,000.00	1,014.78	125.4%
779POO · Janitorial Service - parks	1,000.00	3,000.00	-2,000.00	33.3%
733POO · Tools	1,968.86	3,000.00	-1,031.14	65.6%
734POO · Safety Equipment	52.75	600.00	-547.25	8.8%
765POO · River Corridor Maintenance	0.00	5,000.00	-5,000.00	0.0%
767POO · Urban Forest Management	4,650.00	10,000.00	-5,350.00	46.5%
766POO · Recreation Progs & Equipment	0.00	0.00	0.00	0.0%
768POO · Mosquito Control	8,893.99	12,000.00	-3,106.01	74.1%
769POO · Weed Control	0.00	500.00	-500.00	0.0%
780POO · Trails & Rec Paths	0.00	0.00	0.00	0.0%
781POO · Events & Festivals	52,150.37	59,000.00	-6,849.63	88.4%
Total Parks - Operating Expense	86,710.13	123,350.00	-36,639.87	70.3%
Parks - Community Center				
731PO1 · Maint & Repairs - comm cntr	588.70	5,000.00	-4,411.30	11.8%
732PO1 · Supplies - community center	1,516.70	4,000.00	-2,483.30	37.9%
742PO1 · Utilities - community center	843.17	1,600.00	-756.83	52.7%
779PO1 · Janitorial Services - comm cntr	2,266.68	6,800.00	-4,533.32	33.3%
Total Parks - Community Center	5,215.25	17,400.00	-12,184.75	30.0%
Parks - Vehicle Expense				
760POO · Gas & Oil	996.41	1,400.00	-403.59	71.2%
761POO · Vehicle & Equip Maint & Repair	770.66	3,000.00	-2,229.34	25.7%
Total Parks - Vehicle Expense	1,767.07	4,400.00	-2,632.93	40.2%
Parks - Capital Outlay				
772POO · Equipment Purchase	18,349.00	23,250.00	-4,901.00	78.9%
773POO · Property Acquisition	0.00	0.00	0.00	0.0%
775POO · Park Improvements	13,759.30	25,000.00	-11,240.70	55.0%
Total Parks - Capital Outlay	32,108.30	48,250.00	-16,141.70	66.5%
Law Enforc - Personnel				
800GO3 · Law Enforcement Wages	96,107.69	159,120.00	-63,012.31	60.4%
809GO3 · Law Enforcement - PartTimeWages	41,480.00	66,600.00	-25,120.00	62.3%
801GO3 · Employer Tax Expense	10,156.12	19,088.00	-8,931.88	53.2%
802GO3 · Health Insurance	19,353.35	34,380.00	-15,026.65	56.3%
803GO3 · Retirement Fund	2,976.06	6,365.00	-3,388.94	46.8%
804GO3 · Workers Compensation Insurance	8,500.00	8,928.00	-428.00	95.2%
805GO3 · Housing Stipend	7,500.00	18,000.00	-10,500.00	41.7%
807GO3 · Municipal Judge	966.00	1,656.00	-690.00	58.3%
808GO3 · Municipal Court Clerk	2,415.00	4,140.00	-1,725.00	58.3%
Total Law Enforc - Personnel	189,454.22	318,277.00	-128,822.78	59.5%
Law Enforc - Office Expense				
822GO3 · Dues & Memberships	0.00	750.00	-750.00	0.0%
819GO3 · Contractual Services	3,913.56	35,658.00	-31,744.44	11.0%
820GO3 · IT Services	2,686.75	4,080.00	-1,393.25	65.9%
841GO3 · Office Supplies	1,047.52	1,500.00	-452.48	69.8%
830GO3 · Computer	937.50	1,551.00	-613.50	60.4%
842GO3 · Utilities	843.16	1,600.00	-756.84	52.7%
843GO3 · Telephone	2,700.14	4,000.00	-1,299.86	67.5%
848GO3 · Office Equip - Leases	0.00	0.00	0.00	0.0%
849GO3 · Office Equip - Maint&Repair	0.00	100.00	-100.00	0.0%
Total Law Enforc - Office Expense	12,128.63	49,239.00	-37,110.37	24.6%

Town of Ridgway
Admin Budget vs. Actual 2019
January 1 through August 5, 2019

	Jan 1 - Aug 5, 19	Budget	\$ Over Budget	% of Budget
Law Enforc - Operating Expenses				
821GO3 · Workshops & Training	1,435.94	7,000.00	-5,564.06	20.5%
828GO3 · Other - law enforcement	220.00	1,500.00	-1,280.00	14.7%
832GO3 · Equipment & Supplies	1,240.58	7,000.00	-5,759.42	17.7%
883GO3 · Uniforms	1,582.79	3,000.00	-1,417.21	52.8%
884GO3 · Traffic & Investigations	1,064.92	2,000.00	-935.08	53.2%
885GO3 · Dispatch Services	22,102.56	44,214.00	-22,111.44	50.0%
886GO3 · Testing & Examinations	193.00	500.00	-307.00	38.6%
835GO3 · Community Outreach Programs	0.00	1,000.00	-1,000.00	0.0%
834GO3 · Program Participation	0.00	6,000.00	-6,000.00	0.0%
Total Law Enforc - Operating Expenses	27,839.79	72,214.00	-44,374.21	38.6%
Law Enforc - Vehicle Expense				
860GO3 · Gas & Oil	3,772.56	7,500.00	-3,727.44	50.3%
861GO3 · Vehicle Maintenance & Repair	5,093.83	8,000.00	-2,906.17	63.7%
862GO3 · Radio & Radar Repair	215.90	750.00	-534.10	28.8%
Total Law Enforc - Vehicle Expense	9,082.29	16,250.00	-7,167.71	55.9%
Law Enforc - Capital Outlay				
871GO3 · Office Equipment Purchase	2,106.47	8,000.00	-5,893.53	26.3%
870GO3 · Vehicle Purchase	0.00	0.00	0.00	0.0%
Total Law Enforc - Capital Outlay	2,106.47	8,000.00	-5,893.53	26.3%
Total Expense	1,326,506.04	2,807,752.00	-1,481,245.96	47.2%
Net Ordinary Income	-1,326,506.04	-2,807,752.00	1,481,245.96	47.2%
Net Income	-1,326,506.04	-2,807,752.00	1,481,245.96	47.2%

Town of Ridgway
Wtr & Swr Budget vs. Actual 2019
January 1 through August 1, 2019

	Jan 1 - Aug 1, ...	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Expense				
Water - Personnel				
900WOO · Water Wages	81,563.83	121,170.00	-39,606.17	67.3%
905WOO · Water-Seasonal Wages	1,478.65	3,600.00	-2,121.35	41.1%
901WOO · Employer Tax Expense	5,909.16	9,545.00	-3,635.84	61.9%
902WOO · Health Insurance	14,378.50	25,785.00	-11,406.50	55.8%
903WOO · Retirement Fund	3,139.65	4,847.00	-1,707.35	64.8%
904WOO · Workers Compensation Insurance	6,116.00	5,225.00	891.00	117.1%
Total Water - Personnel	112,585.79	170,172.00	-57,586.21	66.2%
Water - Admin Expense				
911WOO · Legal Services	1,424.50	25,000.00	-23,575.50	5.7%
912WOO · Auditing Services	0.00	3,000.00	-3,000.00	0.0%
914WOO · Consulting & Engineering Servs	14,651.07	90,500.00	-75,848.93	16.2%
917WOO · IT Services	1,821.64	846.00	975.64	215.3%
918WOO · Permits - water	0.00	1,650.00	-1,650.00	0.0%
919WOO · Wellness Program	798.73	1,650.00	-851.27	48.4%
920WOO · Insurance (Property/Casualty)	7,425.00	7,403.00	22.00	100.3%
921WOO · Workshops & Training	1,150.91	2,500.00	-1,349.09	46.0%
Total Water - Admin Expense	27,271.85	132,549.00	-105,277.15	20.6%
Water - Operating Expense				
931WOO · Maintenance & Repairs	6,382.39	155,000.00	-148,617.61	4.1%
932WOO · Supplies & Materials	9,111.31	10,000.00	-888.69	91.1%
933WOO · Tools	0.00	1,000.00	-1,000.00	0.0%
934WOO · Safety Equipment	444.59	1,600.00	-1,155.41	27.8%
990WOO · Testing - water	2,229.02	4,500.00	-2,270.98	49.5%
988WOO · Taps & Meters	3,030.16	20,000.00	-16,969.84	15.2%
987WOO · Weed Control	0.00	5,000.00	-5,000.00	0.0%
989WOO · Plant Expenses - water	11,550.00	22,000.00	-10,450.00	52.5%
928WOO · Other - water	307.80	550.00	-242.20	56.0%
Total Water - Operating Expense	33,055.27	219,650.00	-186,594.73	15.0%
Water - Office Expense				
915WOO · Dues & memberships	127.42	400.00	-272.58	31.9%
916WOO · Filing Fees / Recording Costs	14.71	200.00	-185.29	7.4%
913WOO · Office-Miscellaneous	1,134.93	2,500.00	-1,365.07	45.4%
942WOO · Utilities	7,290.72	12,000.00	-4,709.28	60.8%
943WOO · Telephone	1,569.67	2,450.00	-880.33	64.1%
930WOO · Computer	127.50	317.00	-189.50	40.2%
941WOO · Office Supplies	933.05	2,000.00	-1,066.95	46.7%
951WOO · Postage - water	1,072.72	2,000.00	-927.28	53.6%
948WOO · Office Equipment - Leases	196.00	500.00	-304.00	39.2%
949WOO · Office Equip - Maint & Repair	0.00	250.00	-250.00	0.0%
947WOO · Records Management	0.00	250.00	-250.00	0.0%
952WOO · GIS Mapping - water	762.58	4,500.00	-3,737.42	16.9%
Total Water - Office Expense	13,229.30	27,367.00	-14,137.70	48.3%
Water - Vehicle Expense				
960WOO · Gas & Oil	2,756.77	4,500.00	-1,743.23	61.3%
961WOO · Vehicle & Equip Maint & Repair	4,838.02	6,000.00	-1,161.98	80.6%
Total Water - Vehicle Expense	7,594.79	10,500.00	-2,905.21	72.3%
Water - Capital Outlay				
971WOO · Office Equipment Purchase	135.39	500.00	-364.61	27.1%
972WOO · Equipment Purchase	45,257.09	46,250.00	-992.91	97.9%
973WOO · Property Acquisition	0.00	0.00	0.00	0.0%
Total Water - Capital Outlay	45,392.48	46,750.00	-1,357.52	97.1%

Town of Ridgway
Wtr & Swr Budget vs. Actual 2019
January 1 through August 1, 2019

	Jan 1 - Aug 1, ...	Budget	\$ Over Budget	% of Budget
Water - Debt Service				
991WOO · Equipment Lease - CAT Equip	0.00	0.00	0.00	0.0%
992WOO · Debt Service - DOLA	0.00	9,795.00	-9,795.00	0.0%
993WOO · Debt Service - CWRPDA	11,250.00	22,500.00	-11,250.00	50.0%
994WOO · Debt Service - Montrose Bank	6,705.57	14,665.00	-7,959.43	45.7%
997WOO · Debt Service - CWCB	7,571.00	7,571.00	0.00	100.0%
998WOO · Debt Service-CWCB (2)	0.00	30,918.00	-30,918.00	0.0%
Total Water - Debt Service	25,526.57	85,449.00	-59,922.43	29.9%
Sewer - Personnel				
900SOO · Sewer Wages	69,211.51	99,863.00	-30,651.49	69.3%
905SOO · Sewer-Seasonal Wages	200.65	3,600.00	-3,399.35	5.6%
901SOO · Employer Tax Expense	4,872.25	7,915.00	-3,042.75	61.6%
902SOO · Health Insurance	10,878.50	20,055.00	-9,176.50	54.2%
903SOO · Retirement Fund	2,645.51	3,995.00	-1,349.49	66.2%
904SOO · Worker's Compensation Insurance	4,846.00	3,402.00	1,444.00	142.4%
Total Sewer - Personnel	92,654.42	138,830.00	-46,175.58	66.7%
Sewer - Admin Expense				
911SOO · Legal Services	0.00	3,000.00	-3,000.00	0.0%
912SOO · Auditing Services	0.00	2,900.00	-2,900.00	0.0%
914SOO · Consulting & Engineering Servs	10,838.56	7,500.00	3,338.56	144.5%
917SOO · IT Services	1,795.37	846.00	949.37	212.2%
919SOO · Wellness Program	798.72	1,650.00	-851.28	48.4%
920SOO · Insurance (Property/Casulty)	7,425.00	7,403.00	22.00	100.3%
921SOO · Workshops & Training	785.90	1,500.00	-714.10	52.4%
Total Sewer - Admin Expense	21,643.55	24,799.00	-3,155.45	87.3%
Sewer - Operating Expense				
931SOO · Maintenance & Repairs	13,402.56	32,500.00	-19,097.44	41.2%
932SOO · Supplies & Materials	2,094.60	10,000.00	-7,905.40	20.9%
933SOO · Tools	0.00	1,000.00	-1,000.00	0.0%
934SOO · Safety Equipment	444.59	1,600.00	-1,155.41	27.8%
918SOO · Testing & Permits - sewer	1,432.00	4,400.00	-2,968.00	32.5%
928SOO · Other - sewer	307.80	550.00	-242.20	56.0%
987SOO · Weed Control	0.00	500.00	-500.00	0.0%
989SOO · Plant Improvements - sewer	0.00	0.00	0.00	0.0%
Total Sewer - Operating Expense	17,681.55	50,550.00	-32,868.45	35.0%
Sewer - Office Expenses				
915SOO · Dues & Memberships	127.42	400.00	-272.58	31.9%
916SOO · Filing Fees / Recording Costs	25.68	100.00	-74.32	25.7%
913SOO · Office-Miscellaneous	614.13	2,500.00	-1,885.87	24.6%
942SOO · Utilities	23,185.11	45,000.00	-21,814.89	51.5%
943SOO · Telephone	910.55	1,600.00	-689.45	56.9%
930SOO · Computer	127.50	317.00	-189.50	40.2%
941SOO · Office Supplies	753.26	2,000.00	-1,246.74	37.7%
951SOO · Postage - sewer	661.28	2,000.00	-1,338.72	33.1%
948SOO · Office Equipment - Leases	196.00	500.00	-304.00	39.2%
949SOO · Office Equip - Maint & Repair	0.00	250.00	-250.00	0.0%
947SOO · Records Management	0.00	150.00	-150.00	0.0%
952SOO · GIS Mapping - sewer	762.51	4,000.00	-3,237.49	19.1%
Total Sewer - Office Expenses	27,363.44	58,817.00	-31,453.56	46.5%
Sewer - Vehicle Expense				
960SOO · Gas & Oil	1,955.08	4,000.00	-2,044.92	48.9%
961SOO · Vehicle & Equip Maint & Repair	3,861.86	6,000.00	-2,138.14	64.4%
Total Sewer - Vehicle Expense	5,816.94	10,000.00	-4,183.06	58.2%

Town of Ridgway
Wtr & Swr Budget vs. Actual 2019
January 1 through August 1, 2019

	Jan 1 - Aug 1, ...	Budget	\$ Over Budget	% of Budget
Sewer - Capital Outlay				
971SOO · Office Equipment - Purchase	135.38	500.00	-364.62	27.1%
972SOO · Equipment Purchase	45,257.07	44,250.00	1,007.07	102.3%
973SOO · Property Acquisition	0.00	0.00	0.00	0.0%
978SOO · Bio-Solids Removal	0.00	0.00	0.00	0.0%
Total Sewer - Capital Outlay	45,392.45	44,750.00	642.45	101.4%
Sewer - Debt Service				
991SOO · Equipment Lease - CAT Equip	0.00	0.00	0.00	0.0%
995SOO · Debt Service - DOLA	0.00	0.00	0.00	0.0%
996SOO · Debt Service - DOLA (2)	0.00	15,915.00	-15,915.00	0.0%
Total Sewer - Debt Service	0.00	15,915.00	-15,915.00	0.0%
Total Expense	475,208.40	1,036,098.00	-560,889.60	45.9%
Net Ordinary Income	-475,208.40	-1,036,098.00	560,889.60	45.9%
Net Income	-475,208.40	-1,036,098.00	560,889.60	45.9%

Aug 2019 STATUS UPDATE FOR COUNCIL: Town of Ridgway FY 2019 Capital Outlay and 5-Year Capital Improvements Plan (2019 - 2023)
Final - December 5, 2018

						2019 Capital Outlays and Investments			
PROJECT DESCRIPTION: GENERAL FUND PARKS AND TRAILS	Total Estimated Cost (\$)	Budget Line Item	Lodging Tax Eligible	.6% CIP Funds (Yes/No)	Est. Year	Budgeted Town Cash (\$)	Grant Funds	Loan Funds	Aug 2019 Update
GENERAL FUND									
PARKS, TRAILS and URBAN FOREST MANAGEMENT									
Picnic Table Replacement	\$ 15,000	775P00	No	Yes	2019	\$ 15,000	\$ -	\$ -	Done
STREETS AND STORMWATER									
Town-wide Stormwater Drainage Plan - 2019	\$ 175,000	614G02	No	Yes	2019	\$ 87,500	\$ 87,500		In process - to be completed in 2019
Drainage improvements at Market/Lupita alley south of Highway 62	\$ 40,000	663G02	No	Yes	2019	\$ 40,000	\$ -		TBD - waiting on property owner
HEAVY EQUIPMENT AND VEHICLES									
Dump Truck (total \$90k split with 3 funds: water, sewer, streets)	\$ 30,000	670G02	No	Yes	2019	\$ 30,000			Done
Tractor (Kubota replacement, split 2 funds: parks/streets)	\$ 40,000	72P00, 672G02	No	Yes	2019	\$ 40,000			Done
Four-Wheel with blade for snow removal	\$ 7,000	672G02	No	Yes	2019	\$ 7,000			No purchasing
PERSONNEL, STAFFING and CONTRACTED SERVICES									
Master Plan Implementation	\$ 20,000	514G00	No		2019	\$ 20,000			In process; Start 2019 continue 2020
Building Code Update	\$ 8,000	514G00	No		2019	\$ 8,000			In process - to be completed in 2019
Planning Tech	\$ 20,000	519G00	No		2019	\$ 20,000			Done
Land Use Inspections	\$ 10,000	519G00	No		2019	\$ 10,000			Not happening until 2020
COMMUNITY AND ECONOMIC DEVELOPMENT									
Comprehensive Plan Update - completion	\$ 100,000	513G00		No	2019	\$ 17,000	\$ -		Done
Region 10 Broadband Initiative - Anchor Build	\$ 120,000	5075G01		Yes	2019	\$ 50,000	\$ -		In process - CNL almost done; 2020
Creative District Project	\$ 20,000	532G00		Yes	2019	\$ 10,000	\$ 10,000		Space to Create Artwork Bid Awarded
Space to Create Initiative	\$ 650,000	CP1700		Yes	2019	\$ -	\$ 650,000		In process - CHFA app under review
Main Street Mini-Grant	\$ 10,000	533G00		Yes	2019	\$ 5,000	\$ 5,000		In process - Heritage Park Landscape
LAW ENFORCEMENT									
Spillman Software w/ Communications Equipment	\$ 60,000				2019	\$ 25,000	\$ -	\$ -	In process - will continue into 2020
WATER ENTERPRISE FUND									
Backup generator for Water Plant	\$ 60,000	931W00			2019	\$ 60,000			In process
Dump Truck (total \$90k split with 3 funds)	\$ 30,000	972W00			2019	\$ 30,000			Done
Pick up for Public Works (split 2 funds)	\$ 12,500	972W00			2019	\$ 12,500			Done
Geotechnical Consulting	\$ 30,000	914W00			2019	\$ 30,000			In process
Water Supply Analysis	\$ 40,000	914W00			2019	\$ 40,000			Move to 2020
Water System Interconnection	\$ 58,000	931W00			2019	\$ 20,500	\$ 37,500		In process
Water Meter Testing and Accuracy	\$ 10,000	931W00			2019	\$ 10,000			Evaluating
Water Meter at Water Tanks	\$ 10,000	931W00			2019	\$ 10,000			Evaluating
WASTEWATER ENTERPRISE FUND									
Dump Truck (total \$90k split with 3 funds)	\$ 30,000	972S00			2019	\$ 30,000			Done
Pick up for Public Works (split 2 funds)	\$ 12,500	972S00			2019	\$ 12,500			Done
Lena Street Sewer Main Replacement	\$ 7,500	931S00			2019	\$ 7,500			move to 2020 with LSC PUD
Miscellaneous camera work and line repairs	\$ 14,000	931S00			2019	\$ 14,000			Done

Aug 2019 - YTD UPDATE FOR COUNCIL
2019 TOWN OF RIDGWAY STRATEGIC PLAN - Final December 2018

Vision:

Ridgway is a welcoming, community-minded rural town situated in a beautiful mountain valley. We support learning, creativity and culture. We share a deep connection to the outdoors. We are committed to being economically sustainable and ecologically responsible.

Mission:

The Town of Ridgway is dedicated to the well-being and sustainability of our community and the enhancement of our small town character by continuously providing efficient, quality services and exercising sound stewardship of our resources.

GOAL 1:

Growth and Development:

Manage growth and development in Ridgway, utilizing land use policies consistent with the Ouray County IGA and the comprehensive plan, within the urban growth boundaries, and in a manner that is sustainable to the community, its infrastructure, and consistent with its small town character.

1	Complete Master Plan process; Done.
2	Prioritize and implement Master Plan recommendations, including recommendations, priorities and updates to the Land Use Code; In process. Continue into 2020.
3	Update regulations for shared utility taps and shared water meters; In process. May be 2020.
4	Upon completion of Master Plan, work with Board of County Commissioners on adoption of the Land Use Map, including updates to the Urban Growth Boundary, as an appendix to the 2002 Ouray County/Ridgway Land Use Intergovernmental Agreement; In process.
5	Participate in 2020 Census efforts; In process.
6	Update Building Codes. In process. Ordinance to be introduced to PC in September and TC in October.
7	Master Sign Plan and Sign Code update. In process.

GOAL 2:

Water Resources:

Continue to develop the Town's water resources in a manner that will sustain existing and future populations within the Ridgway community, addressing storage and collection, healthy treatment, distribution, promotion of conservation efforts and protection of the Town's water rights.

1	Oversee and manage water levels and revegetation of the new Lake Otonowanda municipal reservoir; In process. Will continue into 2020.
2	Coordinate with Ouray County and the City of Ouray and other Ouray County Water Rights holders on county-wide water supply and water rights evaluation; In process. Will continue into 2020.
3	Research and explore water conservation opportunities in follow up to the 2018 adoption of the Water Management and Conservation Plan and water rate increases; Done.
4	Advance goals of the Town's Source Water Protection Plan including working with Ouray County on setbacks to the Town's water supplies in the unincorporated areas of Ouray County; In process. Camping regs in process, need to meet with OC land use on ditch setback; plan to walk the Ridgway Ditch this Fall.
5	Water supply analysis; Move to 2020.
6	Interconnection improvements to augment water supply when needed; In process.
7	Review and update Adequate Water Supply Rules in RMC 7-6 and update Town Code; Prioritize and Implement with Master Plan implementation in 2020.
8	Acquire and install backup generator for water treatment plant; In process.
9	Investigate potential seepage and evaporation in all outdoor water storage facilities. In process.

GOAL 3:

Transportation:

Pursue the incremental development and improvement of street and multi-modal transportation infrastructure, consistent with the comprehensive plan, with focus upon key linkages and Highway 62.

1	Outreach and enforcement of snow removal requirements and town policy; ongoing.
2	Participate in regional transportation planning and implementation efforts including: Gunnison Valley Transportation Region, Ouray County Transit Advisory Council, and the San Miguel Transit Advisory Council with Regional Transit Authority initiative, as appropriate; ongoing.
3	Develop and maintain the GIS Asset Management streets database; ongoing.
4	Install curb and parking stops in the Hartwell Park south parking lot; in process.
5	Appraisal of potential future South Railroad Street. Move to 2020.

GOAL 4:

Community Enhancement and Economic Development:

Promote and nurture the Ridgway community by implementing downtown improvements, aesthetic enhancement, arts and cultural events, improvements to public facilities, parks and trails. Foster a diverse and vibrant business community that is locally sustainable and community oriented, inclusive of commercial uses, professional services, tourism, outdoor recreation, light industry, non-profit entities and innovative entrepreneurship.

1	Explore business licensing opportunities with the Ridgway Area Chamber of Commerce and Muni-Revs; Move to 2020 if a priority.
2	Work with Ridgway Community Garden on improvements in the Green Street Park; Done.
3	Participate in Local and Regional Broadband Efforts, including completion of the Carrier Neutral Location, antennae and connecting local government and anchor institution buildings, and planning for future town-wide connectivity with Region 10 and Ouray County governments; CNL built, nearly completed, likely to not light up until June 2020; Anchor build on hold with Ouray County USAC grant award; elected official workshop planned for Sept/Oct for update.
4	Plan, manage and employ successful Summer Concert Series and Love Your Valley Fest; Done.
5	Plan, manage and employ Creative District MoonWalk and MoonTalk Events, First Fridays and Film Festival; Done and in process.
6	Partner with Regional Creative Districts and the Ridgway Area Chamber of Commerce to advance the Creative Corridors Initiative; Done and in process.
7	Partner with Colorado Creative Industries to further develop and grow the Ridgway Creative District, including consideration of feedback and recommendations from the Creative District Committee, and training and educational opportunities for the Creative District Committee; Done and in process.
8	Partner with the Department of Local Affairs on the Main Street Program and implement priority recommendations from the Main Street Downtown Assessment focused on economic restructuring, design, organization and promotions; In process.
9	Identify and complete a priority Creative District project with Colorado Creative Industries matching grant; Space to Create Artwork and Event - in process. Bid awarded.
10	Expand community outreach and information sharing efforts; Done and in process. Website updates. Working with Dept Heads.
11	Landscape around Town Hall and planter boxes;
12	Main Street technical assistance project and mini grant focused on planning Heritage Park gateway improvements; Done - construction drawings for Heritage Park completed.
13	Adopt a Park program participation; In process.
14	Apply to be a Graduate Main Street community with the Department of Local Affairs Main Street Program; In process.
15	Purchase needed equipment: dump truck, tractor, large trailer, four-wheeler with blade, commercial mower; Done.

16	Create multi-purpose courts in the Athletic Park by striping for pickleball on the tennis courts and placing a new bench; Done.
17	Replace picnic tables town-wide in parks; Done.
18	Improve trails in Cottonwood Park. To be done in 2019.
19	ADD: Athletic Park Pavilion Project. In process.

GOAL 5:

Environmental Responsibility:

Implement sound environmental stewardship through sustainable growth and development; employ wise use of resources; promote conservation, green building, alternative energy and protection of habitat and open spaces; pursue and protect good air quality and water quality.

1	Commence and complete town-wide stormwater management plan, including development of standards and specifications for new development; In process.
2	Employ targeted priorities in the GIS tree inventory and update and maintain the GIS inventory database; In process.
3	Make available educational materials on radon mitigation, water and energy conservation, including dissemination of information via the Town website and other electronic media; Provide radon education and radon mitigation training for local building community; in process - may be Feb 2020.
4	Design and employ solutions to improve and extend water to trees in Cottonwood Park; planned for 2019 Fall.
5	Continue participation in the Sneffels Energy Board (SEB), including energy management and reporting in partnership with Ouray County and San Miguel County jurisdictions and implementation of the 2019 work plan; ongoing.
6	Coordinate with Ouray County on implementation of pest management and weed management plan, including the use of biological, chemical, mechanical control methods; ongoing.
7	Update Land Use Code to encourage water conservation and management in line with the Town's Water Conservation and Management efforts; Prioritize and include with Master Plan implementation efforts.
8	Dark Skies initiative. Almost done.
9	ADD: Improve Rollans Park irrigation system. Fall 2019.

GOAL 6:

Affordable Housing:

Provide affordable housing to residents utilizing effective and workable methodologies, with the assistance of the Ouray County Multi-Jurisdictional Housing Authority Advisory Committee and other regional entities; encourage and support conservation and energy-efficiency methodologies in new and existing structures.

1	Complete predevelopment work on the Space to Create workforce housing and economic development project; In process.
2	Employ recommended action items from the 2018-2019 Master Plan Housing Element; In process: 2019-2020.
3	Work with the Ouray County Housing Advisory Committee and provide technical support to the Committee as needed, including additional discussions county-wide on the viability, future, purpose and role of the Advisory Committee; ongoing.
4	Work with developers through the Planned Unit Development process to secure deed restricted workforce housing. Done.

GOAL 7:

Organizational Development, Community Outreach and Citizen Participation:

Develop an efficient, responsive Town organization, focusing upon forging effective partnerships, providing friendly service, retaining high morale and preserving the public trust.

1	Expand efforts on identifying longer-term storage, vault organization, record management and retention and destruction for official records; building and planning records, personnel needs, etc.; Ongoing; Focus on in 2020. Recruit an intern in 2020 to facilitate this work.
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2	Develop and organize volunteer efforts, focused on procedural rules, expectations, purpose, etc. for Council appointed commissions, boards, committees and task forces; in process. Draft bylaws for PC.
3	Create HR Management system with Employers Council, including staff training, education, hiring and onboarding systems; Done and ongoing. Continue into 2020.
4	Succession planning for Town Hall positions; in process.
5	Improve and organize online filing systems; in process.
6	Organize and Update Administrative Policies; Focus on in 2020.
7	Explore user friendly and low cost online utility payment systems to increase usage and reduce staff time on data entry; in process; continue into 2020.
8	Explore opportunities to maximize employee benefits and simplify employee assistance for navigating benefits programs; Done.
9	Increase outreach on municipal elections with reminders, absentee ballot option, banners, etc.; Done.
10	Update fee schedules; Done.
11	Establish Procurement and Per Diem Policies. Done.

GOAL 8:

Public Safety:

Provide effective law enforcement and emergency response preparedness.

1	Organize and facilitate one regional law enforcement training opportunity; Focus on in 2020.
2	Complete training with the Ouray County Sheriff's Office and City of Ouray Police Department to improve skills and foster good relations across the jurisdictional departments; Spillman trainings and rollout;
3	Employ cross-training within the Marshal's Department; ongoing.
4	Develop a community outreach, feedback, and education program, including outreach on leash laws and dog owner responsibilities, securing trash containers and being bear-aware, town-wide speed limits, etc.; ongoing, working on website updates
5	Update business contact information and work closely with local business; ongoing.
6	Continue trainings and education on targeted law enforcement priorities, including ongoing sexual assault and domestic violence training; ongoing; VOCA training in Fall with VA
7	Purchase battery for the radar trailer, cameras, tools and PBTs; done. Looking to purchase body cameras in 2019.
8	Monitor and improve traffic calming initiatives (town-wide speed limit of 15 mph, in-street signage, enforcement); ongoing.
9	Explore opportunities with mental health support and outreach, including the Mental Health Toolkit from CML, including collaboration with the Ridgway School District; Move to 2020. Mental Health Services back in OC and Crisis Center opening in Montrose.
10	Acquire and utilize a new integrated software system for the Marshal's Department; Done and in process.
11	Finalize and adopt Local Emergency Response Plan; Done. Need to update forms etc. - work with OC.
12	Develop policy for maintenance of trees in Town rights-of-way. In process.
13	ADD: Ouray County Hazard Mitigation Plan. In process.

GOAL 9:

Utility Infrastructure:

Institute improvements to water distribution system and wastewater system, inclusive of facility upgrades; implement municipal storm water plan; ensure sustainable enterprises.

1	Further develop and manage the water and sewer utility systems GIS database; in process.
3	Perform state-mandated requirements for cross-connection outreach, reporting and tracking; in process.
4	Develop and roll-out Grease Trap Regulations; in process, may go into 2020.
5	Clean out presedimentation ponds and explore algal growth remedies in storage reservoirs; Fall 2019.
6	Update Town Standards and Specifications for development, including new stormwater standards and specifications; in process.

7	Complete storm water management plan, including standards and specifications for new development; in process.
8	Address increasingly limited access to Ridgway Ditch & development along the Ditch, including building and septic setbacks, access to the Ditch, and general land use opportunities with Ouray County to protect the Ridgway Ditch; in process. Walk ditch in Fall 2019; Continue into 2020.
9	Work with Ouray County to monitor development that could impact water transmission lines; in process, go into 2020.
10	Flow Measurement improvements at Happy Hollow and County Road 5; evaluating HH flow and CR 5 is done.
11	Replace hydrants and valves as needed on water distribution system; move to 2020 (est. \$5k)
12	Install new meters, test water meter accuracy and investigate unaccounted for water; completed system wide leak detection and
13	Replace cabinets at water treatment plant; evaluating.
14	Backup compressor pump at water plant; Done. Replaced and need another one in 2020.
15	Replace modem at wastewater plant; TBD.
16	TV and repair wastewater main lines; TV is done for 2019. Repairs planned for Fall 2019. \$5k needed to finish in 2020.
17	Memorialize standard operating procedures for all plant operations. In process.
18	ADD: Finish Beaver Creek diversion build. Done.
19	ADD: Water Rate evaluation and public outreach. In process.
20	ADD: Flush hydrants. Winter 2019-2020.



MASTER PLAN SNAPSHOT ADOPTED JUNE 12, 2019

A SNAPSHOT OF RIDGWAY'S MASTER PLAN

After a year of community engagement, hundreds of pages of comments from community members, much consideration, and many long discussions, the Town of Ridgway Master Plan ("the Plan") was developed. Five community values and their associated goals emerged, which speak to Ridgway's identity, vision, and desired future. The full Master Plan and its appendices, including a Community Profile, can be found at www.colorado.gov/ridgway.

Role of the Plan

The Plan is an officially adopted advisory document that outlines the community's vision and goals for the next ten to twenty years, and beyond. The Plan is comprehensive in nature—addressing issues related to land use, growth and development, community character, historic preservation, economic development and tourism, parks and open space, and other topics of importance to the community. The Plan establishes goals, policies, and actions to help achieve the community's vision. It also provides a blueprint for future growth within the Town of Ridgway and its defined boundaries that is implemented through the Town's zoning and subdivision regulations and other regulatory tools. Achieving the vision and goals outlined in the Plan will not occur overnight; rather, the Plan will be implemented incrementally over time through day-to-day decision-making, and through the specific actions outlined in the Action Plan.

COMMUNITY VISION

Ridgway is a vibrant, welcoming, and community-minded small town situated in a beautiful mountain valley. We are diverse in age, background, and economic means. We share a deep connection to the outdoors, the lifelong pursuit of learning, and our railroad, ranching, and creative cultures. We are committed to being economically and ecologically sustainable.

COMMUNITY VALUES & GOALS

Achieving our vision will require us to strive to maintain certain aspects of Ridgway that the community values today, while recognizing that we will need to adapt in the face of a certain amount of growth and change over the next ten to twenty years. Our ability to adapt successfully will require a continual focus on—and balance between—five community values: healthy natural environment, sense of community and inclusivity, small town character and identity, vibrant and balanced economy, and well-managed growth.

Community Value 1

Healthy Natural Environment

From the Uncompahgre River to the Sneffels and Cimarron mountain ranges, Ridgway's incredible natural surroundings, and the recreational opportunities they provide, are one of the top reasons residents choose to live in our community. Protecting both the scenic values and ecological functions of natural areas in and surrounding Ridgway through responsible environmental practices is something the community values strongly. Ridgway must grow in a way that is attuned to its natural environment to protect these valuable resources. Ridgway residents must also be aware of the changes to our local environment that could arise as a result of climate change.

Goals:

ENV-1: Preserve, protect, and restore natural habitats, including for wildlife and ecosystems.

ENV-2: Strengthen the Uncompahgre River corridor as a community asset and environmental resource.

ENV-3: Proactively manage and protect Ridgway's water resources.

ENV-4: Advocate for the efficient use of resources and sustainable practices that work to eliminate harmful impacts to the health of the community or natural environment.

ENV-5: Maintain a healthy and resilient community forest.





Community Value 2

Sense of Community & Inclusivity

Another aspect of living in Ridgway that residents highly value is the community, its inclusivity, and its diversity. Ridgway's residents represent a range of age groups, income levels, cultures, lifestyles, and political persuasions, and describe each other as friendly, welcoming, and close-knit. Residents also value how the community comes together in times of crisis or need to help one another. This strong sense of community is also demonstrated in how engaged residents are with Town affairs. Trends like increasing housing costs and a lack of affordable childcare make it difficult for many people to live in Ridgway. Looking to the future, residents would like to see Ridgway remain a diverse and inclusive community, not one that is homogeneous and unwelcoming of "others." Residents want to avoid the kinds of changes that have occurred in other small mountain towns, such as an influx of second homeowners.

Goals:

COM-1: Maintain Ridgway as a community that is accessible to a range of income levels, ages, and households.

COM-2: Encourage a diversity of housing options that meet the needs of residents.

COM-3: Encourage citizen participation and dialogue with elected and appointed officials and town administration in order to foster broad-based representation and input for local government decisions.

COM-4: Strive to be a model for transparency, efficiency, and good governance.

COM-5: Encourage a range of health, human, youth, senior, and other community services in Ridgway.

COM-6: Support education and lifelong learning in our community.

COM-7: Provide public safety and emergency response services to engage and protect the community.

Community Value 3

Small Town Character & Identity

Although they may differ on how to define “small town character,” residents feel strongly that it’s a key part of Ridgway’s identity. This small town character is evident in the size of the community, the slower and more laid back pace of life, the unpaved streets, the surrounding ranch land and associated activities, the ability of residents to easily walk from one end of town to the other, and the many activities and businesses that are geared toward locals. Although these characteristics are common among many small towns across Colorado, Ridgway stands out from other tourism-dependent communities as a town that relies on tourism to some degree—but retains its commitment to locals and still feels very much like a “real” community. Beyond small town character, this feeling is derived from a blend of Ridgway’s historic past as a western railroad town, its ranching and agricultural community, its proximity to the mountains and outdoor recreation, and its Creatives and innovative entrepreneurs.

Goals:

CHR-1: Support vibrant, diverse, safe, and well-connected neighborhoods.

CHR-2: Protect and preserve Ridgway’s historic assets.

CHR-3: Promote Ridgway’s identity as a ranching and agricultural community and preserve the rural character of landscapes surrounding Ridgway.

CHR-4: Promote Ridgway’s identity as a creative and innovative community where creative individuals and enterprises thrive.

CHR-5: Promote a range of opportunities and spaces for community gatherings and interactions.

CHR-6: Maintain and enhance Ridgway’s gateways, entry-corridors, and scenic vistas.

CHR-7: Develop an interconnected system of parks, trails, open space, and recreational facilities that meets the needs of Ridgway’s residents and visitors.





Community Value 4

Vibrant & Balanced Economy

Ouray County's economy is largely centered on service industries oriented towards tourism, particularly industries such as food services and accommodation. While Ridgway's reliance on tourism is somewhat less than the County, it is still subject to seasonal fluctuations in business activity. These service jobs tend to pay low wages that make it even more difficult for those who work in Ridgway to live here as well. Residents expressed a strong desire to diversify the local economy and to create well-paying, full-time, year-round jobs. Through its participation in the Main Street and Creative District programs, the Town has been active in promoting community and economic development in recent years. While a number of businesses and Creatives have chosen to base their operations in Ridgway for quality of life reasons, many employers struggle to hire qualified employees, find space as they grow, market their creations, and face other challenges. Larger shifts in the national economy towards telecommuting mean that workers no longer need to physically commute to an office. With fast internet speed, residents will increasingly be able to pursue job opportunities and careers in industries not currently located in Ridgway. Alternatively, home-based entrepreneurs will be able to access customers or clients located around the globe.

Goals:

ECO-1: Create a vibrant, diverse, and sustainable year-round local economy that reflects Ridgway's social fabric, values, and character.

ECO-2: Support the retention and expansion of local businesses.

ECO-3: Balance the need to preserve the quality of life for residents with business needs.

Community Value 5

Well-Managed Growth

Based on projections in the Community Profile, Ridgway is expected to add between 150 and 700 new residents by 2050. In addition, growth in the surrounding region—which includes Ouray, Montrose, and San Miguel counties—will continue to have direct and indirect impacts on Ridgway’s housing, transportation system, environment, and quality of life. Growth limitations in the City of Ouray and Ouray County will further amplify growth pressures on the Town of Ridgway. Uncertainty regarding the extent of and potential impacts of future growth are of critical concern to the community. However, Ridgway has the ability through its policies and regulations, intergovernmental agreements, and other tools to help inform where and how growth will occur in the future, the types of growth the community would like to see, and guide the character and form of future development.

Goals:

GR0-1: Manage growth and development in order to maintain Ridgway’s small town character, support a diverse community, and create employment opportunities.

GR0-2: Ensure public infrastructure, utilities, facilities, and services are sufficient to meet the needs of residents and businesses as the town grows.

GR0-3: Proactively mitigate natural and human-made hazards.

GR0-4: Develop a safe and efficient multi-modal transportation system, balancing the needs of all users.

GR0-5: Utilize Ridgway’s parking resources effectively.



GROWTH FRAMEWORK

Key Objectives

Key objectives for the Growth Framework (Part IV of the Master Plan) are to:

- Encourage infill and redevelopment within the Town's existing limits and where infrastructure and services already exist;
- Grow in an orderly, logical and sequential pattern outward from the existing Town core;
- Accommodate diverse housing options;
- Support sustainable development practices;
- Plan for a balanced mix of uses that allows more residents the ability to live and work in Ridgway; and
- Protect the natural resources and visual qualities that make Ridgway unique.

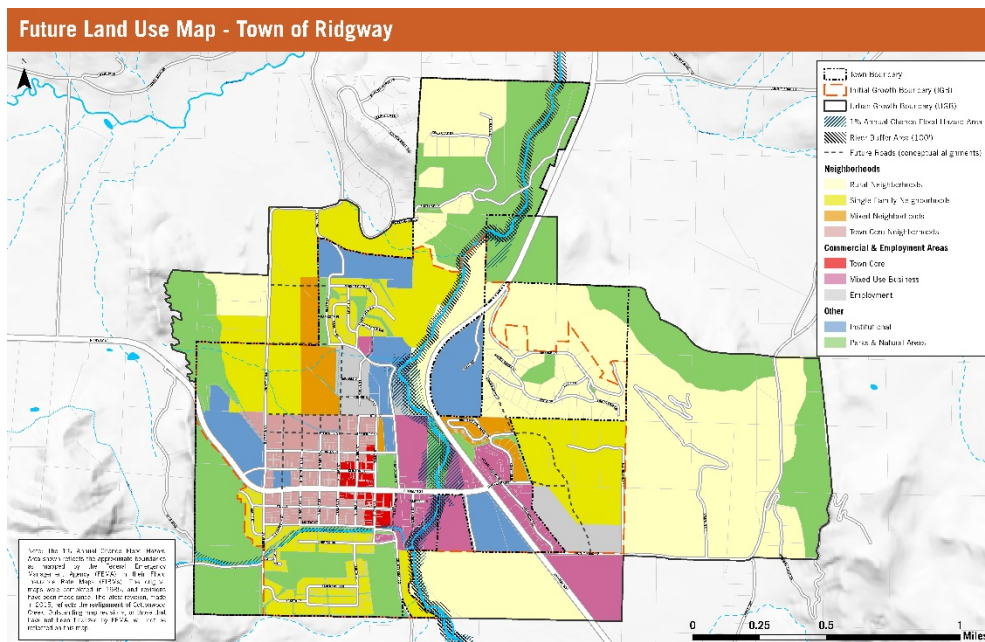
The Growth Framework of the Master Plan should be used in conjunction with the goals and policies contained in the Goals and Policies to evaluate all growth-related decisions.

Future Land Use Plan

The Future Land Use Plan is a tool to guide the type, intensity, and location of future development within the Town and its various growth boundaries. It will be applied through day-to-day decision-making as a means to help implement a shared vision for the physical growth of the Town and portions of Ouray County. The Future Land Use Plan is intended to be used by Town staff, the Planning Commission, and the Town Council to:

- Help guide future rezoning and annexation requests;
- Inform future updates to existing zoning districts and development standards;
- Track the Town's overall capacity for future development;
- Inform infrastructure and facility planning; and
- Ensure future development is supportive of the community's vision.

The Future Land Use Plan is comprised of a map and the associated land use categories detailed in the Plan document.



The full Master Plan document is available at:
www.colorado.gov/ridgway.



Master Plan Action Item Tracker - Ongoing and Short-Term Action Items Only

Action Number	Action Item	Responsibility-Lead	Responsibility-Partners	Timing
ENV-1a	Expand and maintain the Town's collection of GIS data related to the natural environment and wildlife, including habitat and migration corridors.	Community Development	Colorado Parks and Wildlife, Colorado Natural Heritage Program	Short-term
ENV-1b	Prioritize the conservation and preservation of community valued natural resources such as environmentally sensitive areas, view and wildlife corridors, riparian areas and wetlands, river corridor, natural filtration and storm water drainage areas.	Community Development	Public Works, Ouray County, Colorado Parks and Wildlife, Community Partners	Ongoing
ENV-1c	Work with Land Trust organizations and other partners to identify opportunities for land preservation.	Community Development	Ouray County, Land Trusts, private property owners	Ongoing
ENV-1d	Continue noxious weed management that balances the community's desires with available Town resources.	Public Works	Ouray County, Uncompahgre Watershed Partnership	Ongoing
ENV-2b	Continue to acquire property or easements along the Uncompahgre River using, among other strategies: 1)Fee simple purchases 2)Options to buy or rights of first refusal; 3)Land exchanges 4)Donations; 5)Dedications 6)Partnerships with land trusts.	Administration	Public Works, Town Council, private property owners	Ongoing
ENV-3a	Complete water supply analysis to better understand available water resources. Pursue identified priority opportunities.	Administration	Public Works	Short-term
ENV-3b	Work with Ouray County to regulate uses or activities allowed within or adjacent to the Town's Source Water Protection Area to reduce the risk of pollution or other contaminants entering the Town's water supply and ensure the Town has access as needed.	Community Development	Public Works, Ouray County, US Forest Service, private property owners	Short-term

ENV-3c	Update the Town's landscaping regulations to require low water usage landscaping or xeriscaping.	Community Development	Public Works, Planning Commission	Short-term
ENV-3d	Create and implement a master stormwater plan for the entire Town. Codify and or create standards and specifications for stormwater mitigation requirements for new development.	Public Works	Private Property Owners, Developers	Short-term
ENV-3e	Research and explore water conservation opportunities in follow up to the 2018 adoption of the Water Management and Conservation Plan and water rate increases. Codify regulations as appropriate.	Public Works		Short-term
ENV-3f	Update regulations for shared utility taps and shared water meters.	Public Works		Short-term
ENV-3g	Develop and roll out regulations to require and maintain grease traps to prevent sewer backups and facilitate the water treatment process.	Public Works	Community Development	Short-term
ENV-3j	Improve water quality by incorporating functional green infrastructure into the Town's stormwater drainage system where practical.	Public Works		Ongoing
ENV-3k	Monitor the use of the Town's water resources and regularly report usage statistics to the public. Reports should compare usage/demand to available supplies.	Public Works	Clerk's Office	Ongoing
ENV-3l	Regularly review the Town's water rate structure to ensure rates promote water conservation.	Public Works	Administration, Town Council	Ongoing
ENV-4a	Update building codes and conduct outreach to the development community.	Community Development	Planning Commission, community stakeholders	Short-term
ENV-4b	Share radon mitigation information with the building community by disseminating information via training and electronic media.	Community Development	Builders, Designers	Short-term

ENV-4e	Support regional efforts to reduce greenhouse gas emissions and regional sustainability.	Public Works	Community Development, regional and local governments, SMPA, Sneffels Energy	Ongoing
ENV-4f	Continue to protect our dark skies as a valuable community resource.	Community Development	Planning Commission, Community Partners	Ongoing
ENV-5a	Work to create a sustainable and reliable water supply in Cottonwood Creek.	Public Works		Short-term
ENV-5b	Consider a tree ordinance that addresses the management, maintenance, protection, and/or replacement of trees.	Public Works	Parks, Trails and Open Space Committee	Short-term
ENV-5c	Continue to implement Ridgway's Community Forest Management Plan. Update the plan as needed.	Public Works	Parks, Trails and Open Space Committee, Community Development, Colorado State University Forest Service	Ongoing
ENV-5d	Support the Parks, Trails and Open Space Committee in their efforts toward monitoring and protecting Ridgway's community forest.	Public Works		Ongoing
COM-1a	Continue to plan, design, and construct Ridgway Space to Create to provide long-term affordable and workforce housing in Ridgway's downtown, in conjunction with State, regional, and local entities.	Administration, Community Development	Space to Create Colorado, ArtSpace, DOLA, Town Council, regional partners	Short-term
COM-1b	Update Planned Unit Development Regulations to require community benefits—such as, but not limited to— the dedication of a portion of planned units to affordable or workforce housing.	Community Development	Planning Commission, Town Council, private property owners, developers	Short-term

COM-1c	Update the Ridgway Municipal Code to promote housing affordability (i.e.: reducing lot size requirements, increasing allowed densities, and reducing parking requirements).	Community Development	Planning Commission	Short-term
COM-1d	Develop and consider adopting a policy on deed restriction language for affordable units.	Community Development	Planning Commission	Short-term
COM-1e	Explore and pursue a variety of mechanisms to help fund affordable housing, including but not limited to: residential and commercial linkage policies that require paying a fee, constructing units, or other contributions to housing affordability for new development; real estate transfer tax (RETT);[1] use tax; lodging and occupancy taxes; dedication of a portion of marijuana tax revenue; and/or a potential mill levy.	Administration	Community Development, Town Council, City of Ouray, Ouray County	Short-term
COM-1i	Track the location of deed restricted and other workforce housing in the community, including any units that are income restricted and their affordability expiration date. When units are set to expire, implement partnerships with the non-profit and private sectors to preserve the affordability of the unit.	Community Development	Administration, Town Council, Community Partners	Ongoing
COM-1j	Apply for state funds and make residents aware of affordable housing resources, including but not limited to the State of Colorado Division of Housing and Community Development Block Grant Rehabilitation and Down-Payment Assistance programs through the Delta Housing Authority. [2]	Community Development	Regional Housing Authorities, Ouray County	Ongoing

COM-1k	Collaborate with other jurisdictions in the region to inform state leadership (legislators and governor) of the significantly limited resources in the region and the need to develop state-level legislative solutions, such as removing existing restrictions on the use of real estate transfer tax (RETT) and/or removing rent control restrictions in state statute and funding a state trust fund.	Administration	Town Council, Ouray County, City of Ouray, Region 10	Ongoing
COM-1l	Communicate the challenges, opportunities, and efforts regarding affordable and workforce housing in a positive and consistent manner.	Community Development	Town Council, Planning Commission, all Town Departments, Community Partners	Ongoing
COM-1m	Continue to collaborate with Ouray County and the City of Ouray on affordable housing, including establishing a goal for the creation of affordable housing units in the next 10 years.	Town Council	Community Development, City of Ouray, Ouray County	Ongoing
COM-2a	Review and update the Town's zoning regulations as necessary to ensure desired housing types are defined and allowed in locations designated for residential uses by the Land Use Plan.	Community Development	Planning Commission	Short-term
COM-2b	Review and update the Town's subdivision standards and PUD regulations to encourage/incentivize a mix of housing types in new neighborhoods and establish formal criteria for community benefits, such as affordable or workforce housing.	Community Development	Planning Commission	Short-term
COM-2c	Study recent innovations in modular home and small home construction and revise land use and building codes to allow in appropriate locations.	Community Development	Planning Commission, Community Partners	Short-term
COM-2e	Collaborate with regional partners to develop affordable housing units such as Habitat for Humanity of the San Juans.	Community Development	Habitat for Humanity of the San Juans, Ouray County, Ridgway School District	Ongoing

COM-3a	Increase outreach on municipal elections with reminders, absentee ballot option, banners, among other efforts.	Clerk's Office	Town Council	Ongoing
COM-3b	Expand community outreach and information sharing efforts.	Clerk's Office	Town Council	Ongoing
COM-4a	Expand efforts on official record and electronic file organization.	Clerk's Office	All Departments	Short-term
COM-4b	Acquire and utilize a new integrated software system for the Marshal's Office.	Marshal's Office		Short-term
COM-4e	Include a progress report detailing implementation of the Master Plan as part of the annual strategic planning, capital improvement planning and budgeting process.	Administration	All Town Departments	Ongoing
COM-4f	Continue to provide opportunities for residents to participate and provide feedback during applicable study and planning processes.	All Departments		Ongoing
COM-4g	Periodically review and update fee schedules for all of Town services, applications, fees, etc.	Administration	All Departments	Ongoing
COM-4h	Continue to evaluate and prioritize the annual Capital Outlay and the 5- and 10-year Capital Improvements Plan as part of the yearly budgeting process.	Administration	Town Council, All Departments	Ongoing
COM-5c	Explore opportunities for mental health support and outreach.	Marshal's Office, Ridgway School District, Ouray County		Ongoing

COM-6a	Develop a “Local Government 101” presentation or series of presentations which introduce residents to the basic functions, services, and responsibilities of the Town of Ridgway and inspire participation in local government, particularly among those who might be interested in running for Town Council or joining a Town board or commission.	Clerk’s Office	All Town Departments	Short-term
COM-7a	Develop a set of metrics for the Marshal’s Office, including call response times, to help track performance over time, and to understand when additional deputies or other staff may be needed to meet the needs of Ridgway as the community grows.	Marshal’s Office	Administration, Clerk’s Office	Short-term
COM-7b	Monitor and improve traffic calming initiatives.	Marshal’s Office		Short-term
COM-7c	Develop and maintain a local emergency response and management plan, as well as a plan for the continuation of government operations during and following an emergency event.	Administration	All Departments, Ouray County, City of Ouray, Ridgway School District, Community Partners	Short-term
COM-7e	Engage the community in identifying solutions for community identified public safety issues such as traffic, parking, bears, leashes, puffing, etc.	Marshal’s Office	Town Council	Ongoing
COM-7f	Continue to participate, organize, and/or facilitate regional law enforcement trainings.	Marshal’s Office		Ongoing
CHR-1a	Consider updating the Single Family Home Design Standards for residential infill and redevelopment to protect the character of these areas.	Community Development	Planning Commission, Ouray County Historical Society	Short-term
CHR-1d	Address gaps or missing links in the town’s bicycle and pedestrian network.	Public Works	Community Development	Ongoing

CHR-3a	Revise subdivision regulations and/or PUD regulations to encourage the retention of agricultural land or the incorporation of small-scale urban agriculture as community benefits where appropriate or desirable.	Community Development	Planning Commission, Ouray County Right to Farm Board	Short-term
CHR-3b	Provide information to residents and visitors about ranching activities that periodically occur in and around Town, such as cattle drives, and how they can safely view such activities without creating hindrances to ranchers.	Clerk's Office	Ouray County Right to Farm Board, Ouray County Ranch History Museum	Short-term
CHR-3c	Continue to honor our ranching heritage through the Creative District Program.	Community Development	Community partners	Ongoing
CHR-3d	Continue to support events and activities such as the Ouray County Fair and Rodeo, 4-H programs, Skijoring competitions, and others that celebrate and help educate and inspire others about Ridgway's ranching heritage.	All Town Departments	Community partners	Ongoing
CHR-3e	Maintain IGA with the County to continue to protect surrounding rural lands.	Community Development	Planning Commission, Ouray County	Ongoing
CHR-3f	Continue to collaborate with neighboring ranching and agricultural operations to facilitate their interface with the town.	Community Development	Planning Commission, Ouray County, Community partners	Ongoing
CHR-3g	Consider annexing land for conservation and/or recreational purposes, should the opportunity arise.	Administration	Community Development	Ongoing
CHR-4a	Continue to engage in creative placemaking that increases the vibrancy and quality of life for residents and visitors to town.	Community Development	Public Works, PARC	Short-term

CHR-4b	Continue to plan, design, and construct and activate spaces within the Ridgway Space to Create development that support Ridgway's creative individuals and enterprises.	Administration, Community Development	Space to Create, ArtSpace, DOLA, Town Council, regional partners	Short-term
CHR-4d	Generate promotional pieces that communicate the Ridgway Creative District's and Main Street Program's value to the community, objectives, and invite potential partnerships and collaboration.	Community Development	Creative community, businesses, Ridgway Area Chamber of Commerce	Ongoing
CHR-4e	Cultivate activities with Creative District partners and collaborators that benefit the creative sector, encourage innovation, and increase the vitality of the community and economy.	Community Development	RCD partners and collaborators	Ongoing
CHR-4f	Continue to strengthen communication between the Creative District, the community, and District collaborators about the purposes and activities of the Creative District and the evolving priorities of the community for the District.	Community Development	Creative District partners and collaborators	Ongoing
CHR-4g	Take the lead on RCD and Main Street initiatives until such time as organizational capacity builds and other nonprofits can take on responsibility and budgeting for these initiatives.	Community Development		Ongoing
CHR-5	Promote a range of opportunities and spaces for community gatherings and interactions.	This goal will be implemented through the application of accompanying policies.	This goal will be implemented through the application of accompanying policies.	This goal will be implemented through the application of accompanying policies.
CHR-6a	Develop a gateway concept plan for Heritage Park, to address gaps left by departure of Railroad Museum assets, including funding options, and implementation phases.	Community Development	Ridgway Area Chamber of Commerce, CO Main Street/DOLA, CO Tourism Office, Community partners	Short-term

CHR-7a	Work with local, regional, state, and federal partners to promote recreational amenities within the Town and throughout Ouray County, including the collaborative development of outreach materials and mapping.	Public Works	Community Development, Ouray County, City of Ouray, Chamber of Commerce	Short-term
CHR-7b	Identify and work to address needed trail linkages and recreation paths that would expand access to existing and future parks, open spaces, public facilities and schools within the Town.	Public Works	Community Development	Short-term
CHR-7c	Continue to work with the community to develop the Green Street Park plan, including the community garden.	Public Works	Ridgway Community Garden, Parks, Trail and Open Space Committee	Short-term
CHR-7d	Improve trails in Cottonwood Park.	Public Works		Short-term
CHR-7e	Replace picnic tables town-wide in parks.	Public Works		Short-term
CHR-7f	Create multi-purpose tennis and pickleball courts in the Athletic Park.	Public Works	Ridgway Pickleball Club	Short-term
CHR-7l	Provide continuing education and training of parks staff to assess and care for existing flora and trees in public parks for health and longevity, and plant new flora and trees accordingly to ensure long-term growth and healthy canopies.	Public Works		Ongoing
CHR-7m	Continue to pursue outside funding, including grant opportunities, to supplement efforts for the acquisition, development, and maintenance of desired parks and recreation facilities and amenities.	Administration	Public Works	Ongoing
ECO-1a	Update zoning regulations to support the implementation of broadband access in all new developments.	Community Development	Planning Commission	Short-term

ECO-1d	Encourage entrepreneurial and learning opportunities for creative individuals and businesses so that they can economically thrive and continue to live in town.	Community Development	OEDIT/CCI, Small Business Development Center	Ongoing
ECO-1e	Continue to improve a system to track the impact of Creative District and Main Street programs on town-wide revenues.	Clerk's Office	Community Development	Ongoing
ECO-1f	Continue to collaborate with Region 10 on its Broadband Project on efforts to provide affordable access to broadband, including completion and management of a Carrier Neutral Location in Town and key linkage to anchor institutions. Encourage providers to complete last mile infrastructure.	Public Works	Administration, ClearNetworx, Deeply-Digital	Ongoing
ECO-2a	Continue to assess the value of establishing a system for business licensing to better track business retention, transitions, and closures, implementing this as indicated.	Community Development	Clerk's Office, Chamber of Commerce, Businesses	Short-term
ECO-2b	Strengthen the Town zoning code to support industrial and commercial uses in appropriate zones.	Community Development	Planning Commission	Short-term
ECO-2d	Engage local businesses and employers to better understand and respond to local economic conditions, space needs, or similar issues.	Community Development	Chamber of Commerce	Ongoing
ECO-3b	Identify gaps in the local economy envisioned to meet the needs of local residents.	Community Development	Chamber of Commerce	Ongoing
ECO-3c	Incorporate creative and innovative approaches to community improvements to engage visitors in a way that also meets the needs of the community.	Community Development	Chamber of Commerce	Ongoing

GRO-1a	Update the Town's zoning code and map, as needed, to align with the Master Plan.	Community Development	Planning Commission, Town Council	Short-term
GRO-1b	Evaluate the desirability of creating an incentive system whereby developers and property owners are given density, height, or other bonuses in exchange for community benefits, such as affordable housing. Codify the incentive system if found desirable.	Community Development	Planning Commission, Town Council	Short-term
GRO-1e	In collaboration with Ouray County, periodically review and update, as needed, the Town's IGA with the County to ensure it supports the vision and goals of this Master Plan.	Community Development	Town Council, Ouray County	Ongoing
GRO-1f	Continue to monitor development activity and trends in Ridgway to evaluate how well new growth is meeting the community's vision as set forth in this Master Plan. Consider amendments to the Master Plan or the addition of new implementation actions if needed.	Community Development	Clerk's Office	Ongoing
GRO-1g	Track the location and uses allowed on vacant parcels in the community to ensure Ridgway maintains a land supply adequate to meet its future housing, employment, and commercial needs.	Community Development		Ongoing
GRO-2a	Develop operational plans for all infrastructure systems in Ridgway detailing the Town's intended approach to maintenance, operation, and expansion of systems and facilities over time.	Public Works		Short-term
GRO-2b	Review and update the Town code's regulations regarding adequate water supply for new development.	Public Works	Community Development	Short-term
GRO-2c	Develop and maintain the water and sewer utility systems GIS database.	Public Works		Short-term

GRO-2d	Pursue IGAs with other local districts or agencies as may be appropriate to assure that new development does not burden their service delivery capacities or place additional costs on existing residents.	Public Works	Administration	Ongoing
GRO-2e	Pursue potential funding/revenue sources to support the incremental expansion of the Town's Water and Wastewater System.	Public Works	Administration	Ongoing
GRO-2f	Regularly monitor existing infrastructure and ensure that improvements needed to maintain Town systems are appropriately conveyed, budgeted and completed. Establish regulations as needed to protect town infrastructure.	Public Works	Community Development	Ongoing
GRO-2g	Monitor available infrastructure capacity in the context of growth trends, particularly at the Town's water and wastewater treatment facilities, to understand how much residential and non-residential development could be accommodated and when upgrades might be needed.	Public Works	Community Development	Ongoing
GRO-3a	Identify and secure a secondary interconnection for any interruption in the Town's water supply.	Administration		Short-term
GRO-3d	Maintain a contingency plan in case of an emergency that threatens or disrupts the community water supply.	Administration	Public Works	Ongoing
GRO-3e	Continue to evaluate Town infrastructure and critical facilities to determine what values are at risk from hazards. Identify opportunities to introduce redundancies into infrastructure systems.	Public Works	San Miguel Power Association, Ouray County, CDOT, Black Hills Energy	Ongoing
GRO-3f	Work with FEMA and Ouray County to maintain up-to-date maps of the 100-year floodplain and floodway along all waterways flowing through Ridgway.	Administration	Community Development, FEMA, Ouray County	Ongoing

GRO-4a	Update Town specifications and engineering standards to incorporate ADA guidelines and standards for the design of sidewalks and other pedestrian facilities.	Public Works		Short-term
GRO-4b	Establish pedestrian trail connections along Railroad Street to the south of Highway 62 in a manner that will connect Regional Athletic Park with the center of Town.	Public Works	Ouray County, Community Partners	Short-term
GRO-4h	Continue to work with state and regional partners to explore the feasibility of expanding the frequency of regional transit service and potentially establishing localized shuttles between Ridgway, Telluride, Montrose, Ouray, and points beyond. Also work to develop a park and ride facility in Ridgway.	Public Works	Community Development, CDOT, Regional Partners	Ongoing
GRO-4i	Monitor and implement specific road improvement projects and control measures, including striping, bulb-outs, walk signals, and other improvements which enhance traffic flow and pedestrian and bicyclists safety.	Public Works	Partners: Community Development, Marshal's Office	Ongoing
GRO-4j	Reevaluate street classification, such as arterial, collector and local streets, as development occurs. Maintain appropriate design standards and traffic speeds accordingly.	Public Works	CDOT, Community Development	Ongoing
GRO-4k	Explore the feasibility of alternatives to the current stoplight at Highway 550 and Highway 62 to improve pedestrian and bicycle connectivity and safety and enhance the character of the community gateway.	Public Works	CDOT, Community Development	Ongoing

GRO-5a	Educate downtown employees about the best places to park in order to free up nearby customer parking and implement other education recommendations per 2018 Parking Assessment recommendations.	Community Development	Local Businesses, Ridgway Area Chamber of Commerce	Short-term
GRO-5b	Prioritize and implement event parking recommendations from the 2018 Parking Assessment.	Clerk's Office	Community Partners	Short-term
GRO-5h	Periodically update the 2018 Parking Assessment, or applicable sections to analyze how parking resources are meeting demand.	Community Development		Ongoing

Fund	Fund Sub-Category	Project Description	Total	Budget Line Item	Lodging Tax Eligible?	.6% CIP Funds (Yes/No)	Outlay or Project?	Timeline
			Estimated Cost (\$)					
General Fund	Parks, Trails and Urban Forest Management	Townwide - Parks and Trails Map Update	\$10,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Hartwell Park - Expand Restroom Facility	\$150,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Hartwell Park - Re-roof Pavilion (\$16,000) and replace any necessary beams, remove trees impacting structure	\$75,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Hartwell Park - Water bottle filling station(s)	\$10,000				Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Dog Park	\$25,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - Pavilion: concession stand, seating, storage shed, etc.	\$400,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - improve drainage on n/s irrigation ditch, on west side of the park	\$15,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Dennis Weaver Memorial Park - Vault Restroom Facility	\$120,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	RiverWay Trail - Regional Partnership to build Unc River Trail Montrose to Ouray	\$60,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	River Corridor Master Plan: Rollans Park + DWMP + Town River Corridor	\$70,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Rollans Park - Restoration Project: In-Stream Improvements	\$400,000			Yes	Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Gateway Signage	\$120,000	CP1701			Project	5-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - 3rd soccer field and drainage	\$150,000			Yes	Project	10-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - groundwater management	\$100,000			Yes	Project	10-Year CIP
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - tot lot	\$25,000			Yes	Project	10-Year CIP

General Fund	Parks, Trails and Urban Forest Management	Athletic Park - sand volleyball court	\$16,000	Yes	Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Athletic Park - renovation of and new baseball field	\$150,000	Yes	Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Rollans Park - Acquire Trail Easement (north to Unc River Trail)	\$300,000		Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Dennis Weaver Memorial Park - Gazebo	\$75,000		Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Heritage Park - Landscaping at Visitor's Center, Gazebo, Bike Shelter	\$97,750		Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Heritage Park - Solar Array and EV Parking Stations	\$69,000		Project	10-Year CIP		
	Parks, Trails and Urban Forest Management	Heritage Park - 2019 full plan implementation with Visitor's Center improvements	\$750,000		Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Implementation of River Corridor Plan (North / South Corridor)	\$500,000		Project	10-Year CIP		
General Fund	Parks, Trails and Urban Forest Management	Green Street Park - Completion of Green Street Park Plan Improvements	\$2,000,000		Project	10-Year CIP		
General Fund	Streets and Stormwater	Drainage improvements at Market/Lupita alley south of Highway 62	\$40,000	663G02	No	Yes	Project	Current
General Fund	Streets and Stormwater	Chip Seal/ Hard-surface Amelia Street, CR5 to HWY62 - chip seal/asphalt (\$160,000)	\$160,000				Project	5-Year CIP
	Streets and Stormwater	Chip Seal/ Hard-surface N Cora St and Charles, alley to alley through intersection	\$45,000				Project	5-Year CIP
	Streets and Stormwater	Chip Seal/ Hard-surface chipeta /sabeta					Project	5-Year CIP
General Fund	Streets and Stormwater	Drainage Improvements - Hyde from Amelia to Elizabeth					Project	5-Year CIP
		Drainage Improvements - Amelia from SH62 north	\$150,000				Project	5-Year CIP
		Drainage Improvements - Charles St drainage east of Lena to RR St	\$150,000				Project	5-Year CIP
General Fund	Streets and Stormwater	Secure Long-Term Gravel Resources	\$100,000				Project	5-Year CIP
General Fund	Streets and Stormwater	Public Parking Lot Expansion (2 at North Library)	\$155,000				Project	5-Year CIP

General Fund	Streets and Stormwater	Install Priority Sidewalks: 1) west side of Amelia, Clinton to Charles (\$400,000), 2) Clinton, Laura to Amelia to School (\$350,000)	\$750,000		Project	5-Year CIP
General Fund	Streets and Stormwater	Construct Lena Street (Otto to Charles)	\$645,000		Project	5-Year CIP
General Fund	Streets and Stormwater	Acquisition of South Railroad Street			Project	5-Year CIP
General Fund	Streets and Stormwater	Asphalt overlay maintenance			Outlay	5-Year CIP
General Fund	Streets and Stormwater	Chip Sealing/ Hard-surfacing Town Streets	\$8,252,258		Project	10-Year CIP
General Fund	Streets and Stormwater	Improve Park-n-Ride Lot at Fairgrounds; Improve drainage	\$69,000		Project	10-Year CIP
General Fund	Streets and Stormwater	Storm Drains (Hyde, Mary to Charles and SMPA)	\$150,000		Project	10-Year CIP
General Fund	Streets and Stormwater	Town-wide storm water drainage improvements	\$1,500,000		Project	10-Year CIP
General Fund	Streets and Stormwater	Install Sidewalks throughout Town	\$1,500,000		Project	10-Year CIP
General Fund	Streets and Stormwater	Transition to more efficient, architectural street lighting	\$195,000		Project	10-Year CIP
		Town Hall + Comm Center Improvements - Includes: secure AC/replace with mini-split in Marshal's office, create conference/project layout space, Marshal's office secondary heating element, install additional circuits and run conduit for the circuits, trouble shoot floor heat/rezone areas/add AC, add AC/mini-spilt to storage/server room, create storage area for tables and equipt. in community room, reorg front office/add shelves in Town Clerk's office/new shelves in vault; air lock/vestibule at RR St community room entry, vestibule at main entry/air lock/reorient door				
General Fund	Buildings and Facilities	vestibule at main entry/air lock/reorient door	\$238,000	Yes	Project	5-Year CIP
General Fund	Buildings and Facilities	Offsite storage for marshal's office, clerk's office	\$23,000		Project	5-Year CIP
General Fund	Buildings and Facilities	New / Expanded Public Works Facility	\$400,000		Project	10-Year CIP
General Fund	Buildings and Facilities	Public Works Indoor Vehicle Storage	\$92,000		Project	10-Year CIP
General Fund	Buildings and Facilities	Public Works Shop Vehicle Exhaust Ventilation & Gen Ventilation	\$39,000		Project	10-Year CIP
General Fund	Buildings and Facilities	New/additional community room			Project	10-Year CIP
General Fund	Buildings and Facilities	Town Hall expansion			Project	10+

General Fund	Heavy Equipment and Vehicles	Front End Loader	\$150,000		Outlay	5-Year CIP
General Fund	Heavy Equipment and Vehicles	Mini Excavator w/rubber tracks	\$65,000		Outlay	5-Year CIP
General Fund	Heavy Equipment and Vehicles	Pneumatic Compactor Roller	\$80,000		Outlay	5-Year CIP
General Fund	Heavy Equipment and Vehicles	Water Truck replacement	\$50,000		Outlay	5-Year CIP
General Fund	Heavy Equipment and Vehicles	Street sweeper (purchase)	\$230,000		Outlay	10-Year CIP
General Fund	Heavy Equipment and Vehicles	Backhoe replacement	\$100,000		Outlay	10-Year CIP
General Fund	Heavy Equipment and Vehicles	Motor Grader	\$125,000		Outlay	10-Year CIP
General Fund	Heavy Equipment and Vehicles	Public Works - 1 Ton Truck Replacement	\$35,000		Outlay	10-Year CIP
General Fund	Heavy Equipment and Vehicles	Public Works - 1/2 Ton Truck Replacement	\$30,000		Outlay	10-Year CIP
General Fund	Heavy Equipment and Vehicles	Vacuum Truck 8" (split 3 funds); small unit at \$220,000 total	\$73,333		Outlay	10-Year CIP
General Fund	Operating Equipment and Supplies	IT: computer and server replacements (split 3 funds)	\$22,500		Outlay	Current
General Fund	Operating Equipment and Supplies	Steam and Weed/ Hotsie	\$20,000		Outlay	5-Year CIP
General Fund	Operating Equipment and Supplies	Comm Dev Software (building, permitting, land use) - annual fee \$7500	\$13,500		Outlay	10-Year CIP
General Fund	Operating Equipment and Supplies	Large Format Scanner and Plotter	\$18,000		Outlay	10-Year CIP
General Fund	Personnel, Staffing and Contracted Services	Master Plan Implementation	\$20,000	514G00	No	Project Current
General Fund	Personnel, Staffing and Contracted Services	Assistant Planner	\$20,000	519G00	No	Current
General Fund	Personnel, Staffing and Contracted Services	Land Use Inspections	\$10,000	519G00	No	Outlay Current

General Fund	Personnel, Staffing and Contracted Services	PW transition part time to full time staff - split 3 funds				Current
General Fund	Personnel, Staffing and Contracted Services	Scanning and Electronic File Management Plan (digitize Town Hall records)	\$17,250		Project	5-Year CIP
General Fund	Personnel, Staffing and Contracted Services	Ouray County Housing Authority Staff Person (shared)	\$23,000			5-Year CIP
General Fund	Personnel, Staffing and Contracted Services	PT Animal Control Officer (shared position with Ouray County)	\$15,000			5-Year CIP
General Fund	Community and Economic Development	Region 10 Broadband Initiative - Anchor Build	\$120,000	5075G01	Yes	Project
General Fund	Community and Economic Development	Space to Create Initiative	\$650,000	CP1700	Yes	Project
General Fund	Community and Economic Development	Signage and Wayfinding	\$75,000	533G00		Project
General Fund	Community and Economic Development	Expand middle mile fiber network through rest of Town				Project
General Fund	Law Enforcement	Spillman Software w/ Communications Equipment	\$60,000			Project
General Fund	Law Enforcement	Vehicle Replacement	\$35,000			Outlay
General Fund	Law Enforcement	Additional staffing: FT deputy	\$75,000			Outlay
	Law Enforcement	Vehicle Replacement	\$35,000			Outlay
General Fund	Law Enforcement	State online court management system	\$7,500			Project
Water Enterprise Fund		Backup generator for Water Plant	\$75,000	931W00		Project
Water Enterprise Fund		Geotechnical Consulting	\$30,000	914W00		Outlay
Water Enterprise Fund		Water Supply Analysis	\$40,000	914W00		Project
Water Enterprise Fund		Water System Interconnection	\$58,000	931W00		Project
Water Enterprise Fund		Water Meter Testing and Accuracy	\$10,000	931W00		Project
Water Enterprise Fund		Water Meter at Water Tanks	\$10,000	931W00		Project
Water Enterprise Fund		Surge and lightning protection	\$7,500			Project
Water Enterprise Fund		Flow measurement improvements at Happy Hollow	\$5,000			Outlay
Water Enterprise Fund		Lena Street Water Main Replacement - Otto to Charles				Project
Water Enterprise Fund		Extend water main on Charlotte	\$2,000			Outlay
Water Enterprise Fund		Backup compressor pump for water plant	\$5,000			Outlay
Water Enterprise Fund		Dryer for larger compressor pump	\$5,000			Outlay

Water Enterprise Fund	IT: Computer and Server Replacements (split 3 funds)	\$11,250	Outlay	5-Year CIP
Water Enterprise Fund	3rd Filter Train for Water Treatment	\$500,000	Project	5-Year CIP
Water Enterprise Fund	Water Utility Augmentation: increase reliable water supply	\$750,000	Project	5-Year CIP
Water Enterprise Fund	Water Modules for Treatment Plant - Q7-8 yrs	\$80,000	Outlay	5-Year CIP
Water Enterprise Fund	Water Conservation Plan / Basin Protection Implementation	\$25,000	Project	5-Year CIP
Water Enterprise Fund	Fencing for Water Treatment Plant	\$30,000	Project	5-Year CIP
Water Enterprise Fund	Video Inspection Transmission Lines	\$57,500	Outlay	5-Year CIP
Water Enterprise Fund	Water plant controls upgrade	\$25,000	Project	5-Year CIP
Water Enterprise Fund	Extend water mains downtown as needed	\$135,000	Project	5-Year CIP
Water Enterprise Fund	2nd River Crossing	\$100,000	Project	5-Year CIP
Water Enterprise Fund	Increase storage east of the Uncompahgre River	\$750,000	Project	5-Year CIP
Water Enterprise Fund	Lake O - investigate potential seepage and evaporation, and formulate plan to address it	\$50,000	Outlay	5-Year CIP
Water Enterprise Fund	Gauge / Diversion improvements		Outlay	5-Year CIP
Water Enterprise Fund	IT: Computer and software upgrades at Treatment Plant	\$9,000	Outlay	5-Year CIP
Water Enterprise Fund	Presed ponds: modify piping to provide for bypass of lake o water to the raw water distribution system and Happy Hollow water direct to treatment plant	\$10,000	Outlay	5-Year CIP
Water Enterprise Fund	Determine if the lease option is the best for generating CIO2	\$5,000	Outlay	5-Year CIP
Water Enterprise Fund	Determine if CIO2 is the best option for taste, odor, color control	\$5,000	Outlay	5-Year CIP
Water Enterprise Fund	Thorough inspection of roof and I beams for older water tank	\$10,000	Outlay	5-Year CIP
Water Enterprise Fund	Relocate customers in the main pressure zone with very low pressure in the upper pressure zone	\$50,000	Project	5-Year CIP
Water Enterprise Fund	Inspect tanks for corrosion and address as needed	\$10,000	Outlay	5-Year CIP
Water Enterprise Fund	Hydrant and valve replacement (in saline areas) as needed	\$15,000	Outlay	5-Year CIP

Water Enterprise Fund	Meter replacement as needed, consider "smart" meters for high users	\$150,000	Outlay	5-Year CIP
Water Enterprise Fund	Address ball valve issues, as needed	\$20,000	Outlay	5-Year CIP
Water Enterprise Fund	Water Storage Tank Painting (will be needed around 2029)	\$300,000	Project	10-Year CIP
Water Enterprise Fund	Water Collection System - Pipe parts of Ridgway Ditch / Headgate Work	\$1,500,000	Project	10-Year CIP
Water Enterprise Fund	Presedimentation Ponds Improvements and Piping	\$100,000	Project	10-Year CIP
Water Enterprise Fund	Pump replacement at water plant	\$20,000	Project	10-Year CIP
Water Enterprise Fund	Vacuum Truck (split 3 funds); small unit at \$220,000 total	\$73,333	Outlay	10-Year CIP
Water Enterprise Fund	Increase capacity by the Lake outfall - 400' of 12" line. (Longer term may need to increase pipe size in flatter sections of the ditch).	\$45,000	Project	10-Year CIP
Water Enterprise Fund	Micro Hydro Feasibility and Construction	\$1,000,000	Project	10-Year CIP
Water Enterprise Fund	Check and replace air vac valves on transmission lines as needed	\$10,000	Outlay	10-Year CIP
Water Enterprise Fund	Blower and Compressor Upgrades	\$40,000	Outlay	10-Year CIP
Water Enterprise Fund	Fiber connection to water treatment plant	\$130,000	Project	10-Year CIP
Water Enterprise Fund	Develop hydraulic model of distribution system	\$30,000	Outlay	10-Year CIP
Water Enterprise Fund	Chlorine room at water plant	\$40,000	Project	10+
Water Enterprise Fund	Plan for and expand water treatment plant	\$1,000,000	Project	10+
Sewer Enterprise Fund	Lena Street Sewer Main Replacement	931S00	Project	5-Year CIP
Sewer Enterprise Fund	Miscellaneous camera work and line repairs	\$5,000 931S00	Outlay	5-Year CIP
Sewer Enterprise Fund	Address sags and indents in collection system		Outlay	5-Year CIP
Sewer Enterprise Fund	Maintenance of lines with sags, grease, roots, and intruding taps (every 1-2 years)		Outlay	5-Year CIP
Sewer Enterprise Fund	24 Hour Composite Sampler - Add to better measure influent loading (2020-2021)	\$5,000	Outlay	5-Year CIP
Sewer Enterprise Fund	IT: Computer and Server replacements	\$11,250	Outlay	5-Year CIP
Sewer Enterprise Fund	Design and Install Secondary discharge pipe	\$10,000	Project	5-Year CIP
Sewer Enterprise Fund	Sludge removal (2021-2024)	\$100,000	Outlay	5-Year CIP
Sewer Enterprise Fund	Emergency generator - repair or replacement	\$80,000	Project	5-Year CIP
Sewer Enterprise Fund	Replace sewer lines recommended for replacement		Project	5-Year CIP

Sewer Enterprise Fund	Locate sources of inflow and infiltration during rain events (2020-2025)		Outlay	5-Year CIP
Sewer Enterprise Fund	River Park lift station - rebuild motor and/or replace (2023-2029)	\$10,000	Project	5-Year CIP
Sewer Enterprise Fund	Portable generator for chlorine metering pump (2020-2021)	\$5,000	Project	5-Year CIP
Sewer Enterprise Fund	Preliminary Needs Assessment for relocating treatment plant		Project	5-Year CIP
Sewer Enterprise Fund	Dissolved oxygen monitoring and aeration control (2020)	\$7,500	Project	5-Year CIP
Sewer Enterprise Fund	Fine Bubble Diffuser System or Replace Aeration - ESCO TEA (replace aerators)	\$425,000	Project	5-Year CIP
Sewer Enterprise Fund	Vacuum Truck (split 3 funds); small unit at \$220,000 total	\$73,333	Outlay	10-Year CIP
Sewer Enterprise Fund	Lift station equipment replacement (2024-2029)	\$3,500	Outlay	10-Year CIP
Sewer Enterprise Fund	Fairgrounds lift station - rebuild pump/replace (2034-2039)	\$20,000	Project	10-Year CIP
Sewer Enterprise Fund	Modify aeration system - if determined to be worth it before needing to meet more stringent nutrient limits	\$425,000	Project	10-Year CIP
Sewer Enterprise Fund	Plan to upgrade the treatment system (when loading reaches 80% of approved design capacity - 0.194 MGD and 400 ppd of BOD)	\$100,000	Project	10-Year CIP
Sewer Enterprise Fund	Mechanical Wastewater Treatment Plant Upgrade	\$5,000,000	Project	10-Year CIP
Sewer Enterprise Fund	Identify new plant site farther from the Town core		Project	10+
Sewer Enterprise Fund	Identify land where biosolids could be put to beneficial use		Project	10+



MUNICIPAL TAXES AND FEES

FINANCING MUNICIPAL GOVERNMENT

January 2018



TABLE OF CONTENTS

Foreword 1

Sales and Use Taxes 3

 Introduction 3

 Sales and Use Taxes in Statutory Municipalities 5

 Sales and Use Taxes in Home Rule Municipalities 12

Property Taxes 14

Occupation Taxes 18

Utility Specific Taxes 20

Miscellaneous Taxes 21

Real Estate Transfer Taxes 23

Local Income Taxes 23

Municipal Charges and Fees 25

 Distinguishing Taxes, Fees, and Special Assessments 26

 Types of Services and Charges 32

 Impact Fees 33

 Franchise Fees 43

FOREWORD

This publication is a substantial revision and consolidation of two of CML's previous tax publications, *Municipal Taxes* (2010) and *Municipal User Charges and Fees* (2011). This new version, *Municipal Taxes and Fees*, was prepared by CML Legislative Counsel Dianne Criswell, assisted by CML Law Clerk Cara Knight.

This publication focuses on presenting essential legal authority and practical policy considerations for Colorado municipal officials, both staff and elected.

As always, we welcome your comments on this, or any, of our CML publications.

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Executive Director
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SALES AND USE TAXES

INTRODUCTION

Sales and use taxes are the main revenue source, by far, for most Colorado municipalities. Colorado municipalities derive, on average, nearly three-quarters of their general purpose tax revenues from these taxes.

Sales taxes are paid as a percentage of the sale price (“tax rate”) by purchasers of goods and services subject to the tax (“tax base”). The tax is levied on retail purchasers of these goods or services, and collected by the merchant from the customer at the time of sale, unless an exemption applies. Thus, the retailer serves as the collection agent for the government as to this type of tax.

Sales taxes for statutory municipalities, like those of counties and some special districts, are collected by the Colorado Department of Revenue (DOR) — meaning that retailers remit taxes collected on behalf of these local jurisdictions to DOR. DOR conducts audits of local retailers to assure that proper taxes have been paid and issues assessments, when appropriate. Taxes collected by DOR then are disbursed back to the taxing local jurisdictions.

Home rule municipalities have the option of locally collecting their sales tax. This means that retailers remit the municipal tax that they collect directly to the home rule municipality, rather than to DOR. A self-collecting municipality also has home rule authority to set its own tax policy, including the sales and use tax base and exemptions. While exercising this home rule authority to self-collect sales and use taxes may require voter approval, this option traditionally has been viewed as one of the most important benefits of home rule status by Colorado municipalities.

Municipalities often levy a use tax as a compliment to their sales tax. A use tax is owed by a consumer who purchases taxable goods in some other jurisdiction without paying a sales tax (as often occurs when goods are delivered) and then stores, uses, or consumes the item in the use tax jurisdiction. The use tax is often described as an “equalizing tax” for the benefit of local businesses that are required to collect sales tax. The use tax is intended to remove the customer’s incentive to shop outside the town to avoid the local sales tax.

Statutory municipalities are limited to imposing a use tax on certain motor vehicles and building materials,¹ whereas the use tax base of home rule municipalities is generally coextensive with their sales tax base.

¹ C.R.S. § 29-2-109.

Sales Tax Characteristics — In General

Advantages

- Depending on sales volume, a sales tax is a productive source of revenue, even with lower tax rates.
- A sales tax is an excellent source of revenue during a period of growth, as its yield is closely related to economic cycles.
- Sales tax revenues help keep pace with inflation since they increase in inflationary periods along with the costs of services and commodities subject to the tax.
- The cost of administration to the jurisdiction is low in relation to yield.
- Basing a tax on individual purchases diminishes the financial and psychological impact on the taxpayer, making this tax more palatable than a tax due in large annual payments, such as the property tax.
- A tax based on sales is especially valuable to a community that receives a large influx of tourists or other nonresidents who use municipal facilities.

Disadvantages

- The sales tax is regressive — those with lower incomes usually spend a larger portion of their income on basic commodities that are subject to tax. Those with higher incomes often spend a larger portion of their income on services, which are usually not subject to tax.
- High tax rates in relation to surrounding areas may encourage consumers to shop outside the jurisdiction, driving the development of peripheral shopping areas. A use tax can provide a partial solution to this problem, but a use tax on typical consumer goods may be difficult to collect, except on items such as motor vehicles and building materials.
- Since it is sensitive to economic cycles, the yield of a sales tax can be unstable and difficult to predict. During an economic downturn, a sales tax becomes an unreliable source of revenue because consumer confidence falls and fewer purchases are made.

Use Tax Characteristics - In General

Advantages

- A use tax reduces the incentive for local businesses to locate outside a taxing jurisdiction to avoid collecting the sales tax. Also, the use tax offers a degree of protection to the local merchant whose goods are subject to a sales tax by leveling the playing field.
- Use taxes can generate substantial revenue.

Disadvantages

- Because a significant portion of use tax collections depends on purchases of building materials and motor vehicles — two sectors of the economy that vary with local conditions — use tax revenues are cyclical,

may not correlate with local revenue requirements, and are difficult to estimate over time.

- Use taxes may be complex and costly to administer on items other than motor vehicles and construction materials, as it is often difficult to collect a use tax on other than major purchases.

SALES AND USE TAXES IN STATUTORY MUNICIPALITIES

Statutory municipalities derive their tax authority delegated by state statutes. Consequently, any statutory municipality wishing to adopt a local sales or use tax ordinance must follow the requirements and procedures set out in the state's local sales and use tax statutes. This chapter summarizes the requirements for enactment of a sales or use tax in a statutory municipality; it is not intended to be a substitute for advice from your municipal attorney, who should be involved in any effort to adopt a sales tax in a statutory municipality.

Sales Tax Ordinances

Required provisions

Whether initiated by the electors or proposed by the governing body, state law requires that certain provisions be included in the sales tax ordinance:

- ***Taxable and exempt items*** ("tax base"). The ordinance must contain a provision providing, in essence, that the sales of tangible personal property and services treated as taxable by the municipality will be the same as those taxable by the state and that the same exemptions provided in the state's sales tax statute will apply to the municipal tax.²

State law provides that certain items exempted from the state sales tax will nonetheless remain taxable locally unless the local ordinance specifically exempts them.³ Although the ordinance need not explicitly impose the tax on these items, some municipalities have chosen to do so. Items in this "taxable unless locally exempted" category are listed at C.R.S. § 29-2-105(1)(d).

- ***Taxable amount***. The ordinance must provide that the amount subject to tax shall not include the amount of any state sales or use tax that is also being collected.⁴
- ***Place of sale***. The ordinance must provide that, for the purpose of the sales tax, all retail sales are consummated at the place of business of the retailer, unless the taxable property is delivered by the retailer, his agent or a common carrier to a destination outside the taxing municipality.⁵

² C.R.S. § 29-2-105(1)(d).

³ C.R.S. § 29-2-105(1)(d)(I).

⁴ C.R.S. § 29-2-105(1)(c).

⁵ C.R.S. § 29-2-105(1)(b).

Where a retailer has no permanent place of business in the taxing municipality, or has more than one place of business, the place at which the sale was consummated will be determined pursuant to the state sales tax statutes and Department of Revenue rules and regulations.⁶

- ***Nonresident ownership tax exemption.*** The ordinance must provide that all sales of personal property on which a specific ownership tax has been paid, or is payable, shall be exempt from the municipal sales tax when both of the following conditions are fulfilled: (1) the purchaser is a nonresident of or has his principal place of business outside the taxing municipality; and (2) the property is registered or required to be registered outside the limits of the taxing municipality under the laws of the state.⁷
- ***Election.*** The ordinance must provide for submission of the tax proposal to an election by the registered electors of the municipality. The sales tax must be approved by majority vote at a regular municipal election, or at a special municipal election held either on the first Tuesday in November of odd-numbered years or on the state general election date.⁸
- ***Effective date.*** The effective date of the sales tax ordinance must be either Jan. 1 or July 1 following the date of the sales tax election.⁹
- ***Construction and building materials exemption.*** The statutes provide that a municipality's sales tax shall not apply to the sale of construction and building materials if such materials are picked up by the purchaser and the purchaser presents to the retailer a building permit (or "other documentation acceptable" to the municipality) indicating that a local use tax has been paid or is required to be paid.¹⁰
- ***Double taxation prohibition.*** A municipality's sales tax shall not apply to a transaction that has previously been subjected to a sales or use tax by another municipality, at a tax rate equal to or in excess of that imposed by the subsequent municipality.¹¹ The subsequent municipality must grant a credit against its tax equal to the already lawfully imposed municipal sales tax.¹²

Other provisions

The following provisions, while not legally required, often are included in sales tax ordinances.

- ***Definitions.*** Definitions, if any, should be the same as those used in the state sales tax provisions, which can be referred to generally and incorporated by reference.

6 C.R.S. § 29-2-105(1)(b). DOR regulations can be found online at www.colorado.gov/revenue.

7 C.R.S. § 29-2-105(1)(e).

8 C.R.S. § 29-2-102. See also: COLO. CONST. ART. X, § 20 (TABOR).

9 C.R.S. § 29-2-106(2).

10 C.R.S. § 29-2-105(2).

11 C.R.S. § 29-2-105(4).

12 C.R.S. § 29-2-105(4). Note that the statute does not require such crediting for sales tax paid to any entity other than another municipality.

- **Tax rate.** The percentage of the sales price of a taxable item or service, known as the tax rate, is specified.
- **Dedication of revenue.** Some municipalities have included provisions in their sales tax ordinances directing that a portion or the entire amount generated from a sales or use tax be used for certain purposes. Common dedications include open space acquisition, capital improvements, bond retirement, and land acquisition.

Dedication of all or part of sales tax revenue is neither specifically provided for in the local sales tax statutes, nor specifically prohibited; the power to do so can arguably be implied from the general financial powers granted to municipalities.¹³ Such designation of revenue has become more common as it has been regarded as increasing the likelihood of voter approval of new taxes and rate increases.
- **Vendors' fees.** Although the statutes do not require that municipal sales tax ordinances include one, many municipalities have chosen to permit retailers to retain a "vendors' fee," a percentage of tax collected, to defray the costs of collection that would otherwise be borne by the vendor.¹⁴

Informal Approval by Department of Revenue

DOR collects sales taxes for all statutory municipalities.¹⁵ Since DOR can refuse to collect a tax if it concludes that the municipality's ordinance does not conform with applicable Colorado statutes, it is important to secure DOR's approval of a proposed ordinance prior to the local election. Accordingly, once the ordinance is drafted, it should be sent to the Colorado Department of Revenue, Local Government Support Unit, Room 208, 1375 Sherman St., Denver, CO 80261, for review and suggestions.¹⁶

Adoption of the Ordinance — Election Requirement

Once approved by DOR, the ordinance may be adopted by the governing body. Following adoption by the governing body, the ordinance must be approved by the registered electors of the municipality at an election conducted in accordance with the Municipal Election Code.¹⁷ The tax must be approved by majority vote at a regular municipal election, or at a special municipal election held either on the first Tuesday in November of odd-numbered years or on the state general election date.¹⁸

¹³ See C.R.S. § 31-15-302.

¹⁴ C.R.S. § 29-2-106(9)(b). The DOR publishes a list of vendors fees ("service fees") for municipalities statewide twice a year in form DR 1002, available online at www.TaxColorado.com.

¹⁵ C.R.S. § 29-2-106(1).

¹⁶ Additionally, the Local Government Support Unit can be contacted by email at dor_localgovsupport@state.co.us.

¹⁷ The Municipal Election Code is located in title 31, article 10. For general information concerning elections, see CML's *The Election Book*. See also: C.R.S. § 29-2-102(1); COLO. CONST. ART. X, § 20 (TABOR).

¹⁸ C.R.S. § 29-2-106(2).

Effective Date — Notice to Department of Revenue

The effective date of a sales tax ordinance must be either Jan. 1 or July 1 following the date of the election.¹⁹ Notice of adoption of the ordinance must be submitted to the executive director of DOR at least 45 days prior to the effective date of the tax.²⁰ Consequently, if the tax is approved at an election held less than 45 days prior to the Jan. 1 or July 1 following the date of the election, the tax will not become effective until the succeeding Jan. 1 or July 1.²¹

As to the contents of the notice, the state requires several documents from the municipality, which may include: (1) a copy of the ordinance levying the sales tax, certified by the municipal clerk; (2) an original or photocopy of the ordinance as it appeared in the newspaper; (3) an abstract of the election certified as to the passage of the sales tax ordinance; and (4) a copy of any supplementary ordinance (if applicable), also certified by the municipal clerk.²²

Collection, administration, and enforcement

- *Duties of the Department of Revenue.* In general, once the above steps have been taken, the collection, administration, and enforcement of the tax will be performed by the DOR in the same manner as the state sales tax.²³ Such collection, administration, and enforcement shall be at no charge,²⁴ except that the DOR may approve charging of a fee by the county clerk & recorder to cover the cost of collecting municipal use taxes on motor vehicles.²⁵ The state will make monthly distributions of the tax to the appropriate municipal official.

DOR furnishes the governing body with a monthly listing of all returns filed by the retailers in the municipality.²⁶ The municipality then has 180 days to notify the executive director of DOR of any retailers omitted from the list. Failure to do so will preclude the municipality from making any further claims based upon such omissions.²⁷ Neither the executive director nor any municipality will be liable for any omissions not called to the executive director's attention within the 180-day period.²⁸

DOR also provides monthly reports to each municipality identifying licensed vendors within the municipality.²⁹ If the municipality's chief administrative officer or designee has executed a memorandum of understanding with the DOR providing for control of confidential data, the DOR will also make monthly reports on the status of each vendor's account.³⁰ This report includes the amount of municipal sales tax

19 C.R.S. § 29-2-106(2).

20 C.R.S. § 29-2-106(2).

21 C.R.S. § 29-2-106(2).

22 Contact DOR for current document requirements, or visit www.TaxColorado.com.

23 C.R.S. § 29-2-106(1); C.R.S. § 39-26-101–126 (state sales tax statutes).

24 C.R.S. § 29-2-106(3)(a).

25 C.R.S. § 29-2-106(3)(b).

26 C.R.S. § 29-2-106(4)(b).

27 C.R.S. § 29-2-106(4)(b).

28 C.R.S. § 29-2-106(4)(b).

29 C.R.S. § 29-2-106(4)(c)(I).

30 C.R.S. § 29-2-106(4)(c)(I).

collected and paid by each vendor, as well as any additional relevant information as determined by the DOR.³¹

- *Confidentiality.* The statutes prohibit a municipal official or employee who receives sales tax information from DOR from divulging to any person, other than a municipal official or employee, any information identifying the amount of sales taxes collected or paid by any licensed vendor, except in accordance with a judicial order or as otherwise provided by law.³² Those charged with custody of such information will not be required to produce it in court, except in a proceeding under the provisions of the local sales tax statutes to which the municipality is a party. A person who willfully violates these provisions is guilty of a misdemeanor and, upon conviction, will be punished by a fine of not more than \$1,000 and will be dismissed from office.³³
- *Filing a copy of the ordinance.* Each municipality must file with the DOR a copy of its sales tax ordinance, or amendment thereto, no later than 10 days after its effective date.³⁴ Although mandatory, failure to file will not give rise to any claim for refund by a taxpayer other than for an overpayment that is determined to be allowable under the ordinance.³⁵
- *Motor vehicles and mobile homes.* The county clerk collects any municipal use tax due on motor vehicles on which registration is required.³⁶ Such collection takes place when the owner applies for a certificate of title, or attempts to register the vehicle. To aid this process, municipalities must certify a copy of the current tax ordinance, as well as any subsequent changes, to the DOR and to the county clerk and recorder of the county in which the municipality is located.³⁷
- *Filing of documents with the Department of Revenue.* Whenever any document is required to be filed with the DOR, the date of the filing is determined by statute.³⁸ Documents sent through the United States mail are considered received on the date shown by the cancellation mark. If the cancellation mark is missing, erroneous, or illegible, or if the document is mailed but not received, the date of receipt is the date of mailing. In this case, the sender must establish, by competent evidence that the document was placed in the United States mail on or before the date due for filing. If a document is mailed but not received, the sender must file a duplicate within 30 days after written notification by the executive director of the failure to receive the document.³⁹

31 C.R.S. § 29-2-106(4)(c)(I)

32 C.R.S. § 29-2-106(4)(c)(II).

33 C.R.S. § 29-2-106(4)(c)(II).

34 C.R.S. § 29-2-106(7).

35 C.R.S. § 29-2-106(7).

36 C.R.S. § 39-26-113.

37 C.R.S. § 39-26-113(4) allows for collection by an "authorized agent", In practice, this is the county clerk.

38 C.R.S. § 29-2-110; see also C.R.S. § 29-2-106(7) (10-day notice); C.R.S. § 29-2-106(7) (180-day notification of retailers omitted from the Department of Revenue's monthly list of returns filed by vendors).

39 C.R.S. § 29-2-110(1).

When a document is sent by United States registered mail, certified mail, or with certificate of mailing, a record authenticated by the postal service provides competent evidence that the documents were mailed to the addressee. Consequently, it is recommended that all documents sent to the DOR be sent by registered mail or certified mail. The date of the registration, certification or certificate is the postmark date.⁴⁰

Finally, if the date for filing any document falls on a Saturday, Sunday, or legal holiday, it shall be deemed to have been timely filed if filed on the next business day.⁴¹

Use Tax Ordinances

Like the local sales tax, a use tax ordinance may be proposed by the municipality's governing body or initiated by the electors. Whichever method is used, the ordinance must be drafted so as to conform to state statutory requirements.⁴² A statutory municipality may impose a use tax only on the use or consumption within the municipality of any construction and building materials purchased at retail, or on any motor vehicles for which registration is required.⁴³ The use tax statutes contain a list of circumstances in which the storage, use or consumption of certain property shall be exempt from the local use tax.⁴⁴

The statutes detail specific requirements concerning hearing and appeal procedures for taxpayers wishing to protest concerning a sales and use matter, such as a deficiency notice or denial of a claim for refund. These requirements apply to locally collected use taxes.⁴⁵ The statutes give a taxpayer the option of appealing the municipality's final determination of a notice of deficiency or claim for refund before the executive director of the Department of Revenue, and then in a *de novo* district court trial, in lieu of any other procedure provided for in the municipality's ordinance.⁴⁶

The following provisions, while not essential, often are included in use tax ordinances.

- **Definitions.** The state use tax definitions⁴⁷ may be referred to generally and incorporated by reference, with further definitions included as needed.
- **Penalties and enforcement provisions.** As collection of use tax is done locally, the municipality may wish to include a penalty provision and other enforcement provisions. For example, a common provision prevents the issuance of building permits until all applicable use taxes on the building materials have been paid.

⁴⁰ C.R.S. § 29-2-110(2).

⁴¹ C.R.S. § 29-2-110(3).

⁴² See generally, C.R.S. § 29-2-101–112.

⁴³ C.R.S. § 29-2-109(1); C.R.S. § 29-2-109(7) (a use tax cannot be imposed on the storage of construction and building materials).

⁴⁴ See C.R.S. § 29-2-109(1)(a)-(j); *Rancho Colo., Inc. v. City of Broomfield*, 586 P.2d 659 (Colo. 1978) (invalidating a use tax ordinance).

⁴⁵ C.R.S. § 29-2-106(1).

⁴⁶ C.R.S. § 29-2-106(1).

⁴⁷ C.R.S. § 39-26-201.

- *Tax schedule.* Besides imposing a percentage rate, the ordinance may delineate the tax by providing a tax schedule. While a municipality may devise a schedule in any manner desired, a schedule uniform with the state's schedule simplifies the calculation for vendors.⁴⁸

Adoption of the ordinance

A use tax ordinance can be adopted by the governing body of a municipality in the same manner as any other ordinance. There is, however, one restriction that must be recognized. During the period between the adoption of a resolution and the election on a countywide sales or use tax proposal, no municipality located partly or wholly within that county may propose or adopt its own use tax ordinance. Once the countywide election is over, the municipality is free to adopt its own use tax ordinance.⁴⁹

Administration, Enforcement, and Collection

As noted, a municipality is generally responsible for the collection and enforcement of its use tax.⁵⁰ The building permit process provides an efficient method for collecting and enforcing the use tax on construction and building materials. As for motor vehicles, the statutes authorize DOR to enter into agreements with the county and the municipality for the collection of the municipal use tax on motor vehicles by the county clerk.⁵¹ As noted previously, the county clerk may charge and retain a fee to cover the cost of such collection. Motor vehicles (and other vehicles for which registration is required) cannot be registered, and certificates of title cannot be issued, until all municipal use taxes are paid.⁵² If an applicant for vehicle registration or for a certificate of title fails to show payment of applicable taxes by means of proper receipts, the county clerk is to collect the applicable taxes at the time of application.⁵³ Revenues collected are then distributed to the municipality.⁵⁴

As with sales tax ordinances, the municipality must file with DOR a copy of each use tax ordinance, or amendment thereto, no later than 10 days after the effective date of such ordinance or amendment.⁵⁵ Although mandatory, failure to file will not give rise to any claim for refund by a taxpayer other than for overpayment that is determined to be allowable under the ordinance.⁵⁶

Election

The use tax must be approved by majority vote at a regular municipal election, or at a special municipal election held on either the first Tuesday in November of odd-numbered years or on the date of the state general election, in November of even numbered years.⁵⁷

48 C.R.S. § 39-26-106 (authorizing DOR to create a state schedule).

49 C.R.S. § 29-2-102(2).

50 C.R.S. § 29-2-106(3)(a).

51 C.R.S. § 29-2-106(3)(b).

52 C.R.S. § 39-26-208(1).

53 C.R.S. § 39-26-208(2).

54 C.R.S. § 39-26-208(3).

55 C.R.S. § 29-2-106(7); see C.R.S. § 29-2-110 et seq. (filing requirements).

56 C.R.S. § 29-2-106(7).

57 COLO. CONST. ART X, § 20; C.R.S. § 29-2-102. See also the Municipal Election Code in title 31, article 10.

SALES AND USE TAXES IN HOME RULE MUNICIPALITIES

Home Rule Municipal Sales Tax Authority

The authority of home rule municipalities over the sales and use tax is plenary, meaning that it is derived from Colorado's constitution, rather than the state statutes (to which statutory municipalities must look for their tax authority). Consequently, home rule authority in this area is very broad; indeed, local ordinances control over conflicting state tax statutes in most areas.⁵⁸

Home rule municipal tax authority was most recently addressed by the Colorado Supreme Court in *Winslow Construction Company v. City and County of Denver*.⁵⁹ The *Winslow* court, recalling its declaration in a prior case that "(t)he power to levy sales and use taxes is 'essential' ... to the full right of self government granted to [home rule] cities under Article XX, Section 6,"⁶⁰ reaffirmed that "imposition of sales and use taxes is a matter of local concern."⁶¹ Consequently, should a local charter or tax ordinance conflict with a state statute, "the home rule provisions supersede the conflicting state provision."⁶²

Considerations in Drafting the Ordinance

State Statutes

In 1985, the General Assembly added a variety of new statutory requirements purporting to apply to home rule municipalities. These requirements, which were enacted as HB 85-1007,⁶³ are codified primarily in C.R.S. § 29-2-106 through 109. The statutory requirements address matters such as uniformity in local provisions concerning penalties, interest and statutes of limitation,⁶⁴ service of a deficiency notice and how an appeal is taken,⁶⁵ and avoidance of double taxation in the sales tax.⁶⁶

In most respects, the authority of the General Assembly to require that home rule municipalities conform their ordinances and practices to the 1985 statutes has remained untested. Indeed, after adoption of these provisions, the Colorado Supreme Court handed down its unanimous decision in *Winslow*, reaffirming that, in most respects, local sales and use tax ordinances prevail over conflicting state statutes.⁶⁷ It may be that many home rule municipalities nonetheless conform their ordinances wholly or substantially to the state statutory requirements. Such a course avoids a

58 *Berman v. Denver*, 156 Colo. 583, 400 P.2d 434 (1965).

59 *Winslow Constr. Co. v. City & Cty. of Denver*, 960 P.2d 685 (Colo. 1998).

60 *Winslow Constr. Co. v. City & Cty. of Denver*, 960 P.2d 693 (Colo. 1998), (quoting: *Security Life & Accident Co. v. Temple*, 293 P.2d 63, 64 (1972)).

61 *Winslow Constr. Co. v. City & Cty. of Denver*, 960 P.2d 685, 694 (Colo. 1998).

62 *Winslow Constr. Co. v. City & Cty. of Denver*, 960 P.2d 685, 694 (Colo. 1998), (quoting: *City & Cty. of Denver v. State*, 788 P.2d 764, 767 (Colo. 1990)).

63 1985 COLO. LAWS, Ch. 244; p. 1030.

64 C.R.S. § 29-2-106.

65 C.R.S. § 29-2-106(1).

66 C.R.S. § 29-2-105(2)-(4); see also C.R.S. § 29-2-109.

67 *Winslow Constr. Co. v. City & Cty. of Denver*, 960 P.2d 685.

legal issue with respect to provisions generally considered reasonable and not overly difficult to administer.

It is important to note that, while the Colorado Supreme Court has held sales and use taxation generally a matter of local and municipal concern, the court has carved out an exception in cases applying C.R.S. § 29-2-106.1, the portion of the 1985 statutes concerning resolution of tax disputes and appeals. The Supreme Court has held that “the appellate process governing locally imposed sales and use taxes is a matter of statewide concern subject to regulation by the General Assembly”⁶⁸ and that section, C.R.S. § 29-2-106(1), “defines uniform statewide procedures applicable to appeals taken from locally imposed sales and use taxes.”⁶⁹

Local Collection of Sales Tax

A major benefit of home rule status is the authority to “locally collect” the sales tax, rather than relying upon DOR for this service. Currently, 70 home rule municipalities have chosen to locally collect their sales tax.

Municipalities utilizing local collection commonly require retailers without a fixed business location in the taxing jurisdiction to nonetheless attain a municipal sales tax license and collect the tax owed on sales of goods delivered to municipal residents.

Possible Advantages

- *Accelerated collections.* Collection by the state results in approximately a 30-day delay each month between receipt of collections by the DOR and the distribution of revenues to the local government. This delay is eliminated when a municipality collects its own tax.
- *Control of sales tax base.* Home rule municipalities relying on local collection are not tied to the state base; they have broad flexibility in setting their sales tax base. As a consequence of state adoption of numerous sales tax exemptions, home rule municipalities with local collection generally have broader sales tax bases than the state.⁷⁰
- *More effective collection and enforcement.* A properly staffed local sales tax program can provide more effective collection and enforcement than DOR.⁷¹ State auditing activities have been subject to chronic funding and staffing shortfalls. A properly administered local program can more thoroughly educate businesses as to their collection and remittance responsibilities, and follow up with auditing where appropriate.

68 MDC Holdings v. Town of Parker, 223 P.3d 710, 719 (Colo. 2010) (applying Walgreens v. Charnes, 819 P.2d 1039, 1047 (Colo. 1991)).

69 MDC Holdings v. Town of Parker, 223 P.3d 710, 719 (Colo. 2010) (quoting Walgreens v. Charnes, 819 P.2d 1039, 1047 (Colo. 1991)).

70 Colo. Dept. of Rev., *Uniform Sales and Use Tax Base Throughout the State: Recommendations to the General Assembly to Establish a Revenue-Neutral Uniform Sales and Use Tax Base Throughout the State, Required by HB 13-1288* (2013), <https://www.colorado.gov/pacific/sites/default/files/Uniform%20Sales%20and%20Use%20Tax%20Base.pdf>.

71 Colo. State Auditor, “*Department of Revenue, Local Sales Taxes: Performance Audit*” (2015), <https://leg.colorado.gov/audits/local-sales-taxes>.

- ***Better service for local businesses and taxpayers.*** A properly staffed local program can be of service to local businesses and taxpayers, by answering questions and providing other direct assistance. Again, the DOR's administrative services are limited.

Possible Disadvantages

- ***Increased administrative responsibilities and costs.*** Running a proper program of local collection involves an increase in local administrative responsibilities and staffing costs. There may be circumstances where these costs and responsibilities could outweigh the benefits from local collection, such as in a jurisdiction with limited retail activity. (However, this does not mean that the cost of administration for locally collected sales tax is necessarily prohibitive. Expenditures and revenues may indicate a very efficient system; however, without sufficient retail activities, revenues will not be productive.)
- ***Administrative burden for businesses.*** Businesses are responsible for the collection and remittance of sales taxes. Local collection requires businesses to fill out a separate sales tax return and remit collections to each municipality in which they do business, on a monthly or periodic basis. The business also has to become and remain familiar with local requirements that may vary from the state system. The business may be subject to local audits, in addition to state audits. These aspects of local collection can be burdensome on businesses that do business in multiple locally-collecting municipalities.

Home rule municipalities – State collection

Home rule municipalities may continue to rely upon state sales tax collection and enforcement, but they must generally conform their tax base to the statutory municipal base, utilizing the base variation options permitted to such municipalities (such as the option to tax food for home consumption). A home rule municipality desiring state collection of its sales tax should consult with the Taxpayer Service Division of the DOR for details as to those variations from statutory requirements that the Department will accommodate when collecting the local tax.

PROPERTY TAXES

Property taxes are a major source of revenue for many municipalities. While the retail sales tax is the primary source of tax revenues for Colorado municipalities, property tax is significant, particularly in municipalities with limited retail trade.

How Are Property Taxes Determined?

Property taxes are determined by multiplying the local tax rate ("mill levy") by a fraction of the property's actual value, which fraction, known as "assessed valuation," is subject to tax. The mill levy is set locally by the governmental entity imposing the tax, with voter approval. A mill equals 1/10

of a cent, so, for example, a levy of 20 mills means that a property owner will pay \$20 for each \$1,000 of assessed value. The Colorado Constitution requires that mill levies apply uniformly to all property within a property taxing jurisdiction. Thus, all taxpayers in a municipality pay the same municipal mill levy.⁷²

As noted, a property's assessed value represents only a portion of its actual, or "market" value. The assessed portion is defined by an "assessment rate" while the market value is determined by the county assessor. Most assessment rates are established in the constitution and differ based on property classifications such as residential, commercial, and agricultural. The assessment rate for most nonresidential property is constitutionally set at 29 percent of its market value, while the assessment rate for residential property is adjusted by the General Assembly based on a multiple-factor calculation.⁷³

Property tax collection and assessment is a county function in Colorado, but municipalities must pay the county for collecting municipal taxes and must help pay for annual publication of the delinquent tax list, insofar as the municipal properties are concerned.⁷⁴

Gallagher Amendment Limits

Under a constitutional provision commonly called the "Gallagher Amendment,"⁷⁵ the residential assessment rate must be adjusted to maintain the relative contribution of residential property taxpayers, as a class, and the contribution of business and all other classes of property taxpayers, to overall property tax revenues.⁷⁶ Since the Gallagher Amendment was approved in 1982, the total amount of residential assessed value has been capped at roughly 45 percent of total assessed value statewide; the remaining 55 percent comes from nonresidential (business) property.

Gallagher requires that the residential rate be adjusted whenever property is revalued, currently every two years.⁷⁷ In general, the residential rate has been reduced in order to keep the 45/55 proportions constant as the total value of residential property has increased at a stronger pace than values of other classes of property. Conversely, the Gallagher Amendment would require an increase in the residential rate, should growth in the value of nonresidential property outpace residential property (although such an increase is now prohibited under TABOR). Since 1982, the residential assessment rate has steadily declined, in order to prevent owners of residential property from paying more than roughly 45 percent of all property taxes levied. As of 2017, the residential assessment rate is 7.2 percent,⁷⁸ and it is expected to go lower in the next reassessment.

⁷² COLO. CONST. art. X, § 3(1)(a).

⁷³ COLO. CONST. art. X, § 3(1)(b).

⁷⁴ C.R.S. § 31-20-107

⁷⁵ COLO. CONST. Art. X, § 2.

⁷⁶ COLO. CONST. Art. X, § 2.

⁷⁷ COLO. CONST. Art. X, § 2.

⁷⁸ C.R.S. § 39-1-104.2(3)(p)

TABOR Limits

The TABOR Amendment⁷⁹ imposes limits on property tax rates, assessment rates, and tax collections. TABOR requires voter approval to increase a mill levy or to impose a new mill levy, and prohibits an increase in the assessment rate for any class of property without prior voter approval. This provision primarily affects the residential assessment rate because most nonresidential rates are set in the constitution and therefore cannot be changed, either up or down, without voter approval. In effect, this means that the residential assessment rate will never be higher than it currently is, unless voters approve a change.

TABOR also sets a state cap on expenditure equal to the prior year's expenditures plus the growth factor of population and inflation. For municipal government, allowable growth is inflation plus the percentage change in the actual value of all real property. Revenues collected in excess of these limits must be refunded, unless voters agree otherwise.

Voter Override of TABOR Revenue Limits

Many municipalities have retained their existing tax revenues without increasing the tax rate.⁸⁰ This process is referred to as a TABOR override, revenue retention, or de-Brucing election.⁸¹ Cities and towns have asked for either temporary or permanent TABOR overrides that allow all revenue collected to be retained and spent. The overrides can be for the general benefit of municipal services or may dedicate the additional revenue for specific services such as public safety, transportation, or a capital improvement project.

The 5.5 Percent Statutory Limit

Under the state statutes, the governing body of any non-home rule municipality may establish annually whatever mill levy it deems necessary, as long as the levy does not produce a greater amount of revenue than was generated in the preceding year, plus 5.5 percent (with certain adjustments for abatements, refunds, and previously omitted property). Certain valuations, levies, expenses and expenditures are excluded from these increased revenue limits.⁸²

Approval by the electors of the municipality is necessary before the 5.5 percent limit may be exceeded. Municipalities with a population of 2,000 or less have the option of submitting their levy to the state Division of Local Government for approval. If the division does not approve the levy, the municipality may still obtain approval directly from the electors.⁸³

Generally, home rule municipalities are not subject to the statutory limits on property tax revenue increases. The charters of some home rule

79 COLO. CONST. art. X, § 20.

80 Colo. Muni. League, *Election Results Revenue and Spending* (2017), <https://www.cml.org/Issues/Elections/Election-Results/Election-Results-Revenue-and-Spending/>.

81 COLO. CONST. art. X, § 20(7)(d).

82 C.R.S. § 29-1-301 et seq.

83 C.R.S. § 29-1-302.

municipalities contain property tax revenue increase limitations similar to the state statute, and some charters contain limitations on mill levies imposed by the municipal governing body.⁸⁴

It should be noted, however, that the constitutional provisions of TABOR must be considered, requiring any mill increase or change in the valuation rates to be approved by voters.

Property Tax Characteristics

Advantages

- Many municipal services and infrastructure directly benefit individuals and business firms in rough proportion to property ownership. Relevant examples are police and fire protection, streets, sidewalks and bridges.
- Yield from the property tax is stable, does not unduly fluctuate with economic cycles, and is fairly predictable.
- The property tax allows a municipality to operate as an independent governmental unit, with tax and expenditure decisions based on local preferences.
- Administration of the tax is through a county assessor and treasurer model, which is an efficient and effective system used throughout the United States.

Disadvantages

- Property taxes are not as regressive as sales tax, but may still impose a heavier burden on lower- or fixed-income homeowners. Several municipalities have property tax refund programs. Most of these refund the municipal portion of the property tax to senior citizens or low-income residents, with entitlement formulas for both property owners and renters.
- Lump sum property tax payments are more visible to, and unpopular with, the taxpayer than sales taxes, which are paid in small increments.
- Due to the Gallagher amendment, the property tax is a less productive revenue source than in other states.
- Major classes of property and property owners often are exempted, which erodes the tax base and increases the burden on nonexempt properties.
- The property tax is only moderately sensitive to economic conditions. Since property taxes are based on the assessed valuation of taxable property in a jurisdiction, the revenue from a fixed mill levy changes only as the assessed value of taxable property changes. It is usually not possible for property to be reassessed as frequently as it changes in market value. Thus, the property tax lacks the elasticity needed in an expanding economy.

84 C.R.S. § 29-1-301(3).

- In a growing community, new housing units or other improvements may generate a need for municipal services long before the municipality receives the resulting increase in property tax revenue. The lag in receipt of property tax revenue could be more than two years after the project was started.
- Because the property tax is levied by many overlapping local taxing jurisdictions, such as municipalities, counties, school districts, and special districts, it is sometimes difficult for citizens to correlate taxes paid with the services received from each jurisdiction.

OCCUPATION TAXES

Occupation taxes are imposed for the privilege of operating a business or practicing an occupation or profession within the taxing jurisdiction. There are two kinds of occupation taxes, “general” and “specific.” A general occupation tax applies a single rate or graduated scale to all businesses and/or professions in a community. Several municipalities, including Denver, Aurora, and Greenwood Village, levy occupational taxes on employees as well as employers. These are sometimes referred to as “head” taxes, since the tax is calculated by the number of people (heads).

A specific occupation tax requires payment of a fixed annual fee for the privilege of conducting a particular type of business within the municipality. Telecommunications, medical marijuana, and liquor vendor occupation taxes are special variants of the specific occupation tax.

Both specific and general municipal occupation taxes are authorized by C.R.S. § 31-15-501(1)(c), which grants cities and towns the power to license, regulate, and tax any and all lawful occupations and places of business. A general occupation tax based on flat rates⁸⁵ as well as on a graduated scale based on the number of employees⁸⁶ has been upheld by the Colorado Supreme Court. The Supreme Court also has upheld a general occupation tax applied to the business of renting residential or commercial properties.⁸⁷

In *City and County of Denver v. Duffy Storage and Moving Co.*,⁸⁸ the Supreme Court approved Denver’s head tax, which is a type of general occupation tax. The *Duffy* case is particularly significant because it is the first Colorado case to clearly uphold the authority of a municipality to levy occupational taxes on *employees* as well as employers.⁸⁹

85 Ping v. City of Cortez, 342 P.2d 657 (Colo. 1959).

86 Jackson v. City of Glenwood Springs, 221 P.2d 1083 (Colo. 1950).

87 City of Englewood v. Wright, 364 P.2d 569 (Colo. 1961).

88 City & Cty. of Denver v. Duffy Storage and Moving Co. 450 P.2d 339 (Colo. 1969)

89 Other cases upheld the validity of Denver’s head tax as applied to specific types of employers or employees. See Hamilton v. City & Cty. of Denver, 490 P.2d 1289 (Colo. 1971) (state employees); State Farm Ins. Co. v. Temple, 491 P.2d 1371 (Colo. 1971) (power of Denver as a home rule city to impose a head tax on insurance companies); Union Pac. R.R. Co. v. City & Cty. of Denver, 511 P.2d 497 (Colo. 1973) (interstate carriers); Rountree v. City and Cty. of Denver, 596 P.2d 739 (Colo. 1979) (Denver could charge the head tax against federal employees working in a federal area under exclusive federal jurisdiction). See also: United States v. City & Cty. of Denver, 573 F.Supp. 686 (D. Colo. 1983).

A specific occupation tax on persons engaged in the business of selling liquor was upheld in *Post v. City of Grand Junction*.⁹⁰ In *Hollenbeck v. City and County of Denver*,⁹¹ the Colorado Supreme Court suggested that a municipality may enact specific occupation tax ordinances for the dual purpose of raising revenue and regulating a business. However, the subsequent *Post* decision indicates that any specific occupation taxes imposed on the sale or manufacture of beer and liquor should be adopted exclusively for revenue purposes and not for regulatory purposes.⁹²

The amount of an occupation tax is a matter for legislative determination – it need not be assessed in accordance with municipal costs, so long as it is not confiscatory or prohibitory.⁹³ However, the Supreme Court has held that a municipal occupation tax measured on a gross receipts basis is in reality an unconstitutional local income tax.⁹⁴ Such taxes should be distinguished from *fees* based on gross receipts, which have been found not to constitute unlawful income taxes.⁹⁵ Furthermore, a valid occupation tax may fluctuate based on the sales of a business, so long as the tax bears no “direct reaction” to the income of the business.⁹⁶ Finally, a so-called occupation tax imposed on the business of developing and improving property, when measured by property valuation is in reality an invalid property tax beyond the authority of a statutory municipality.⁹⁷

Occupation Tax Characteristics

Advantages

- A general occupation tax in a larger community can generate substantial revenue.
- The yield is usually predictable and stable.
- Occupation taxes are collected locally; unlike sales taxes in statutory municipalities, no state agency is involved in collection of occupation taxes.

Disadvantages

- A flat tax, or variable tax based on number of employees, usually does not increase its yield in proportion to population growth or inflation.

90 *Post v. City of Grand Junction* 195 P.2d 958 (Colo. 1948); *see also* *Springston v. City of Fort Collins*, 518 P.2d 939 (Colo. 1974), *Tom's Tavern, Inc. v. City of Boulder*, 526 P.2d 1328 (Colo. 1974).

91 *Hollenbeck v. City & Cty. of Denver*, 49 P.2d 435 (Colo. 1935).

92 *Post v. City of Grand Junction* 195 P.2d 958 (Colo. 1948); *see also* *Springston v. City of Fort Collins*, 518 P.2d 939 (Colo. 1974).

93 *Springston v. City of Fort Collins*, 518 P.2d 939 (Colo. 1974).

94 *Town of Minturn v. Foster Lumber Company*, 548 P.2d 1276 (Colo. 1976); *Mountain States Tele. and Tele. Co. v. City of Colorado Springs*, 572 P.2d 834 (Colo. 1977).

95 *Westrac, Inc. v. Walker Field*, 812 P.2d 714 (Colo. App. 1991).

96 *Town of Eagle v. Schiebe*, 10 P.3d 648 (Colo. 2000) (upholding the town's tax on motel and motel operators of \$2.00 per room occupied per night).

97 *Rancho Colo., Inc. v. City & Cty. of Broomfield*, 586 P.2d 659 (Colo. 1978).

- Specific occupation taxes, levied at varying rates based on classification of occupations and businesses, may be expensive to administer in relation to the amount of revenue derived. This result may depend on how many different occupations are taxed.
- In some cases, an occupation tax might cause individuals or businesses to locate outside a jurisdiction to avoid the tax.

UTILITY SPECIFIC OCCUPATION TAXES

Public utilities that obtain franchises in order to operate within municipal boundaries are often required to pay a fee as part of the franchise agreement. A franchise “fee” is not a fee in the typical governmental context (that is, it is not intended to defray the cost of a regulatory or licensing program), but rather is a charge in the nature of rent for use of municipal property, usually rights-of-way. Public utilities not required to obtain municipal franchises are often charged a specific occupation tax, which is often a flat dollar amount or a flat rate.

Background

In 1967, in its decision in *City of Englewood v. Mountain States Telephone and Telegraph Co.*,⁹⁸ the Colorado Supreme Court ruled that the City of Englewood did not have the power to require Mountain Bell to obtain a local franchise renewal for its facilities within the City, because Mountain Bell had a “statewide franchise.” In 1996, the General Assembly codified and expanded the *Englewood* decision to provide that no telecommunications provider (cable television providers are not included) is required to obtain a local franchise as a condition of placing its equipment in local rights-of-way.⁹⁹ In 2001, in *City and County of Denver v. Qwest Corp.*,¹⁰⁰ the Colorado Supreme Court upheld the application of this statute to home rule municipalities.

Following the Court’s *Englewood* decision, a number of municipalities replaced their franchise fees with specific occupation taxes on providers of telephone services measured as a percentage of the company’s gross receipts from sales within the municipality. However, in *Mountain States Telephone and Telegraph Company v. City of Colorado Springs*,¹⁰¹ the Colorado Supreme Court ruled that a municipal telephone occupation tax measured on a gross receipts basis is a local income tax, which is unconstitutional under Article X, section 17 of the Colorado Constitution. Subsequent to the *Colorado Springs* decision, municipalities replaced these taxes with taxes measured on some flat rate basis, such as per account or a flat annual amount.

In August 1997, the League suggested that municipalities with flat rate telecommunications utility occupation taxes (such as a fixed amount per

⁹⁸ *City of Englewood v. Mountain States Tele. & Tele. Co.* 431 P.2d 40 (Colo. 1967).

⁹⁹ C.R.S. § 38-5.5-10–108 (2000).

¹⁰⁰ *City & Cty. of Denver v. Qwest Corp.* 18 P.3d 748 (Colo. 2001).

¹⁰¹ *Mountain States Tele. & Tele. Co. V. City of Colorado Springs* 572 P.2d 834 (Colo. 1977).

year) consider converting their taxes to some basis of assessment that reflects the taxpayer's level of business activity in the jurisdiction, such as a "per line" or "per account" basis. This is because the Federal Telecommunications Act of 1996 prohibits requirements that could act as a barrier to market entry (which flat rate taxes could arguable be),¹⁰² and Colorado statutes require that any tax on telecommunications provider be "competitively neutral."¹⁰³ A flat tax that large, well-established and fledgling companies alike must "pay to play" could well run afoul of these restrictions. The latter restriction is a part of the statute upheld as applicable to home rule municipalities in the Colorado Supreme Court's *Qwest* decision.¹⁰⁴

Utility occupation tax or franchise fee characteristics

Advantages

- The yield may be fairly high.
- Administration is not difficult since few firms are involved and the amount due is simple to determine.

Disadvantages

- The burden of any utility franchise fee or tax is placed on the consumer — the source of a utility's revenue — not the utility itself.
- A franchise fee based on the consumption of a basic commodity such as gas and electric service places a heavier burden on low-income residents.

MISCELLANEOUS TAXES

Accommodations or Lodgers' Tax

Ordinarily municipalities and counties apply their sales taxes to the price of renting or leasing lodging for less than 30 consecutive days. In addition, some home rule municipalities levy a higher sales tax rate on such accommodations. Other home rule municipalities levy a separate "accommodations tax" instead of, or in addition to, applying their sales tax to accommodations.

No specific statutory authority exists for statutory cities and towns to enact an accommodations or lodgers' tax. However, statutory municipalities, as well as home rule municipalities, presumably may utilize their long-standing authority in this area to levy a specific occupation tax on the lodging vendor.¹⁰⁵ Counties have statutory authority to impose a lodgers' tax that may be shared with its municipalities.¹⁰⁶

¹⁰² 47 U.S.C. 253(a) (Supp. 1997).

¹⁰³ C.R.S. § 38-5.5-107(2)(a).

¹⁰⁴ *City & Cty. of Denver v. Qwest Corp.*, 18 P.3d 748 (Colo. 2001).

¹⁰⁵ C.R.S. § 31-15-501(1)(c).

¹⁰⁶ C.R.S. § 30-11-107.5.

Lodgers' tax characteristics

Advantages

- Administration is not difficult because lodging vendors collect the tax, and the amount of the tax due is easy to compute.
- The tax burden on individual purchases is small.
- The tax is especially valuable to a community that receives a large influx of tourists or other nonresidents who use municipal facilities and benefit from municipal services.

Disadvantages

- The yield is comparatively low, except in communities that are convention or tourist centers.
- High tax rates in relation to other communities may encourage convention planners or tourists to seek accommodations in other locations.

Admissions or Entertainment Tax

An admissions tax is a flat percentage of the charge for admission to places or events in the community that are open to the public, such as athletic contests, movie theaters, and entertainment events. The tax is levied on the customer and collected by the person charging admission. Some home rule municipalities levy a separate admissions tax; others apply their sales tax to admission charges.

The authority of a home rule city to adopt an admissions tax has been upheld by the Colorado Supreme Court,¹⁰⁷ which has also ruled that a statutory (non-home rule) municipality does not have authority to adopt an admissions tax.¹⁰⁸

However, a statutory municipality presumably may levy an occupation tax on the venue operator, pursuant to C.R.S. § 31-15-501(1)(c).

Admissions tax characteristics

Advantages

- An admissions tax is comparatively easy to levy and collect.
- The tax burden on individual admissions is small and falls on a service that is discretionary.
- The tax reaches nonresidents and tourists, which is especially valuable to a municipality that serves as the entertainment center for the surrounding area, or otherwise enjoys heavy tourist traffic.

Disadvantages

- The admissions tax is not especially productive when compared with taxes on property, sales, and utility receipts, unless the community has

107 *Deluxe Theatres, Inc. v. City of Englewood*, 596 P.2d 771 (Colo. 1979); *see also*, *City of Boulder v. Regents*, 501 P.2d 123 (Colo. 1972).

108 *City of Sheridan v. City of Englewood*, 609 P.2d 108 (Colo. 1980).

a large entertainment center such as a sports arena or popular tourist attraction.

- A tax based on entertainment and tourism is sensitive to economic downturns and yields revenue that can be both unstable and difficult to predict.
- An admissions tax might encourage amusement-type businesses to locate outside the taxing jurisdiction.

REAL ESTATE TRANSFER TAXES

A real estate transfer tax is levied on the conveyance of real property within a taxing jurisdiction. It is analogous to a selective sales tax on the purchase of real property. Thus, this is a tax levied on the turnover, not on the possession, of property. It is sometimes considered as an “initiation fee” for new entrants in an area, to be paid in consideration for existing public facilities. The TABOR Amendment, approved by voters in 1992, prohibits any new or increased real estate transfer taxes.¹⁰⁹ About a dozen municipalities have these taxes, which were all passed prior to 1992.

LOCAL INCOME TAXES

Article X, Section 17 of the Colorado Constitution provides, in part, that “The general assembly may levy income taxes ... for the support of the state, or any political subdivision thereof, or for public schools” The Colorado Supreme Court has interpreted this language as granting the General Assembly the *exclusive*, nondelegable power to levy income taxes, thereby denying Colorado cities and towns the power to levy their own income taxes. The Court did point out that Article X, Section 17 permits the General Assembly to levy an income tax “for the support of” any political subdivision of the state, although the General Assembly had not seen fit to do so.¹¹⁰

In addition, the TABOR Amendment passed specifically prohibits, in Article X, Section 20(8) local governments from imposing income taxes.

The question of what constitutes an income tax has been considered by the Colorado Supreme Court in several cases. The Denver head tax, a flat rate occupation tax imposed on employees and employers, has been held by the court not to be an income tax under Colorado law.¹¹¹ An occupation tax of \$3 or \$4 per rental unit on persons who rent commercial or residential property is not an income tax.¹¹² Neither is an occupation tax of \$2 per occupied unit per night levied on hotels and motels an income tax, even though the

¹⁰⁹ COLO. CONST. art. X, § 20.

¹¹⁰ City & Cty. of Denver v. Sweet, 329 P.2d 441 (Colo. 1958).

¹¹¹ City & Cty. of Denver v. Duffy Storage & Moving Co., 450 P.2d 339 (Colo. 1969). However, the Denver head tax is an income tax within the meaning of the Federal Buck Act and so can be collected from federal employees working in federal enclaves. Rountree v. City & Cty. of Denver, 596 P.2d 739 (Colo. 1979).

¹¹² City of Englewood v. Wright, 364 P.2d 569 (Colo. 1961).

amount of tax collected may fluctuate from month to month based on the sales of the business.¹¹³ Finally, a gross receipts based *fee* was found to be a lawful local income tax.¹¹⁴

However, a so-called occupation tax imposed on certain businesses at a rate of two percent of the total gross revenues derived by the business from sales within the town was found to be an unconstitutional income tax in *Minturn v. Foster Lumber Company*.¹¹⁵ Likewise, an occupation tax imposed on a telephone utility and assessed at three percent of the utility's gross revenues from local exchange telephone service has been found to be an unconstitutional income tax.¹¹⁶

113 Town of Eagle v. Schiebe, 10 P.3d 648 (Colo. 2000).

114 Westrac, Inc. v. Walker Field, 812 P.2d 714 (Colo. App. 1991).

115 Town of Minturn v. Foster Lumber Co., 548 P.2d 1276 (Colo. 1976).

116 Mountain States Tele. & Tele. Co. v. City of Colorado Springs, 572 P.2d 834 (Colo. 1977).

MUNICIPAL USER CHARGES AND FEES

Fees have always been a major part of the municipal revenue picture, particularly for specialized services such as permitted activities, recreational activities, and residential waste collection.

Fees are charges imposed for the purpose of defraying the cost of a particular government service.

Fees and charges are designed to defer the cost of current services that benefit the recipient or off-set the burdens of regulation. Municipalities regularly review charges and fees as a legislative or budgetary process.

Common types of user fees are park and recreation entrance charges; inspection fees; permitting fees; refuse collection fees; and library fees for special services. While the user charge must be reasonably related to the overall cost of the service, mathematical exactitude is not required; in fact, user fees rarely cover the entire cost of the service provided.¹ Rather, the fee is charged to ensure that at least some portion of the cost of providing the service is borne by the recipient of the service rather than the taxpayers at large. As with other kinds of fees, however, the amount of revenue generated by user fees cannot exceed the overall direct and indirect costs of the services provided.²

Special assessments are charges upon particular property for special benefits conferred upon that property and are considered charges related to a particular improvement. Assessments are levied against a specific group of citizens or homeowners often in instances of curb and gutter installations, drinking water line installations, sewer line installations, street improvements, police or fire protection, parking structures, street lighting and other improvements that benefit a subset of citizens. A special assessment is a charge imposed for the purpose of financing local improvements.³ To qualify as a special assessment, a charge must be directed against the users of an improvement, and the revenue derived from the charge must be applied only to the maintenance, operation, or development of the improvement.⁴ A special assessment is based on the premise that the property assessed is enhanced in value at least to the amount of the levy.⁵ The burden of the assessment falls on the property owners because the benefits they receive from the particular improvements are different from the benefits they enjoy in common with other property owners.⁶ The funds generated by a special assessment cannot be diverted to other purposes since the imposition of the assessment upon a particular class of taxpayers can be justified only to the extent that such assessments are equivalent to special benefits conferred upon these taxpayers.⁷

1 Bruce v. City of Colorado Springs, 131 P.3d 1187, 1190 (Colo. App. 2005).

2 Bainbridge v. Bd. of Cnty. Comm'rs of Douglas Cnty., 53 P.3d 646 (Colo. App. 2001).

3 Cherry Hills Farms v. City of Cherry Hills Village, 670 P.2d 779, 782 (Colo. 1983).

4 Cherry Hills Farms v. City of Cherry Hills Village, 670 P.2d 779, 782 (Colo. 1983).

5 Bloom v. City of Fort Collins, 784 P.2d 304, 308 (Colo. 1989).

6 Bloom v. City of Fort Collins, 784 P.2d 304, 308 (Colo. 1989).

7 Bloom v. City of Fort Collins, 784 P.2d 304, 308 (Colo. 1989).

DISTINGUISHING TAXES, FEES, AND SPECIAL ASSESSMENTS

With the passage of TABOR,⁸ which requires an election prior to imposition of new taxes, but not for fees, this form of pay-as-you-go government has seen much more emphasis in recent years. A big part of understanding fees is understanding how to distinguish fees from taxes, special assessments, and other local government charges.

The Difference Between a “Tax” and a “Fee”

It is important to understand the difference between taxes and fees due to numerous legal considerations. The fundamental authority to adopt a particular measure often hinges on how the measure is characterized. A body of case law had developed prior to TABOR for analyzing the validity of taxes versus the validity of fees.⁹ Governmental entities themselves may be subject to some kinds of municipal charges but not others; for example, a municipality may not be able to tax state property, but may be able to compel the state to pay a municipal fee or assessment.¹⁰

One of the most important Colorado Supreme Court decisions on the distinction between fees and taxes is *Bloom v. City of Fort Collins*,¹¹ in which the court categorically explained the difference between the two and ruled that a city “transportation utility fee” is not a tax.

The court emphasized that the primary difference between a tax and a fee is that a tax is a general revenue raising measure while a fee defrays the cost of a particular government service.¹² Significantly, the court also said that the “voluntariness” of a particular government charge does not determine whether it is a fee or a tax.¹³

The Difference Between a “Tax” and a “Special Assessment”

There are a number of practical ways special assessments differ from taxation: unlike taxes, they are non-deductible for income tax purposes; the unique manner in which special assessments are determined and imposed according to statutory or local procedures; the fact that special assessments have many counterparts in the private sector and are not exclusively an exercise of a government authority. Municipalities most commonly impose assessments through the creation of special improvement districts (SIDs) and similar entities.¹⁴

The Colorado Supreme Court described assessments as “special benefits which will sustain a special assessment must be immediate, and of such a character that they can be seen and traced; remote or contingent benefits

8 Also known as the Taxpayers Bill of Rights and Amendment 1: COLO. CONST. art. X, § 20(4).

9 For earlier cases distinguishing fees from taxes, and discussing the characteristics of a valid fee, see: *Zelinger v. City & Cty. of Denver*, 724 P.2d 1356 (Colo. 1986); *Loup-Miller Constr. v. City & Cty. of Denver*, 676 P.2d 1170 (Colo. 1984); *Westrac Inc. v. Walker Field Pub. Airport Auth.*, 812 P.2d 714 (Colo. App. 1991).

10 *City of Littleton v. State*, 855 P.2d 448 (Colo. 1993).

11 *Bloom v. City of Fort Collins*, 784 P.2d 304 (Colo. 1989).

12 *Bloom v. City of Fort Collins*, 784 P.2d 304, 308 (Colo. 1989).

13 *Bloom v. City of Fort Collins*, 784 P.2d 304, 311 (Colo. 1989).

14 C.R.S. §§ 31-25-501, et seq.

enjoyed by the general public will not sustain a special assessment.”¹⁵ According to *Bloom* and other court decisions through the years, an assessment is a kind of government charge that will not be considered a tax. While it is true that the courts repeatedly have held that the fundamental power to charge special assessments is “derived from the sovereign power to tax,”¹⁶ and while the courts sometimes use the terms “special assessment” and “special tax” interchangeably,¹⁷ whenever the court is squarely faced with the question, “Is a ‘special assessment’ a ‘tax’ for purposes of general laws related to ‘taxation’?” the court has consistently answered “no.”

The distinction between taxes and special assessments has a long history in Colorado. The courts have consistently held that special assessments are not taxes “in the constitutional sense.” This concept is reflected in two lines of cases.

First, special assessments are not subject to constitutional provisions that require uniformity of taxation. This holding was stated more than a century ago in *City & County of Denver v. Knowles*, when the Colorado Supreme Court first acknowledged “the distinction between local assessments and taxes levied for general purposes.”¹⁸ The court stated, “There is certainly reason for saying that the word ‘tax’ when used in the constitution, refers to the ordinary public taxes, and not to the assessments for benefits in the nature of local improvements.” Among other things, the court observed that a “tax” is a type of “burden” that may be imposed unilaterally by the governing body, while an assessment is more in the nature of a *quid pro quo* for benefits conferred and received. *Knowles* was the seminal case in a series that went on to explore the fundamental differences between assessments and taxes.¹⁹

In a second line of cases, the courts have held that “special assessments” are not “taxes” within the meaning of constitutional provisions that limit taxation on certain classes of property. For example, in one case²⁰ the court held that a constitutional provision that exempts nonprofit cemeteries from “general taxation” would not necessarily prohibit the imposition of municipal special assessments. In another, the Colorado Supreme Court held that county property that is exempt from municipal taxation may nevertheless be subject to municipal special assessments.²¹

TABOR Considerations

Understanding the very nature of a particular revenue measure has always been essential for determining whether it will stand or fall when tested in

15 *Ochs v. Town of Hot Sulphur Springs*, 407 P.2d 677 (Colo. 1965).

16 *Reams v. City of Grand Junction*, 676 P.2d 1189 (Colo. 1984).

17 *City of Englewood v. Weist*, 520 P.2d 120 (Colo. 1974).

18 *City & Cty. Denver v. Knowles*, 30 P. 1041 (Colo. 1892).

19 See *Pomroy v. Bd. of Pub. Waterworks*, 136 P. 78 (Colo. 1913); *City & Cty. of Denver v. Tihen*, 235 P. 777 (Colo. 1925); *Gordon v. Wheat Ridge Water Dist.*, 109 P.2d 899 (Colo. 1941); *Ochs v. Town of Hot Sulphur Springs*, 407 P.2d 677 (Colo. 1965); *Cherry Hills Farm v. City of Cherry Hills Village*, 670 P.2d 779 (Colo. 1983); and *Zelinger v. City & Cty. of Denver*, 724 P.2d 1356 (Colo. 1986).

20 *City & Cty. Denver v. Tihen*, 235 P.777 (Colo. 1925).

21 *El Paso Cnty. Comm’rs v. City of Colorado Springs*, 180 P. 301 (Colo. 1919); see also *Douglas Cnty. Comm’rs v. Town of Castle Rock*, 46 P.2d 747 (Colo. 1935).

court. TABOR raises the stakes even higher on this analysis by requiring voter approval for new taxes, while remaining silent on fees, assessments, and other charges.

TABOR, the Taxpayers Bill of Rights, is perhaps best known for requiring a vote on “tax” increases; however, TABOR contains no mention whatsoever of “fees.” It is important to recognize that, while new or increased fees do not directly require voter approval, municipal revenue realized from fees must be accounted for within the overall revenue limitation in TABOR.²² Thus, the overall year-to-year revenue limit in a sense puts the brakes on the ability of municipalities to indiscriminately raise new revenue through fees. If a new fee or other non-tax source of revenue forces the municipality to exceed TABOR’s revenue limitation, the excess would have to be refunded unless the voters approve a revenue change to retain the excess. Indeed, concern about excess fee revenue, not tax surpluses, has been the precise problem that has motivated many municipalities to seek a voter-approved revenue change. In the rapid growth and development of the 1990s, building permit fees, impact fees, and other developer charges often led to “excess revenue” situations.

The Supreme Court re-affirmed *Bloom* in a 2008 decision upholding transfers of various fee revenues to the state general fund, and rejecting a claim that such transfers effectively converted the fees to taxes, requiring a popular vote.²³ The court emphasized that, in determining whether a charge is a fee or a tax, a court’s focus will be on “the primary or principal purpose for which the money was raised, not the manner in which it was ultimately spent.”²⁴

Likewise, there are many kinds of municipal revenue sources than taxes, fees, and special assessments: rent licenses paid to occupy municipal property; fines, surcharges, and restitution imposed and administered by municipal courts; interest on investments; forfeiture monies from a variety of sources. Since these revenues are not “taxes,” TABOR apparently would not require a vote to increase revenue from any of these sources. However, again, the revenue received from these sources typically would have to be included in a municipality’s fiscal year spending base to determine the TABOR expenditure limit, as well as the count toward any revenues above that limit that must be refunded.

Of course, any fees or similar charges that are associated with qualified municipal “enterprises” are totally exempt from TABOR. The Colorado Supreme Court has held that one of the defining characteristics of an enterprise is that it primarily subsists on fees and should lack any independent authority to impose a tax.²⁵

When considering whether or not to propose increasing revenues, the first challenge for the municipal governing body is to determine whether or not the revenue increase would be considered a form of taxation. Since TABOR itself

22 COLO. CONST., art. XX, § 7b.

23 *Barber v. Ritter*, 196 P.3d 238 (Colo. 2008); see also: *Bruce v. City of Colorado Springs*, 131 P.3d 118 (Colo. App. 2005) (streetlight and cable television charges not taxes; upheld as “fees,” in TABOR challenges).

24 *Barber v. Ritter*, 196 P.3d 238, 239 (Colo. 2008) (emphasis in original).

25 *Nicholl v. E-470 Pub. Highway Auth.*, 896 P.2d 859 (Colo. 1995).

does not provide a definition or redefinition of the term “tax,” the courts most likely will continue to interpret the term consistent with prior case law, in which quite a bit of guidance on this important question can be found.

Moreover, neither the text of TABOR nor its legislative history support the proposition that TABOR was intended to impose new voter approval requirements or other procedural limitations on special assessments. On the contrary, TABOR could be read to favor the use of special assessments as a way to relieve the general tax burden on the community as a whole, thus further securing the “rights” of “taxpayers.”

TABOR makes no mention of special assessments contrasted by the Colorado Constitution, which separately authorizes home rule municipalities to impose both “taxes” and “special assessments.”²⁶ The earlier language in the constitution thus implies that there is a difference between the two and separate reference must be made to both if the intention is indeed to address both constitutionally.

Policy Considerations when Reviewing User Charges

Advantages

- When fees are levied for services provided to small groups who can pay, tax monies previously used to subsidize these services can be allocated for general-fund financed functions, such as police, fire, and street maintenance.
- Even nominal or token fees for services motivate citizens to give some thought to the value of those services. Subsidized fees set at a percentage of costs, rather than a flat amount, motivate citizens to be concerned about the quantity of services they consume.
- Uncharged services may lead to overuse, overcrowding, and waste of services, ultimately resulting in public pressure to expand service facilities.
- Current residents do not have to bear the entire financial burden of new development when impact fees can help offset the costs for basic services, such as street oversizing and upgrading, parks, open space, storm drainage, and utilities services.²⁷
- Full-cost service fees can guide public officials on what the demand is for services, as well as for which services citizens are willing to pay. Also, full-cost accounting can aid decision makers in comparing alternative methods of providing services.²⁸
- Fees or penalties for excessive use or abuse of public services, such as fees for too many false fire or burglar alarm responses, can encourage citizens to reduce the number of such incidents and can offset part of the cost.

²⁶ COLO. CONST. art. XX, § 6(g).

²⁷ See “Impact Fees” on page 33 for more information.

²⁸ See “Providing Municipal Services” on page 43 for more information.

- User fees can be adjusted more easily on a periodic basis to reflect increased costs than can sales or property taxes, which require voter approval.
- User fees can reflect various components of costs, such as distance from treatment plants, disposal sites, pumping stations, etc.
- User fees can moderate demand during periods of peak use by levying higher rates during busy times. User fees also can reflect the community's preferences in providing services for low-income residents or for children. Lower rates or free days at times when usage is low can level demand and provide at least some opportunity for everyone to use the service.
- Fees can be adjusted so that higher fees are charged to nonresidents, particularly when resident taxpayers subsidize part of the cost of the service.

Disadvantages

- Not all services are amenable to user charge financing. Many services are provided in significant degree to the community as a whole rather than only to those who are willing or able to pay for them.
- User fees may limit lower-income residents from accessing government services.
- Increasing user fees could decrease use of the service, resulting in lower total revenue.
- A municipality with many expensive user charges may be an economic disincentive in attracting new business and industry.
- Determining the full cost of providing a service may require an extensive cost-allocation accounting system. Full costs include not only direct costs, but also an equitable share of common costs.
- Depending on the type of user charge and the mechanisms used to collect them, such charges may not be efficient and effective to collect. The costs of managing, billing, and collecting user charges may be high in relation to the revenues generated. Also, adequate internal controls must be set to protect the revenues collected.
- Municipal property taxes are income-tax deductible, while user fees are not.
- Revenues generated from user fees might cause the municipality to exceed revenue limitations imposed by the TABOR Amendment.²⁹ As a common result of the restricted purposes of non-tax revenues (fee revenues pay for related programs, special assessment revenues pay for related improvements), many TABOR refunds are made from a municipality's general tax revenues.

²⁹ COLO. CONST. art. X, § 20.

Discounts

Some Colorado municipalities have adopted special fee schedules to defray the cost of using municipal services for senior citizens, low-income residents, families, and children. Conversely, municipalities may charge higher fees for busy times like weekends, and several cities and towns charge higher fees to nonresidents.

Adoption of New Fees

A note of caution is in order for municipalities contemplating the adoption of new fees. The courts have always placed municipalities under a certain obligation to exercise care in adopting fees. Thus, the threshold question for any municipality contemplating a particular type of fee is whether some independent enabling authority exists for the fee under state statute or local charter provisions. A charge should be associated with a particular service, a relationship sometimes referred to as “nexus,” to pass muster as a lawful fee. A municipality should take steps to ensure that all fee revenue is used to support related services rather than general government purposes.

Before adopting a new fee, municipalities should address whether authority to levy such a fee exists in state statute or in a local charter provision. Further, a user charge should be set to pay for the costs associated with rendering the service and use the revenue generated from the fee to provide related services rather than for other purposes.

These principles of nexus and offsetting costs are illustrated in a case³⁰ that has important implications for taxes and fees. The case arose when a county collected several million dollars in building permit fees, yet the actual “direct” cost to operate the building department totaled only a little more than \$1 million. Some home builders sued, essentially arguing that the building permit fees were being used to subsidize the county’s general fund, and were therefore an unlawful tax. The court of appeals ruled partially for the county and partially for the home builders and remanded the case for further fact-finding by the trial court. On one hand, the county prevailed on its theory that it should be allowed to factor in both direct and indirect costs (e.g., “services provided by the county manager, the county attorney’s office, the assessor’s office and various other divisions of county government”) to determine the “overall costs” to operate the building department and to justify their fees. On the other hand, the home builders prevailed on the basic principle that the county must justify its fees based upon the cost of services rendered “in order to prevent the fees from being considered unlawful taxes that violate the Colorado constitution.”

30 Bainbridge, Inc. v. Bd. of Cty. Comm’rs of Douglas Cty., 964 P.2d 575 (Colo. App. 1998).

TYPES OF SERVICES AND CHARGES

Recreational Fees

Most municipalities enact user charges to defray the cost of providing a municipal golf course, swimming pool, recreation center, skate board park, or airport, and most review those charges annually.

Residential Refuse Collection and Disposal Service

Many municipalities charge for residential refuse collection and disposal service and provide these services for residences either directly or by contract. A few municipalities use their own employees and equipment; most hire a private firm to collect residential refuse and pay the firm directly. In some instances, the municipalities bill residents for the services and then pay private firms to provide the services. Municipalities may offer direct private-sector service provision — a private firm collects refuse from its customers and is paid directly by them. Where municipalities may choose to use a combination of municipal–private collection, with the municipality providing residential service and the private sector providing commercial and industrial service.

Most municipalities charge a flat rate for refuse pick-up; however, several municipalities levy an extra charge per trash container. Most municipal charges cover the cost of providing the service, but some municipalities choose to subsidize refuse collection services for residents.

Municipalities often provide other services as a part of the residential refuse collection service, such as large-item pick-up. Many municipalities also provide a special annual or semi-annual refuse pick-up service for residents, such as a spring or fall “clean-up week.” Again, some municipalities provide this for free to residents while others charge a fee.

Recycling and Special Services

Some municipalities provide drop-off centers for recyclables, and others provide curbside recycling.

Another special service some municipalities provide is a drop-off center for Christmas trees.

Municipalities also may offer a drop-off center for yard waste or incentives for mulching residential yard waste. Both can be valuable services as yard waste comprises a substantial portion of residential refuse and is often taken to the landfill in nonbiodegradable plastic bags.

Household Hazardous Waste

An increasing number of municipalities sponsor drop-off centers or special collection days for household hazardous waste, such as paint and paint thinners, auto batteries, insecticides/pesticides, household cleaning products, used motor oil, and medical wastes. To incentivize voluntary drop-offs so that hazardous waste is properly disposed, rather than enter landfills,

many municipalities do not charge for this service, or offer free drop-off holidays.

IMPACT FEES

While Colorado statutes do not contain a definition of the term “impact fee,” they do have a definition of “land development charge,” which is very similar:

*any fee, charge, or assessment relating to a capital expenditure which is imposed on land development as a condition of approval of such land development, as a prerequisite to obtaining a permit or service. Nothing in this section shall be construed to include sales and use taxes, building or plan review fees, building permit fees, consulting or other professional review charges, or any other regulatory or administrative fee, charge, or assessment.*³¹

Colorado case law has not directly determined the validity of “impact fees” per se using that term.³² However, numerous cases have decided the validity of various “service fees,” defined as a “charge imposed on property for the purpose of defraying the cost of a particular government service.”³³ Other cases have analogized a service fee to a “plant improvement fee.”³⁴

Planning literature generally defines “impact fee” as a one-time charge assessed against new development in the attempt to recover the cost incurred by a local government in providing the public facilities required to serve the development. Impact fees also have been described as a cost-shifting device that contributes to the efforts of local governments to cope with the economic burdens of population growth, such as the need for new roads, schools, parks, and sewer and water treatment facilities.³⁵

As early as the 1920s, municipalities in Colorado have charged developers for the water rights they needed. Today, impact fees have expanded to finance not only water and sewer facilities, but also roads, drainage facilities, police and fire protection, library services, museums, and parks and recreation.

31 C.R.S. § 29-20-101, et seq (passed by the Colorado General Assembly in October 2001, governing “impact fees and other similar development charges.”).

32 In the only case to address impact fees using that term, the Colorado Supreme Court found the school impact fees at issue invalid based on the county’s lack of statutory authority, but did not address the validity of impact fees, *per se*. See *Bainbridge v. Douglas Cnty.*, 929 P.2d 691, 698 (Colo. 1996). In *Krupp v. Breckenridge Sanitation Dist.*, 3 P.3d 687 (Colo. 2001), Justice Hobbs noted that the Colorado Supreme Court has used the terms “service fee,” “special fee,” and “special charge,” interchangeably to denote a charge reasonably designed to meet the overall costs of the specific service for which the fee is imposed, *citing City of Littleton v. Colorado*, 855 P.2d 448, 452 (Colo. 1993). See also *Bloom v. City of Fort Collins*, 784 P.2d 304, 308 (Colo. 1984); *Loup-Miller Constr. Co. v. City & Cty. of Denver*, 676 P.2d 1170, 1173 (Colo. 1984). In support of the court’s decision, however, Justice Hobbs cited *McCarthy v. City of Leawood*, 894 P.2d 836 (Kan. 1995), a case in which the court considered the application of a takings analysis to an “impact fee.”

33 *E-470 Pub. Highway Auth. v. 455 Co.*, 3 P.3d 18, 24 (Colo. 2000), quoting *Bloom v. City of Fort Collins*, 784 P.2d 304, 308 (Colo. 1989).

34 *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d 687, 698 (Colo. 2001).

35 John M. Armentano, Esq., Farrell Fritz, P.C., *As Local Governments Struggle to Finance Costs Associated with New Construction, More and More Turn to the Option of Requiring Developers to Pay “Impact Fees,”* ZONING AND PLANNING LAW REPORT, (October 1999).

Although impact fees do not alter the total costs of new infrastructure, they do affect the distribution of costs, or who pays for the facilities. Each community needs to make a policy decision about whether the cost of each new facility required is charged directly to the new users or spread across the community.

An Impact Fee is Not a Tax

A tax is a general revenue-raising mechanism; an impact fee is a charge to cover the cost of a specific activity, service, or infrastructure.

Authority to impose a tax is derived from the taxing powers of a local government; authority to impose an impact fee is derived from the police power.³⁶ A public vote is required to impose or increase a tax;³⁷ however, no public vote is required to establish an impact fee.

While Colorado statutes require that impact fees be accounted for separately, tax revenues may be commingled with other funds.³⁸ This is true under Colorado case law as well. When fee revenues become commingled with general funds, the fee begins to look more like a tax in that it is being used to raise general governmental revenues rather than to offset costs of a specific service or capital expenditure.³⁹ Some communities in Colorado impose a development excise tax upon the privilege of developing, calculated on the basis of dollars per square foot, and payable at building permit stage. In only one instance has a Colorado court found a development charge to actually be improper as an excise tax.⁴⁰

An impact fee is intended to offset the impacts of new development on existing and new infrastructure. There is no requirement in case law or statute that the value of the improvements to each property exactly match the amount contributed by each property. Under traditional legal principles, such a precise mathematical match is expressly not required.⁴¹ Nor must an impact fee be designated for a specific construction project, such as a street or library. Numerous cases have found that “special fees,” the definition of which is very similar to impact fees, are not special assessments.⁴² Therefore, the facilities funded by impact fees need not confer special benefits to the fee payer.

³⁶ In the case of a home rule municipality, power is additionally derived from Article XX of the Colorado Constitution.

³⁷ COLO. CONST. art. X, § 20.

³⁸ C.R.S. § 29-1-801 et seq.

³⁹ In *Bloom v. City of Fort Collins*, 784 P.2d 304, 311 (Colo. 1989), the only defect the Colorado Supreme Court found in Fort Collins' transportation utility fee was the portion of the ordinance that allowed excess revenue to be transferred to the general fund of the city. This portion was found severable, and the ordinance upheld.

⁴⁰ In *Cherry Hills Farms, Inc. v. City of Cherry Hills Village*, 670 P.2d 779 (Colo. 1983), the Colorado Supreme Court found (and the City conceded) that a development fee levied by the city for the stated purpose of paying for the expansion of city services necessitated by new development, was actually an excise tax. The Court upheld the tax, however, as being within the City's authority.

⁴¹ *Cherry Hills Farms, Inc. v. City of Cherry Hills Village*, 670 P.2d 779 (Colo. 1983); see also *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d 687, 694 (Colo. 2001). But see discussion of “directly related” requirement of C.R.S. § 29-20-101, et seq.

⁴² See, e.g., *Bloom v. City of Fort Collins*, 784 P.2d 304 (Colo. 1989).

To finance municipal infrastructure, some Colorado municipalities impose an excise tax on the privilege of subdividing or developing property, rather than on the property itself. While statutory cities and towns do not have explicit statutory authority to impose excise taxes, they do have authority to impose business taxes.⁴³

An Impact Fee is Not an *Ad Valorem* Tax

An ad valorem tax is imposed on the basis of a property's value, the purpose of which is to provide revenues to defray the general expenses of government as distinguished from the expense of a specific function or service.⁴⁴

An Impact Fee is Not a Special Assessment

A special assessment may be levied against owners of either developed or undeveloped property to offset the costs of a specific improvement (such as paving of a street) that benefits only those properties directly affected. An impact fee, on the other hand, may be levied against all new residential development to offset costs associated with the increased traffic it will generate on all the streets of the city, not just those located directly adjacent to the properties in question. Special assessments and impact fees do share some common characteristics — for example, both must be accounted for separately and not commingled with the municipality's general revenue stream. However, the purposes for which each may be assessed, and standards governing their validity, are different.

An Impact Fee is Not an Administrative Fee

Colorado statute that defines a "land development charge" specifically excludes "building or plan review fees, building permit fees, consulting or other professional review charges, or any other regulatory or administrative fee, charge, or assessment."⁴⁵ While there is no definition in statute, it is clear from the context of the statute and the legislative history that the bill is intended to address the situation in which a developer is being required to make a contribution toward infrastructure, not the situation in which a developer is being asked to pay an administrative fee to cover the costs of reviewing his plans.⁴⁶

Building or plan review fees and similar administrative fees and charges are levied to cover the cost of the specific service the municipality provides to the developer when it reviews the developer's proposal to determine compliance with applicable zoning and other regulations.⁴⁷ Other administrative charges might cover consultant fees associated

⁴³ C.R.S. § 31-15-501(1)(c).

⁴⁴ *Zelinger v. City and Cnty. of Denver*, 724 P.2d 1356, 1358 (Colo. 1986); *Bloom v. City of Fort Collins*, 784 P.2d 304, 307 (Colo. 1989); *Cherry Hills Farms, Inc. v. City of Cherry Hills Village*, 670 P.2d 779 (Colo. 1983).

⁴⁵ C.R.S. § 29-1-802(3)

⁴⁶ C.R.S. § 29-1-802(3)

⁴⁷ *Bainbridge v. Douglas Cnty. Comm'rs*, 53 P.3d 646 (Colo. App. 2001) (holding that building permit fees may include both direct and indirect costs, so long as the fees are reasonable).

with a specific project, or fees related to the cost of processing a specific application. In these cases, the fee charged is a fee-for-service. The payer of the fee is the direct recipient of the specific service provided; thus the charge is a type of user fee.

Policy Considerations When Reviewing Impact Fees

The principal theory behind the use of impact fees is that development should “pay its own way.” New development, which necessitates specific investments in infrastructure, should not be subsidized by existing taxpayers, but should be required to pay for the complement of infrastructure it requires.

Advantages

- Impact fees are a “pay-as-you-go” arrangement and prevent current taxpayers from subsidizing new development and avoid general obligation debt.
- There is a general perception that impact fees are more equitable compared to negotiated development dedications and exactions. They are less arbitrary, more predictable, and result in more rapid (and thus less costly) public approval for new development.⁴⁸
- Impact fees force local governments to plan for future growth. Impact fees are an important growth-management tool that, by setting fees at different levels, can help to steer growth to areas where infrastructure is underutilized and away from areas where infrastructure is inadequate to accommodate growth.
- Impact fees do and, in fact, should increase the price of housing. In the absence of an impact fee, the true cost of an individual house is not reflected in the price because taxpayers at large subsidize the cost of infrastructure necessitated by the house. Impact fees are a market-correction device.
- Impact fees may facilitate the siting of new development that a local government may not otherwise find practical to permit.

Disadvantages

- Impact fees raise the price of housing and put homeownership out of the reach of lower and moderate income households.
- Impact fees provide a windfall gain to existing residents because increasing the price of new homes increases the value of existing homes.
- Impact fees deter development and create interjurisdictional competition.
- Impact fees unfairly impose the burden of public facilities on a particular group — namely, owners of undeveloped property — although the public

⁴⁸ Jane H. Lillydahl, University of Colorado at Boulder economics associate professor, presented at A Symposium on Impact Fees, 1987 Conference of the American Planning Association, New York City, “Impact Fees in Colorado: Economic, Political, and Legal Overview” (April 26–30, 1987).

at large will receive the benefit of the public facilities, as impact fees pay for improvements that benefit all, including existing, property owners. (For example, education provides statewide benefits that do not accrue only to specific property owners in a development where a school is built.)

- Impact fees are inequitable because existing development was not similarly charged for its impacts on infrastructure.

Although impact fees have been touted as the solution to making growth pay its own way, impact fees are only one tool a municipality can use to achieve this goal. Other techniques exist and should be considered as part of a municipality's overall strategy.

In some cases, an infrastructure impact that is exclusively attributable to a specific development is more appropriately offset by an exaction. When a development proposal involves property that will be annexed to the municipality, specific improvements may be negotiated as part of the annexation agreement process. Because different legal standards and methodologies apply to each of these strategies, a municipality should evaluate carefully its overall infrastructure impacts and the needs created by new development as a whole, then determine the best means to mitigate those impacts. In some cases, this will mean using alternative strategies to meet different needs.

Impact Fees in Colorado

Some specific statutory authority for collecting fees from property owners to pay for infrastructure has long existed in Colorado statutes. For example, a municipality may require an owner of property to pay for new streets, street paving, curbs, gutters, and sidewalks, by means of a special assessment, under the theory that the property is especially benefited by the improvements over and above the general benefit to the public at large.⁴⁹ (Despite the fact that the statute refers to a “special assessment,” the court did not rule out the possibility of alternative financing methods under this statute.) Municipalities also are specifically authorized to “levy an equitable and just tax upon all consumers of water for the purpose of defraying the expense” of improvements and infrastructure for the water system.⁵⁰ Colorado statutes also authorize municipalities to collect fees from property owners and compel them to connect to the city sewer system.⁵¹

The U.S. Supreme Court decided two cases that set the standards for exactions — those instances in which, as a condition of development, a local government requires a property owner to dedicate land for public use.⁵² In *Nollan v. California Coastal Commission*, the commission attempted to condition approval of a property owner's development proposal on

49 C.R.S. § 31-15-702; Bethlehem Evangelical Lutheran Church v. City of Lakewood, 626 P.2d 668 (Colo. 1981).

50 C.R.S. § 31-15-708(1)(a).

51 C.R.S. §§ 31-15-709(1); 31-35-402(1)(f).

52 *Nollan v. California Coastal Comm'n*, 483 U.S. 825 (1987); *Dolan v. City of Tigard*, 512 U.S. 374 (1994).

dedication of a beach access easement for the public. The court held this was improper because the requirement to dedicate a beach-access easement did not solve any particular problem created by the proposed development, and that an exaction, to be constitutional, must have a “rational nexus” with the proposed development. In *Dolan v. City of Tigard*, the city required a property owner proposing to expand an existing hardware store to dedicate a strip of land along the adjacent creek for a bike trail. Again, the Supreme Court held this to be invalid, finding that the bike path requirement did not have a rational nexus with the proposed expansion, nor was it roughly proportional to the impact, reasoning that customers of a hardware store were unlikely to use a bike path.

In 2001, the Colorado Supreme Court decided a case that directly addressed the question of whether an impact fee must comply with the *Nollan/Dolan* standard of rational nexus and rough proportionality in order to be valid.⁵³ In *Krupp v. Breckenridge Sanitation District*, the developer plaintiffs challenged the sanitation district’s plant investment fee (PIF), a fee charged to all new development based on a formula to offset capital costs associated with improvement of sewer facilities necessitated by new development. The Krupps argued that the district should have engaged in an individualized determination of how much the fee should be based solely on their proposed development, and that the fee had to be roughly proportional to the impact of their particular development. The Colorado Supreme Court declined to adopt this argument, finding that an impact fee, or special fee, such as the PIF, was not the type of exaction to which the Supreme Court meant the *Nollan/Dolan* test to apply.

An impact fee is different from a typical exaction scenario in two important ways. First, an exaction is decided on an individual basis and is imposed solely against an individual development; an impact fee is calculated based on the impact of all new development and the same fee is charged to all new development in a particular class. Thus an exaction is a discretionary, or adjudicative, function of the local government; but an impact fee is a legislative action. Second, an exaction almost always involves real property, a right the framers of the U.S. Constitution saw fit to provide with special protection in the form of the Fifth Amendment. Despite the fact that money is property, the payment of money traditionally has not been viewed to be entitled to the same special protection as real property. For these reasons, the *Krupp* court found that the takings analysis in the *Nollan* and *Dolan* cases is not implicated with an impact fee.⁵⁴ The Colorado Supreme Court concluded that the PIF was a legislatively determined service fee, and was not, therefore, subject to the takings analysis, or required to meet the

⁵³ *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d 687 (Colo. 2001).

⁵⁴ The Colorado Supreme Court acknowledged that the U.S. Supreme Court’s decision in *City of Monterey* left open the possibility that a very narrow class of purely monetary exactions may be subject to heightened scrutiny under the *Nollan/Dolan* test. However, the Colorado Supreme Court went on to conclude that the PIF in question did not fall into that narrow class, and therefore left the issue open. *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d at 687, 698 (Colo. 2001).

Nollan/Dolan test; instead, the fee merely needed to be “reasonably related to the overall cost of the service.”⁵⁵

Application of the *Nollan/Dolan* test has been limited to the narrow set of cases in which a permitting authority, through a specific, discretionary adjudicative determination, conditions continued development on the exaction of private property for public use. The service fee at issue was neither the result of a discretionary adjudicative decision of this type nor an exaction of property; it was a payment for services necessary to enable development of the project.

Colorado statute authorizes that a local government “may impose an impact fee or other similar development charge” to fund expenditures by such local government on capital facilities needed to serve new development” pursuant to the Land Use Control Enabling Act.⁵⁶ Home rule municipalities, which have always had the authority to impose impact fees, as well as statutory cities and counties, which historically had unclear, limited authority to impose impact fees, are both ostensibly governed by statute. Of course, home rule municipalities may continue to take the position that this authority is unnecessary in light of their Article XX powers.

Restrictions and Limitations

Impact fees must be “directly related” to proposed development. State statute requires local governments to “quantify the reasonable impacts of proposed development on existing capital facilities and establish the impact fee or development charge at a level no greater than necessary to defray such impacts directly related to proposed development.” The question of what “directly related” means has been the subject of much discussion and debate, which may be answered for certain only by the Colorado Supreme Court.

When the Colorado General Assembly has considered legislation relating to impact fees in the recent past, many of the proposals allowed impact fees only when a local government could demonstrate that there was an “essential nexus” between the fee charged and a particular development proposal, and that the fee charged was “roughly proportional” to that development’s impact on the infrastructure for which the fee was being collected. In the post-*Krupp* world, however, the Colorado Supreme Court has made it clear that an impact fee does not have to meet what has come to be known as the “*Nollan/Dolan*” test of essential nexus and rough proportionality to be valid.

Instead, the court said, an impact fee is valid if it is legislatively adopted, generally applicable to a broad class of property, and intended to defray the projected impacts on capital facilities caused by proposed development. The court also stated that an impact fee must be fair, and rationally differentiate between types of development. Statute codifies these requirements.⁵⁷

55 *Krupp v. Breckenridge Sanitation Dist.*, 19 P.3d at 693–694 (Colo. 2001).

56 C.R.S. § 29-20-104.5(1)

57 C.R.S. § 29-20-104.5(1).

This test measures the reasonableness of the impact fee against proposed development, not against a particular development. The Krupp court did not hold, and C.R.S. § 29-20-101, et. seq., does not require, that a local government engage in an individualized assessment of each proposed development to determine the reasonableness of the fee. Rather the reasonableness of the costs to be recovered is determined in relation to the impacts of all proposed development.

Therefore, it appears that an impact fee must be “directly related” to the cumulative impacts of proposed development in general or all proposed development in a community, not to a particular, individual development proposal.

Statute requires that local governments “quantify the reasonable impacts of proposed development on existing capital facilities and establish the impact fee or development charge at a level no greater than necessary to defray such impacts directly related to proposed development.”⁵⁸

As a practical matter, an impact fee should be calculated based on all projected development for a specified time frame, such as five, 10, or 20 years — most commonly in conjunction with development of a capital plan.

Adoption of Impact Fees

Because the impact fee schedule is required to be legislatively adopted, it is necessary to act by ordinance. Because an ordinance is being adopted, there is the opportunity to hold a public hearing and solicit testimony, which should be referred to in the ordinance. There are several options for the legislative record supporting the ordinance adopting the impact fee schedule. All or more of the following steps could be taken:

- Simply state in the legislative declaration (or “whereas” clauses) of the ordinance that in the reasonable judgment of the council, the fee(s) are “hereby established at levels no greater than necessary to defray the impacts hereby determined by the council to be directly related to the categories of land development listed.”
- Summarize in the ordinance any in-house calculations supporting the classes of impact fees being adopted. This material could be as simple as referring to staff memorandum or testimony, which are expressly made a part of the legislative record.
- Conduct a Krupp-style study or analysis of the proposed fees, include the study findings as part of the legislative record, and refer to them in the ordinance.

Creating a Single Schedule of Fees and Charges

Many municipal land use codes have the various amounts for review fees, impact fees, and exactions scattered throughout the volume; some fees and charges may be listed on handouts in the planning department but are not listed in the code book. In light of the “legislatively adopted” requirement

⁵⁸ C.R.S. § 29-20-104.5(2).

of C.R.S. § 29-20-104.5, and simply to avoid duplication, errors, and omissions, consider moving all of these references to a single appendix at the end of the code book. The appendix is still a part of the code and is adopted legislatively, but, since all of the figures are now in the same place, it is easy to amend and also satisfies the statutory requirement that there be a “schedule” of such fees. Many cities bring the fee schedule up for review as a regular matter on an annual basis

Remedying Past Deficiencies

Statutory authority to enact impact fees also prohibits the imposition of an impact fee to “remedy any deficiency in capital facilities without regard to the proposed development.”⁵⁹ By definition, an “existing deficiency” is not an impact of proposed development, but rather an impact of preexisting or built development and therefore should not be remedied with an impact fee imposed on new development.

Offset or Credit for Exactions and Dedications

State statute dictates that all impact fee schedules adopted by local government must include “provisions to ensure that no individual landowner is required to provide any site-specific dedication or improvement to meet the same need for capital facilities for which the impact fee or other similar development fee is charged.”⁶⁰ This provision is intended to protect the developer against so-called “double dipping” by the local government.

The practical effect of this provision on a municipality’s overall plan for providing infrastructure concurrent with development and requiring growth to “pay its own way” will turn on the definition of “capital need.” A scenario could arise in which the capital need for which a developer is required to provide a dedication of land as a condition of development is a different capital need from the one for which a fee is being collected.

For example, a municipality that commonly requires road dedications from a developer for all roads proposed within a particular subdivision and also has a “traffic impact fee” based on a defensible traffic impact study and covering city streets throughout the jurisdiction, probably has two different capital needs. The requirement that the developer dedicate roads within the subdivision is an exaction, which clearly meets standards for individualized analysis, essential nexus, and rough proportionality — these roads are primarily for the use of the ultimate residents of the subdivision and their dedication meets a need that the city own and maintain the roads in the subdivision once construction is complete. The traffic impact fee, however, is based on the impacts new residents will create on all the city’s streets; the traffic impact fee meets a need to maintain current service levels on all the city streets, based on a schedule that seeks to apportion these costs among all new development on a rational basis. These are two different capital needs.

⁵⁹ C.R.S. § 29-20-104.5(2).

⁶⁰ C.R.S. § 29-20-104.5(3).

Grandfathering

C.R.S. § 29-20-104.5(8)(b) includes a “grandfather clause” that provides:

This section shall not prohibit any local government from imposing impact fees or other similar development charges pursuant to a schedule that was legislatively adopted before October 1, 2001, so long as the local government complies with subsections (3), (5), (6), and (7) of this section. Any amendment of such schedule adopted after October 1, 2001, shall comply with all of the requirements of this section.

First, this subsection does not truly “grandfather” existing impact fees, as the term “grandfather” is commonly understood (that is, a provision in a statute that exempts those already involved in a regulated activity or business from the new regulations established by the statute⁶¹). Subsection (8)(b) of C.R.S. § 29-20-104.5 allows local governments to continue using existing impact fee ordinances so long as they comply with subsections (3), (5), (6), and (7) of the bill.

Protection from Double Dipping

The law requires that an impact fee ordinance contain provisions to ensure that double dipping does not occur with respect to an individual landowner; thus, a valid impact fee ordinance will contain some provision that provides for an offset or credit against impact fees payable for a particular development where a dedication or exaction is required from the same developer for the same capital need.

Subsection (3) is the “anti-double dipping” provision. Subsection (5) is merely a restatement of existing law requiring that local governments account for impact fee revenues in a specified manner. Subsection (7) is the special remedy provision of the bill.

Also, the meaning of the term “schedule” as used in this subsection is unclear because the term is not defined anywhere in the bill. As a practical matter, a local government may have an ordinance implementing an impact fee, but the actual “schedule,” or list of dollar amounts due, or other specific calculations may be in a separate document. It may be a policy or regulation, or it may be incorporated into the ordinance itself.

Accounting for Impact Fees

The General Assembly made a previous pronouncement on the subject of impact fees, when it enacted C.R.S. § 29-20-801, et. seq., regarding “Land Development Charges.” Although that statute contains no explicit enabling authority, it does contain some specific accounting requirements for development charges.

- Funds must be deposited in an interest-bearing account that clearly identifies the category, account, or fund of capital expenditure for which such charge was imposed.

⁶¹ MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/grandfather> (last visited Aug. 15, 2011).

- Each such category, account, or fund shall be accounted for separately.
- Any interest or other income earned must be credited to the account.⁶²

The local government may decide for itself, however, whether the accounting will be by category, account, or fund, and by aggregate or individual land development.⁶³

C.R.S. § 29-20-101, et. seq., reinforces these requirements in subsection (5), where it provides “any impact fee or other similar development charge shall be collected and accounted for in accordance with Part 8 of Article 1 of this title.”

Subsection (5) goes on to provide that “a local government may waive an impact fee or other similar development charge on the development of low- or moderate-income housing or affordable employee housing as defined by the local government.” Waiver of impact fees for affordable housing projects is fairly common among municipalities that levy impact fees.

At least once annually, a county or municipal government that imposes a land development charge or fee must publish in a clear, concise, and user-friendly manner information detailing the allocation by dollar amount of each land development charge collected to an account or among accounts maintained by the local government, the average annual interest rate on each account, and the total amount disbursed from each account during the local government’s most recent fiscal year. This notice should be done on the local government’s website, if applicable.

FRANCHISE FEES

Other fees critical to municipal operations are assessments referred to as fees, but they have other characteristics. A franchise fee, also commonly referred to as a utility occupation tax, does not defray the cost of providing a service, but it is a charge in the nature of rent for the use of the municipality’s right-of-way.

⁶² C.R.S. § 29-20-803(1).

⁶³ C.R.S. § 29-1-803(1).

COLORADO IMPROVEMENT DISTRICTS

	Business Improvement District (BID)	Downtown Development Authority (DDA)	Urban Renewal Authority (URA)	General Improvement District (GID)	Special Improvement District (SID)	Metropolitan District
Summary	Quasi-municipal organization that is a subdivision of the state; all property assessed must be commercial; boundary may or may not be contiguous	Quasi-municipal corporation that is intended to halt or prevent deterioration of property values or structures in central business district	Established to eliminate blighted areas for development or redevelopment by purchasing, rehabilitating, and selling land for development	Quasi-municipal corporation that is a subdivision of the state; can provide a wide range of services	Assessment district that is not a subdivision of the state, nor is it separate from the municipality	Quasi-municipal corporation that is a subdivision of the state; boundary may or may not be contiguous; often used in large-scale new developments
Focus	Management, marketing, advocacy, economic development (can issue bonds for capital improvements)	Real estate development, infrastructure, operations	Real estate development, rehab financing, infrastructure	Capital improvements, public facilities, maintenance	Capital improvements, infrastructure	Infrastructure, finance, construction, and operation; can and usually does issue bonds for capital improvements
Formation	Approval by petition of property owners representing 50 percent of acreage and 50 percent of value of proposed district; council ordinance; TABOR election	City ordinance subject to vote by affected property owners; TABOR election	Finding of blight; petition by 25 electors; council resolution; separate approval for projects within the authority	At least 200, or 30 percent of, whichever is less, electors of the proposed district must sign petitions; if all taxable property owners in district sign a petition, public hearing can be waived	Need petitions from property owners who will bear at least 50 percent of the cost of the improvement; ordinance forms district	Approval of service plan by city or county; petition as in GID; election
Assessment	Assessment or mill levy on commercial property	TIF on property and/or sales and 5 mill property tax for operations	TIF on property and/or sales tax	Property tax and income from improvements	Assessments on property	Property tax; can also collect fees and charges for services and facilities; special assessments possible
Pros/Cons	Very flexible entity that can provide services; can issue bonds	Ability to finance improvement and provide services; can have a mill levy and TIF	Can generate sales and/or tax increment to finance future development; can be controversial	Only those in the district can authorize and pay for improvements; requires petition and election	Equitable, as only those who benefit pay; difficult to form, as requires election; city constructs improvements	Very flexible for both infrastructure and operations; board independence can be a concern
Governance	Very flexible for infrastructure and operations; board independence can be a concern	5- to 11-member board appointed by city council	5- to 11-member board appointed by city council	Governing of the city is ex-officio board	City council	5- or 7-member board elected by district voters
Condemn property?	No	No	Yes	Yes	No	Yes
Operate facilities?	Yes	Yes	Yes	Yes	No	Yes
Levy property tax w/ voter approval?	Yes	5 mill property tax for operations	No, but can use TIF	Yes	No	Yes
Levy sales tax with voter approval?	No, but may create SID w/in BID	No, but can use sales tax TIF	No, but can use TIF	No	No	Yes, for streets, street safety, transportation only
Assess costs?	Yes	Yes	No	Yes	Yes	Yes
Issue GO bonds w/ voter approval?	Yes	Bonds secured by tax increment	Bonds secured by tax increment	Yes	No	Yes
Issue revenue bonds?	Yes	Yes	Yes	Yes	Yes	Yes
Issue special assessment bonds?	Yes	No	No	Yes	Yes	Yes
Statute	31-25-1201 et seq C.R.S.	31-25-801 et seq C.R.S.	31-25-101 et seq C.R.S.	31-25-601 et seq C.R.S.	31-25-501 et seq C.R.S.	32-1-101 et seq C.R.S.

Districts and Alternate Government Financing Mechanisms



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Districts and Alternate Government Financing Mechanisms

INTRODUCTION

There are a variety of mechanisms that a local government can employ to provide services and to make public improvements. The following information is intended as general guidance on the options available to local governments.

This is not a complete review of the relevant statutes, and is not to be construed as legal advice. Any individual or local government considering the organization of a district, authority, or other mechanism should obtain competent legal counsel. Any references to mill levies, revenues, and revenue increasing elections must be understood in the context of Article X, section 20 of the state constitution (TABOR Amendment). This document is simply intended to be an aid to a quick review of available options that might be pursued to accomplish a specific purpose.

The accompanying table provides a visual overview of the primary distinguishing characteristics of various types of districts and authorities and the types of entities that can employ them. There is often confusion about nomenclature for various districts. Thus, the specific statute is cited below the common entity name.

For example, the term “special district” commonly refers to a district organized under Article 1 of Title 32 of the Colorado Revised Statutes (C.R.S.), as represented in the first column. The next four columns represent what are sometimes called “improvement districts,” while the two with ad valorem taxing authority are sometimes referred to as “special taxing districts.”

This discussion is not exhaustive of the types of districts or authorities that are permitted by statute. Water conservancy districts, airport authorities, and a number of other special-purpose districts or authorities are not covered here.

It is hoped that this paper and the table can help to answer some of the questions that local officials face when attempting to make public improvements or provide services, or when considering an annexation proposal or a development proposal. The Division of Local Government can provide more in-depth technical assistance upon request.

SPECIAL DISTRICTS

For the purpose of this discussion, “special district” will be used only to refer to districts organized under Article 1 of Title 32 of the Colorado Revised Statutes. These districts are independent, quasi-municipal corporations and political

subdivisions of the state. Following approval of a “service plan”, they are organized at an election with an initial board of directors. The independently elected boards consist of five to seven members. The districts exist in perpetuity unless specific steps are taken to dissolve them. Special districts, as separate governmental entities, must comply with local government budget, audit, and reporting requirements.

They can be organized in one county, several counties, one or more municipalities, or in both a county and municipality. The Division of Local Government has prepared a publication that outlines the process of forming a special district, and the statutory responsibilities of these districts. This is titled “Formation and Statutory Responsibilities of Colorado Title 32 Special Districts and is available [here](#).

Of particular importance in the formation process is the review of the service plan of the proposed district by the statutorily specified entity: the board of county commissioners (if the proposed district’s boundaries include any portion of unincorporated county territory) or the governing body of the municipality (if the proposed district is wholly within a municipality’s boundaries). The service plan of a special district that is in a municipality and in the unincorporated portion of a county will be reviewed by the board of county commissioners. If the boundaries of a proposed special district include territory in two or more counties, each county’s board of commissioners must approve the service plan by resolution. The counties may hold joint hearings on the service plan. The Division of Local Government has prepared a publication with information on how to develop criteria for the review of special district service plans titled “Special District Service Plans”, which is available [here](#).

Special districts can be organized for a single purpose (e.g., fire protection or sanitation) or multiple purposes (i.e., a metropolitan district which provides at least two of ten municipal services such as water, sanitation, fire protection, street improvement, etc.). The district may consist of noncontiguous parcels of property.

These districts have general authority to construct facilities, to operate and maintain them, and have limited condemnation powers. Legislation in 2004 provided metropolitan districts with the additional powers of limited security services and covenant enforcement with the approval of the master association or similar governing body. Districts possess ad valorem taxing authority, can issue general obligation (G.O.) and revenue bonds, can establish special improvement districts and levy special assessments, and can fix rates, tolls, fees and charges for services, facilities, programs, and indebtedness. Legislation in 2010, HB10-1243, also gives metropolitan districts which provide street improvement, safety protection or transportation services the authority to levy a sales tax to fund such service. They can also enter into intergovernmental agreements (IGA) or contracts with other governmental entities to provide services or to create “authorities” (see below).

Bonds issued after December 31, 1991 are subject to the registration requirement of the Colorado Municipal Bond Supervision Act (11-59-101, et seq., C.R.S.) and a debt limitation on general obligation bonds of the greater of \$2,000,000 or 50 percent of the assessed valuation. The debt limitation and bond registration under this Act can be waived if the bond issue meets certain conditions, including, but not limited to the following: if the new general obligation debt issue and any existing debt do not exceed the greater of \$2,000,000 or 50 percent of the assessed valuation of the district; if any bond issue is secured with irrevocable and unconditional credit enhancement; or is rated in one of the four highest rating categories by one or more nationally recognized rating agencies.

Subdistricts or “Districts Within Districts.”

Certain special districts, for example, water and sanitation districts, have always had the ability to provide different types of services and different levels of service(s) within their boundaries and to charge different levies or fees based on these disparate levels of service. C.R.S. §32-1-1101(1)(f)(I) and §32-1-1101(1.5)(a) through (e), permit any Title 32, Article 1 special district to divide into one or more areas within its boundaries. These areas or subdistricts will provide the same service, programs or facilities throughout their areas; the service, program or facility will be an additional type to those offered in the rest of the “parent” district. For example, within a fire district, a subdistrict will provide ambulance service to the area of the subdistrict. A subdistrict can also be created to offer an additional level of service from that offered in the rest of the “parent” district. For example, within a metropolitan district, a subdistrict will provide special landscaping within its boundaries.

The subdistrict is created by resolution of the special district board of directors after proper notice and hearing. Additional subdistrict taxes cannot be levied if a petition objecting to such levy is signed by owners of more than 50% of the total assessed value of taxable real and personal property within the subdistrict and the petition is submitted to the board prior to the hearing on creating the subdistrict. However, objections to imposition of differential fees may not affect the ability to create the subdistrict.

To be included in the district, any single parcel of land representing 25% or more of the total assessed valuation of the subdistrict must have written consent of the landowners. In order for any single parcel of land owned by a corporate entity representing 5% or more of the total assessed valuation of the subdistrict to be included in a district, the owner must give written consent.

An additional levy may be imposed within the subdistrict to pay for the acquisition, operation and maintenance of services, facilities and programs within the subdistrict and to pay for subdistrict debt or other financial obligations. Voter-

approval is required for the subdistrict's tax rate, any general obligation debt or multi year financial obligation.

IMPROVEMENT DISTRICTS

There are four types of improvement districts. These are distinguished by the type of governmental entity that organizes them (county or municipality), their primary means of raising revenue (taxation or assessment), the level of independence they enjoy (are they a separate governmental entity?), and whether they provide for the construction of facilities, the operation and maintenance of facilities and services, or both.

Primary Revenue Raising Mechanism	Municipality	County
Tax	GID C.R.S. § 31-25-601	PID C.R.S. § 30-20-501
Assessment	SID C.R.S. § 31-25-501	LID C.R.S. § 30-20-601

Taxing districts

"Taxing districts" are generally defined as financing entities having the authority to impose property taxes. These types of improvement districts are called Public Improvement Districts (PIDs) in counties and General Improvement Districts (GIDs) in municipalities. These districts are created to construct, install, acquire, operate and maintain certain public improvement facilities (specifically excluded are solid waste, industrial waste, trash and garbage facilities, treatment and transfer facilities). They are also authorized to provide any service that the county or municipality that forms the district is authorized to provide. These districts may include noncontiguous tracts. Their boundaries may also overlap the land of other jurisdictions with approval from those jurisdictions. They have the power to condemn property for the district's use, but may not transfer the property to a private party unless requirements laid out in section § 31-25-105.5(2) are met.

Taxing districts are separate political subdivisions of the state that have boards of directors, although these are the county or municipal governing boards serving *ex officio*. The districts have perpetual existence. These districts have the power to levy ad valorem taxes, and to fix rates, tolls and charges to pay for services, facilities, and indebtedness. They may enter into IGAs. They may issue G.O. bonds and revenue bonds. PID and GID bonds are subject to the Colorado Municipal Bond Supervision Act, unless exempted. They may impose assessments and PIDs, if they form an LID (discussed below) may levy a sales tax, with voter approval. These entities, as separate governmental entities, must comply with local government budget, audit, and reporting requirements. With

the additional authority to provide services, public and general improvement districts have greater flexibility and applicability and now are more similar to the Title 32, Article 1 districts.

Assessment districts

The assessment type of local improvement districts are called Special Improvement Districts (SIDs) in municipalities and Title 32, Article 1 special districts and Local Improvement Districts (LIDs) in counties. These districts have the least independence of all the financing mechanisms considered here -- they exist only as geographic areas within which improvements are constructed and as administrative subdivisions of the county or municipality. Having no board of directors, they do not operate in any capacity as an independent governmental entity. The county, municipal or special district governing body makes all decisions on behalf of this administrative entity. Both assessment entity types may have their boundaries overlap the land of other jurisdictions with approval from those jurisdictions, with the exception that LIDs, if they impose a sales tax, may not include municipal territory.

These districts' primary purpose is to assess the costs of public improvements to those who are specially "benefited" by the improvements. "Benefit" includes, but is not limited to, any increase in property value, alleviations of health and sanitation hazards, adaptability of the property to a superior or more profitable use, etc. The costs are payable from assessments. Costs are assessed on an equitable and rational basis of determining benefit (e.g., lineal feet of street frontage or square feet of acreage). The benefit must be at least equal to the cost imposed. Assessments can be paid in one full payment or in installment payments over a specified period of time, for example, ten years.

In addition to special assessments, LIDs can impose a sales tax of not more than one percent throughout the district, if approved at election. Sales tax revenue can be used for the operation and maintenance of the improvement as well.

Costs are often financed through special assessment bonds issued by the municipality or county. Special assessment bonds are issued by the county, municipality or special district on behalf of the LID or SID. Special assessment bonds must be approved at election. The governing body of the county, municipality or special district, respectively, determines whether the electors of the district or the electors of the county, municipality or special district will vote on the question of the assessment bonds. The assessment constitutes a lien on the affected property until bond redemption. LIDs are also authorized to issue sales tax revenue bonds. Any SID debt amount must be within a municipality's debt limitation of 3% of actual value (not including water debt). Any SID or LID debt is considered the debt of the municipality or county. Unless exempted, special

assessment and sales tax revenue bonds are subject to the Colorado Municipal Bond Supervision Act.

Although the costs of improvements are usually borne through assessments by those “specially benefited,” the county or municipality can bear some of the costs if it determines that a portion of the benefit accrues to the municipality or county as a whole.

BUILDING AUTHORITIES

Building authorities are organized under the Colorado Nonprofit Corporation Act (C.R.S. Title 7, Articles 20 - 29). A building authority acts “on behalf of ” a governmental entity, which normally ratifies the directors of the authority and approves the issuance of bonds. A building authority may construct any public improvement so long as that improvement is dedicated to the governmental entity on behalf of which the authority is acting. To secure bond repayment, an assessment lien is recorded against certain properties by contract with the property owners.

Many local governments, including building authorities, use a particular type of lease-purchase financing called Certificates of Participation (“COPs”). COPs are leases divided or “certificated” into shares; the shares are the certificates of participation, which are sold to investors and represent a proportionate interest in the right to receive revenues paid by the lessee (a government) to the lessor/vendor. COPs, compared to other lease-purchases, are for a large dollar amount, with a longer term and are usually rated by bond rating agencies. The proceeds are used to pay for the construction of buildings or structures, for example, parking garages and office buildings.

DOWNTOWN DEVELOPMENT (DDA) AND URBAN RENEWAL (URA) AUTHORITIES

These two types of municipal authorities are similar in purpose and powers; however, there are some important differences between the two entity types. Both DDAs and URAs make public improvements in urban areas to promote urban redevelopment. The public improvements are financed through the issuance of tax-exempt bonds, usually revenue bonds. The DDA and the URA entity types are authorized to pay for the financing of the public improvements by using the Tax Increment Financing (TIF) technique.

DDA. (C.R.S. § 31-25-801)

A DDA is created by a majority vote of qualified electors residing or owning or leasing property in a specified area that must be within the "central business district". A DDA can be used to prevent, as well as correct, deteriorated economic or physical conditions. The municipal governing board appoints the DDA board. The DDA board must create a plan that specifies improvements to

be made, subject to the governing board approval. A DDA can assess an ad valorem levy of up to five mills for operating purposes.

URA. (C.R.S. § 31-25-104 and § 38-1-101)

An URA can be created by resolution of the governing board upon petition by any twenty-five registered electors of the municipality. A hearing to determine whether conditions of “slum” and “blight” exist within the “urban renewal area” boundaries must precede the resolution. C.R.S. § 38-1-101 states no home rule or statutory municipality can acquire property outside its territorial boundaries except for the purpose of public utilities or parks and open space. As the result of HB10-1107, agricultural lands generally cannot be within an urban renewal area. Acquisition of property outside boundaries through condemnation for the purpose of open space, parks, etc. is only allowed with consent of both the owner of the property and the local governing body in which territorial boundaries the property is located.

Tax Increment Financing

The TIF technique can be employed by both DDAs and URAs. In this type of financing mechanism, upon approval of the DDA or URA plan, a special fund is created comprised of certain increases in ad valorem tax or sales tax (or both) revenues generated within the specified DDA or URA areas because of the public improvements made in those areas. The improvements are intended to increase assessed valuation and/or to increase taxable sales. Each authority can issue special G.O. or revenue bonds, known as “tax allocation” or “tax increment” bonds whose proceeds are used to pay for the public improvements. The revenues in the special fund are used exclusively to pay the debt service on the bonds.

A base property valuation or base sales tax level is identified or “frozen” for the DDA or URA areas. The tax revenues from these areas are divided between the TIF entities (the DDA or URA) and all the other taxing jurisdictions that overlap the DDA/URA area. The revenue is divided between the TIF entities and the other taxing jurisdictions according to the base valuation or base sales tax level and the incremental increase in value or sales tax revenue. The taxing jurisdictions receive the revenue in the base (and increases to the base) and the TIF entity collects the revenue generated by the levy on the incremental increase above the base.

BUSINESS IMPROVEMENT DISTRICTS (C.R.S. § 31-25-1201)

A BID is a separate political subdivision created within a municipality upon petition of owners of real or personal property in the service area of the proposed district for the purpose of constructing public improvements and supporting economic and business development within the district. BIDs are created to provide certain services that URAs and DDAs are not authorized to perform. These include such activities as consulting on planning or managing

development activities, promotion or marketing activities, and business recruitment, management, and development.

The governing body can be one of four possible types: the municipal governing board can serve *ex officio* as the board of directors of the district; the mayor or governing body can appoint a five-member board of directors; a petition can request that an elected board of electors of the district be instituted; and, finally, if more than one-half of the property within the BID is located within an URA, DDA, or GID, the governing body can designate the board of directors of that body as the BID board.

The BID boundaries may consist of contiguous or noncontiguous tracts or parcels of commercial property, only. No residential or agricultural property can be included in the district. Its service area can extend beyond its boundaries. However, the service area can only be subjected to assessment or taxation if it is commercial property and has been included in the district.

The BID has the assessment authority of SIDs and the ad valorem taxing power and rate and charges imposition authority of GIDs. If BIDs issue bonds they would be exempt from the Colorado Municipal Bond Supervision Act.

LOCAL MARKETING DISTRICTS. (C.R.S. § 29-25-101)

Local marketing districts are organized and created by resolution, ordinance or contract adopted by a county, a city and county, or a municipality, or a combination of two or more of these local governments, respectively, upon the filing of a petition, signed by persons who own commercial real property in the service area of the proposed district, with the clerk(s) of such local government or combination of local governments. The resolution, ordinance or contract establishing the district must be approved by the electors of the proposed district. Once organized, the local marketing district is a separate political subdivision and a public body politic and corporate of the state.

The local marketing district allows multi-jurisdictional marketing efforts to “promote the continued vitality of commercial business areas within local governments.” The district can provide services for the organization, promotion, marketing, and management of public events within the district; to provide activities in support of business recruitment, management, and development; and, to provide services coordinating tourism promotion activities. The revenue source for the district is a “marketing and promotion tax” (see below) which can be used to provide specified services; the revenue may not be used for any capital expenditures, with the exception of tourist information centers. The statute is silent on specific authorization to incur indebtedness. Any “outstanding financial obligations,” however, must be paid before a district can be dissolved.

The governing body can be one of four possible types. If a single government (county, city and county, or municipality) organizes the district, the governing body serves as the district’s board, *ex officio*. The governing body, however,

may by resolution or ordinance provide for an appointed board. If more than one-half of the property within the local marketing district is located within an URA, DDA, or GID, the governing body can designate the board of directors of that body as the local marketing board. Finally, if the petition for organization so specifies, and is signed by persons who own real or personal property in the service area of the district having an assessed valuation of not less than fifty percent, then the board members will be elected.

In order to provide services or to levy the marketing and promotion tax to pay for the services, a local marketing district must annually file with the local government or combination of governments that organized the district, an operating plan which identifies the services to be provided, the marketing and promotion tax to be imposed, and includes a budget. The operating plan must be adopted by the local government or combination of governments that organized the district. The marketing and promotion tax must be approved by election and is levied upon the purchase price paid or charged to persons for rooms or accommodations. The persons providing the rooms or accommodations are liable and responsible for the payment of the amount equivalent to the percentage rate set by the board on all such sales made. The tax shall be collected, administered and enforced by the state department of revenue to the extent feasible as for any county or municipal sales tax, pursuant to section C.R.S. § 29-2-106.

Local marketing district boundaries may consist of contiguous or noncontiguous tracts or parcels of property within the boundaries of the local government or local government combination that created it. It may include territory of a nonmember government only with the consent of that government. Inclusions and exclusions to the district may be made upon petition to the governing board.

FOREST IMPROVEMENT DISTRICTS. (C.R.S. § 32-18-101)

Forest improvement districts are organized and created by resolution or ordinance by a county or a municipality, or a combination of two or more of these local governments' governing bodies. The resolution or ordinance proposes creation of the district and shall set forth its boundaries and the number of directors. The boundaries of the district may be noncontiguous. The resolution or ordinance establishing the district must be approved by the electors of the proposed district.

The district board may levy a sales tax within the district, subject to voter authorization. The revenue may be used to plan and implement forest improvement plans, including projects to reduce hazardous fuels and to establish financial incentives for private landowners to mitigate wildfire risks on their property. The revenue may also be used by the district to match state or federal grants for bioheating conversion and infrastructure to support for biomass collection and delivery, or to assist the state forest service in ensuring communities within the district have a community wildfire protection plan.

The governing body shall have at least seven directors. The governing body of each county or municipality in the district shall have the power to appoint and remove at least one director. The state forester shall have the power to appoint and remove one director representing the Colorado state forest service. The board shall also include at least one representative from an environmental protection organization, one representative of a conservation district created pursuant to C.R.S. § 35-70-101, any part of which is within the district, one representative of a water conservancy district created pursuant to C.R.S. § 37-45-101, any part of which is within the district, and one representative of a federal land management agency.

TITLE 29 AUTHORITIES

Power or Water Authority

These authorities, specifically authorized under Title 29, Article 1, sections 204 and 204.2, respectively, are empowered to develop and operate power or water systems. They can be created by: “any combination of cities and towns” (for power) or “any combination of municipalities, special districts or other political subdivisions” (for water) provided that each of the participating entities is authorized separately to own and operate such systems. The authorities so created are separate government entities and political subdivisions of the state. The participating entities, by intergovernmental agreement (IGA, a form of contract) establish such organizational details as size and makeup of the board of directors, voting requirements, duties of the board, and provisions for disposition and distribution of assets and property. All internal operations of the authority are determined by the authority board, subject to statutory limitations.

General Intergovernmental Agreements (IGAs)

Title 29, Article 1, Part 2 of C.R.S. “permits and encourages governments to make the most efficient and effective use of their powers and responsibilities by cooperating and contracting with other governments.” To this end, they may “cooperate or contract with one another to provide any function, service, or facility lawfully authorized to each of the cooperating or contracting units.” The IGA is used to establish, by contract, the structure, function, and operating procedures of the new government agency so created, which is a “separate legal entity.” This general statute has been used to create fire and emergency telephone/communications authorities. Any combination of governments can use the IGA process to create an authority to perform any function permitted to each of those who create the authority.

A **Regional Library Authority** specifically authorized in C.R.S. § 24-90-110.7, is also formed by IGA (pursuant to C.R.S. § 29-1-201, et seq.) among two or more governmental units and library districts (whether or not such units provide library

service) to provide and support public library service on a regional basis. The electors of the authority can approve a one percent (1%) sales or use tax.

Underground Utility Conversion Districts. (C.R.S. § 29-8-101)

These districts are quite similar to other assessment districts (LIDs and SIDs). This statute enables counties and municipalities to assess the costs of burying overhead power or communication lines to those who benefit from their conversion.

HOUSING AUTHORITIES

There are a number of statutes that refer to housing authorities. These are multi-jurisdictional housing authorities (C.R.S. § 29-1-204.5), municipal housing authorities (C.R.S. § 29-4-201) and county housing authorities (C.R.S. § 29-4-501). Creation of such authorities requires a finding of unsanitary or unsafe housing or a lack of safe or sanitary housing. The municipal or county governing board can act as the board of directors of the authority, or appoint a board of housing commissioners. These authorities are bodies “corporate and politic” and have all powers to carry out their purposes except the power of levying and collecting taxes or assessments. Typically, housing authorities issue revenue bonds secured by mortgages or rental contracts.

Any combination of municipalities or counties may contract with each other and establish a multijurisdictional housing authority. Powers of multijurisdictional housing authorities include operation of housing programs and housing projects, employee housing. The authority is able to levy an ad valorem property tax (not to exceed five mills), a sales and/or use tax (the rate not to exceed one percent), and, if no portion of the authority is located in a county with a population of more than one hundred thousand, development impact fees (two dollars or less per square foot) may be imposed. Any such tax or fee must be approved by the eligible voters.

COUNTY DISTRICTS

Title 30 provides for several types of districts that can be established in counties to provide certain types of facilities and services.

Recreation, Cemetery and Disposal Districts. (C.R.S. § 30-20-701, C.R.S. § 30-20-801, and C.R.S. § 30-20-201, respectively).

These three districts are quite similar in structure. They are established by resolution of the Board of County Commissioners to provide services relating to recreation, cemeteries, and waste disposal. Such districts can be supported by ad valorem taxes. For county recreation districts, up to one mill can be levied by the Board of County Commissioners on behalf of the district. For cemetery

districts, up to four mills can be levied by the District Board that is appointed by the Board of County Commissioners. A county disposal district has no separate board, and is limited to ½ mill ad valorem tax. The property tax revenue is subject to statutory and constitutional revenue limitations.

Pest Control Districts. (C.R.S. § 35-5-101).

Upon examination of a proper petition, the Board of County Commissioners will order a mail ballot election of all landowners and lessees in the proposed district. Upon a two-thirds (2/3) majority vote, the Board will declare the district established. The district seeks to protect land by controlling pests defined as noxious, destructive or troublesome plant, insect, or plant diseases when found in epidemic proportions. The Board may levy an annual ad valorem tax not to exceed two mills. The property tax revenue is subject to statutory and constitutional revenue limitations.

Law Enforcement Authorities. (C.R.S. § 30-11-401)

Law enforcement authorities in counties are established to provide law enforcement especially for “developed or developing unincorporated areas of counties, to combat the rising crime rate therein, and to better assist police and other law enforcement agencies in the prevention of crime and in the detention and apprehension of criminal offenders.” Upon a successful election, the Board of County Commissioners serves ex officio as the governing board of the authority. A mill levy, subject to “truth in taxation” procedures, and constitutional revenue limits, can be imposed with a cap of seven mills. The authority can contract with the county sheriff to provide law enforcement services.

LIBRARY DISTRICTS. (C.R.S. § 24-90-103).

A library district consists of a “public library established and maintained by one or more governmental units or parts thereof.” School districts, counties, cities, towns, and a city and county are considered governmental units under this statute. Such a district serves all unincorporated areas, as well as municipal areas without a separate public library, within the limits of the governmental units comprising the district. It could also serve a municipal area that has, or wishes to establish, a municipal library provided that the financing method for the municipal library does not affect the financial support for the library district.

A library district is governed by a board of trustees appointed by a committee that itself is first appointed by the governing boards of the entities in the district. Library districts can be supported by an ad valorem tax imposed by each of the participating entities.

LIBRARY CAPITAL FACILITIES DISTRICT. (C.R.S. § 24-90-501).

In the 2002, the legislature wrote statute authorizing a library district to create a library capital facilities district. The library capital facilities district is organized to provide library capital facilities with the library district. Library capital facilities include real and personal property, improvements, land, equipment, collections, etc. directly related to any service a library is authorized to provide.

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Entity Type	"Special District"	PID	LID	GID	SID
Statute (C.R.S.)	Title 32, Article 1	30-20-501	30-20-601	31-25-601	31-25-501
Governing Board/Status	Board of Directors-elected directly	Board of County Commissioners <i>ex officio</i>	Administrative subdivision of County	City or Town Board <i>ex officio</i>	Administrative subdivision of a municipality
Formation Petition Resolution/Ordinance Election	X X	X X*	X X	X X*	X X
Permitted Activities	Streets improvement, water, sewer (inc. drainage), parks and recreation, fire protection, TV relay, mosquito control, phone line extension, public transportation systems, health services, ambulance, solid waste, transportation, tunnels, limited security services, covenant enforcement. Cannot construct electric or gas systems or provide police protection.	Acquire, construct, install, operate or maintain any public improvement and provide any service that the county is authorized to provide, except solid waste facilities/sites or transfer stations or transportation of other types of trash, industrial waste, garbage, etc. No such improvement or service shall duplicate same already provided by special district.	Construct, grade, pave, pour, gutter, line streets; sidewalks adjacent to such streets; street lighting; drainage; maintenance roads adjacent to such drainage facilities. Water transmission/distribution and sewage collection/transmission systems. Transportation service authorized for specific city and county entity. Can be organized within the boundaries of a PID to defray costs of PID improvements or services which specially benefit properties.	Acquire, construct, install, operate or maintain any public improvement and provide any service the municipality is authorized to provide except solid waste facilities/sites or transfer stations or transportation of other types of trash, industrial waste, etc. No such improvement or service shall duplicate or interfere with any municipal improvement or service already provided.	Grade, pave, curb, gutter, parking, or otherwise improve streets and alleys; street lighting, drainage, sidewalks. Also renewals and extensions which benefit the land abutting such improvements, such as water mains, heating and cooling mains, lighting systems. Also construction of sewers, sewage disposal works, renewals/extensions thereof, and such other public works authorized by the governing body.
Powers Construction Operation/Maintenance Condemn Property	X X X	X X X	X X**	X X X	X
Finance Mechanism Ad Valorem Tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	X X X X X	X X X X** X** X	X X* X X**	X X X X	X X* X
Comments		* If 100% of the owners of real property sign the petition, the governing body may waive the notice publication, hearing, and election, if requested. ** PID may form a LID within its boundaries to use sales tax or assessment.	* for county wide improvements ** for counties and a city that has been authorized to become a city and county, for ongoing street, street lighting, drainage facilities improvements or transportation services. Tax revenue may also be used for operation and maintenance of same.	* If 100% of the owners of real property sign the petition, the governing body may waive the notice publication, hearing, and election, if requested.	* for municipal-wide improvements

Entity Type	Building Authority	Downtown Development Authority DDA	Urban Renewal Authority URA	Business Improvement District BID	Local Marketing District
Statute (C.R.S.)	Title 7, Articles 121-137	31-25-801	31-25-101	31-25-1201	29-25-101
Governing Board/Status	Nonprofit Corporation; Board is ratified by governing board of entity	Board of 5-11 appointed by council	Board of 5 - 11 appointed by mayor, ratified by council	Governing body <i>ex officio</i> or appointed board or elected board	Governing body <i>ex officio</i> ; appointed board or elected board
Formation Petition Resolution/Ordinance Election	X	X	X X	X X	X X X
Permitted Activities	Any public improvement, on behalf of county or municipality.	Very broad. Can be used to "prevent" deterioration. Plan, propose & implement "plans of development"--removal, site preparation, renovation, repair, remodeling, reconstruction.	Limited to "urban renewal area" -- demolition & removal of buildings; streets, utilities, parks, "other improvements" subject to "urban renewal plan."	Planning & managing development; maintenance of improvement; promotion or marketing; business recruitment, management and development; provide snow removal, refuse collection; design assistance; acquire construction financing; install and operate improvements.	Provide organization, promotion, marketing and management of public events; support business recruitment, management and development; coordinate tourism promotion.
Powers Construction Operation/Maintenance Condemn Property	X X	X X	X X X	X X	X* X
Finance Mechanism Ad Valorem Tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	X* X	X; also, five mill** X* X* X X	X** X* X* X**	X X X X X	X**
Comments	* by contract with property owners only	* tax allocation bonds. Restricted to central business district. Can use Tax Increment Financing ** operating levy	* tax allocation bonds Requires "blight" conditions. ** for Tax Increment Financing		* Tourist information centers only. ** Can levy a "marketing and promotion tax on the purchase price paid or charged to persons for rooms or accommodations."

Entity Type	Authority - IGA	Power or Water Authority	Underground and Utility Conversion District	Housing Authority	County Recreation District
Statute (C.R.S.)	29-1-201	29-1-204/204.2	29-8-101	29-1-204.5*, 29-4-201/501	30-20-701
Governing Board/Status	Board of Directors appointed by participating parties	Board of Directors appointed by participating parties	District created by county or municipality	Commissioners are governing body <i>ex officio</i> or appointed by governing body	Board of 5 appointed by Board of County Commissioners
Formation Petition Resolution/Ordinance Election	X	X	X X	X X X	X
Permitted Activities	Any function, service, or facility authorized to all participating parties.	Develop, produce, transmit electrical energy/develop water resources, systems or facilities.	Convert existing overhead electric or communication facilities to underground locations.	Construct and operate housing units.	Provide and operate recreational facilities.
Powers Construction Operation and Maintenance Condemn Property	X X X	X X X	X	X X X	X X
Finance Mechanism Ad Valorem Tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	x X X	 X X	X X	X* 5 mills max X X X** X* 1% max X	X* one mill max
Comments		power -- municipal only/water -- any political entity authorized to own or operate water system		Requires finding of unsanitary or unsafe housing or lack of safe or sanitary housing. *multijurisdictional housing authorities **secured by rent or mortgage	*by Board of County Commissioners

Entity Type	County Cemetery District	County Pest Control District	County Disposal District	County Law Enforcement Authority	Library District
Statute (C.R.S.)	30-20-801	35-5-101	30-20-201	30-11-401	24-90-101
Governing Board/Status	Board of 3 appointed by Board of County Commissioners	Board of County Commissioners	Administrative subdivision of County	Board of County Commissioners <i>ex officio</i>	Board of Trustees appointed by governing bodies
Formation Petition Resolution/Ordinance Election	X X	X X	X	X X	X X X
Permitted Activities	Operate cemetery and sell burial plots.	Control or destroy pests: noxious weeds, insects and plant diseases.	Provide dump, sanitary landfill or other means of garbage or trash disposal.	Provide law enforcement; powers and duties as specified in resolution.	Provide library services.
Powers Construction Operation and Maintenance Condemn Property	X X	X	X X		X X
Finance Mechanism Ad valorem tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	X* 4 mills max X	X* 2 mills max X**	X* ½ mill max X	X* 7 mills max	X X
Comments	* by Board of County Commissioners	* by Board of County Commissioners ** itemized amount due for pest control treatment, if past due, will become assessed as a lien upon real estate.	* by Board of County Commissioners	* subject to "truth in taxation" Can receive short-term loans.	

Entity Type	Regional Library Authority	Library Capital Facilities District	Forest Improvement District		
Statute (C.R.S.)	24-90-110.7	24-90-501	32-18-101		
Governing Board/Status	Board appointed Per Terms of IGA	Board of Library District Forming Facilities District	Board of Directors appointed by Board of County Commissioners or Council		
Formation Petition Resolution/Ordinance Election	X	X X*	X X		
Permitted Activities	Support and provide library service in underserved areas.	Provide library capital facilities within library district			
Powers Construction Operation and Maintenance Condemn Property	X X	X X	X* X*		
Finance Mechanism Ad valorem tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	X X X X Not Exceed 1%	X X	 X		
Comments	* by Board of County Commissioners	* At board's discretion.	* Plan and implement forest improvement projects; infrastructure support for bioheating conversion and biomass collection; community wildfire protection plans		