Colorado Department of Local Affairs

Department Description
FY2009-10

Executive Director's Office
Director Susan Kirkpatrick
13.2 FTE
$4,488,696

Division of Property Taxation
Property Tax Administrator
JoAnn Groff
38.5 FTE
$2,809,131

Division of Local Government
Director Tony Hernandez
55.4 FTE
$204,873,872

Board of Assessment Appeals
Director Mike Beery
15.0 FTE
$659,199

Division of Emergency Management
Director Hans Kallam
24.5 FTE
$18,067,106

Division of Housing
Director Kathi Williams
33.8 FTE
$32,855,933

180.5 FTE $263,753,937

$8,584,536 GF $4,193,651 GFX $190,796,121 CF $5,288,590 RF $54,891,039 FF

BACKGROUND INFORMATION:

The Department of Local Affairs (DOLA) is an agency of state government that serves as the link between the state and local communities. The department provides training, technical assistance and financial support to local communities and its elected community leaders. Financial resources are made available to communities either through statutory formula distributions or through grants at the discretion of the Executive Director with guidance from citizen boards. Roughly 90 percent of the department's $258 million annual budget is invested directly in local communities in the form of grants or low interest loans.

Every Colorado resident lives within the jurisdiction of at least three local governments: the state, a county and a school district. More than 70 percent of all Coloradans also live within municipal boundaries. In addition, hundreds of special districts affect the lives of state residents - a total of more than 2,100 local jurisdictions operate statewide. Governance in Colorado is complex. DOLA facilitates intergovernmental relations between the state, federal and local governments to provide service to the citizens of Colorado. Though much of the work of the Department takes place in Denver, the Department's decentralized field offices are convenient to local governments in the various regions of the state and provide easy access for citizens seeking information about the Department's diverse programs.

EXECUTIVE DIRECTOR'S OFFICE

BACKGROUND OF DIVISION

The Department's Executive Director is Susan Kirkpatrick. Prior to Kirkpatrick's appointment as Executive Directive by Governor Bill Ritter in January 2007, she was the director of Institutional Advancement for Aims Community College, and chief executive officer for the Aims Community College Foundation. Kirkpatrick served as mayor of Fort Collins from 1990 – 1993, and was a member of the Fort Collins City Council from 1986 – 1990.

Under Kirkpatrick's guidance, the department has undertaken a strategic planning process, focusing on revised vision and mission statements through which statement enhanced performance objectives are employed to strengthen and enhance the delivery of service to our customers. DOLA's vision statement has been reframed to read:

> *The Colorado Department of Local Affairs strengthens communities and enhances livability in Colorado. Using reliable and objective assessment methods, DOLA bridges the gap between localities and state government, partnering with local leadership to solve a wide range of problems and address a broad spectrum of issues and challenges. Through responsive action, flexibility, and unparalleled customer service, DOLA helps to ensure safety, equity, and vitality throughout the state.*

The mission statement has been revised as follows:

> *DOLA strengthens communities and enhances livability in Colorado by providing accessible assistance in the following areas:*
> - *Equitable and consistent implementation of property tax laws*
> - *Community development that is revitalizing and sustainable*
> - *Financial support for community needs*
> - *Safe, affordable housing*
> - *Emergency preparation, prevention, response and recovery*

DOLA strives to be responsive, attentive, solutions-oriented and respectful, within and beyond our departmental boundaries.

The Executive Director's Office provides the comprehensive departmental management and administration including strategic planning, policy management, budget, accounting, purchasing, and human resources administration and public information.

DIVISION OF PROPERTY TAXATION (DPT)

BACKGROUND OF DIVISION

The Property Tax Administrator, and by extension, the Division of Property Taxation (DPT), exists to assist and coordinate in the administration of all laws concerning the valuing of taxable property, the assessment of same, and the levying of property taxes, 39-2-109(1)(b), C.R.S. The subject matter encountered by DPT is broad, and ranges from the granting or denial of exemptions for charitable or religious property owners to valuation of state assessed property, and providing technical assessment assistance of all types to county assessors.

The division is committed to the fair, accurate and consistent application of property tax law for the benefit of all citizens of this state. DPT takes policy as designed by the General Assembly and the judicial interpretation of the law and develops ways to put it into practice.

OVERVIEW OF DIVISION

DPT is somewhat unique in state government as its governance is described in the Colorado Constitution.

Article X, Section 15 states, in part:

(1) (b) There shall be a state board of equalization, consisting of the governor or his designee, the speaker of the house of representatives or his designee, the president of the senate or his designee, and two members appointed by the governor with the consent of the senate. Each of such appointed members shall be qualified appraiser or a former county assessor or a person who has knowledge and experience in property taxation.

(2) The state board of equalization shall appoint, by a majority vote, a property tax administrator who shall serve for a term of five years and until his successor is appointed and qualified unless removed for cause by a majority vote of the state board of equalization. The property tax administrator shall have the duty, as provided by law, of administering the property tax laws and such other duties as may be prescribed by law and shall be subject to the supervision and control of the state board of equalization. The position of property tax administrator shall be exempt from the personnel system of this state.

Through DPT, (DOLA) coordinates and administers the implementation of property tax law through the state's 64 counties. The subject matter encountered by this office is broad, and ranges from the granting or denial of exemptions for charitable or religious property owners to valuation of state assessed property. DPT also provides technical assessment assistance of all types to county assessors. It operates under the leadership of the Property Tax Administrator, who is appointed by the State Board of Equalization (SBOE/state board). In promoting equalization of property valuation for property tax purposes and in providing assistance to county assessors, the division's activities are divided into four sections: Administrative Resources, Appraisal Standards, Exemptions, and State Assessed Properties.

BOARD OF ASSESSMENT APPEALS (BAA)

BACKGROUND OF DIVISION

BAA was created in Colorado Revised Statutes (C.R. S.) Section 39-2-123 of C.R.S., states in part: (1) “On and after July 1, 1971, the Colorado tax commission shall be known as the board of assessment appeals, which agency is hereby created within the department of local affairs. The board shall be a quasi-judicial tribunal.”

(2) “Effective July 1, 1991, except as otherwise provided in section 39-2-125 (1) (c) (I), the new board shall be comprised of three members, who shall be appointed by the governor with the consent of the senate. Members of the board shall be experienced in property valuation and taxation and shall be public employees, as defined in section 24-10-103 (4) (a), C.R.S., who are not subject to the state personnel system laws. One of such members shall be or shall have been, within the five years immediately preceding the date of initial appointment, actively engaged in agriculture. On and after June 1, 1993, members shall be registered, licensed, or certified pursuant to the provisions of part 7 of article 61 of title 12, C.R.S.”

C.R.S. 39-2-125 (1)(c)(I) The appointment of up to six additional members to the board in the same manner as specified in section 39-2-123 (2). Such members shall satisfy such qualifications and shall be entitled to such compensation as are specified in section 39-2-123. Such additional members shall be appointed for terms of one state fiscal year.

OVERVIEW OF DIVISION

BAA is currently composed of seven members who meet to hear appeals by property taxpayers of decisions of county boards of equalization, county boards of commissioners and the property tax administrator on valuation of real and personal property, abatement of taxes, exemption or state assessed properties. BAA schedules up to three hearing panels of at least 2 board members, five days per week. The Board schedules hearings in Grand Junction and in Alamosa to improve appellant accessibility to the appeals boards in non-metro Denver counties.

DIVISION OF HOUSING (DOH)

BACKGROUND OF DIVISION

The Colorado State Housing Board was created in 1970 to advise the General Assembly, the Governor and the Division of Housing on housing related issues within Colorado. The seven-member State Housing Board reviews financing requests, adopts regulations governing factory built structures and multifamily housing in counties with no building codes. The board also sponsors research reports and stakeholder processes to benefit interested citizens, legislators and the Governor.

DOH ensures that the State Housing Board’s efforts result in safe, decent and affordable housing options for residents of Colorado. The Division’s responsibility is to oversee projects financed with public dollars that flow through the state budget process. DOH partners with Colorado communities to provide financial assistance and services which increase the availability of housing to residents of Colorado who can least afford it.

OVERVIEW OF DIVISION

DOH assists in financing the construction of new housing and rehabilitation of existing housing that benefits persons with moderate to low income. Local housing authorities, private developers, nonprofit corporations, cities and counties may apply for financing. Most grants require a contribution from the community served.

DOH uses federal and state funds for:

- Elderly, small & large families, disabled individuals and seasonal workers whether they are homeowners or renters.
- Construction/rehabilitation of multi-family apartments, single family houses, homeless shelters.
- Direct loans, loan guarantees, and equity investments or subordinated debt for construction or permanent financing.
- Housing options in parts of Colorado that do not receive federal grants for housing directly to the jurisdiction.

To ensure the state is served effectively, DOH staff is assigned particular regions. Staff provides technical assistance to help communities identify housing needs along with private and public financing options. In addition, DOH aids communities in forming housing development teams.

DIVISION OF LOCAL GOVERNMENT (DLG)

BACKGROUND OF DIVISION

The Division of Local Government (DLG) was created, by statute, in 1966, as a recommendation of the Governor's Local Affairs Study Commission to:

1. Provide technical assistance and information to local governments on available federal and state programs and act as a liaison with other state agencies concerned with local governments.
2. Be a source of information to the Governor and General Assembly on local government needs and problems.
3. Perform research on local government issues.

OVERVIEW OF DIVISION

In order to integrate the delivery of technical, financial, and information services to local governments, DLG includes several organizational or functional areas:

- Financial Assistance: Local governments can obtain grants and loans for capital improvements and for operations. Supported projects include, but are not limited to, local water and wastewater improvements, local road improvements, town and county office facilities and public libraries.
- Technical Assistance: Local government personnel receive training and individual assistance. Topics include, topics include but are not limited to, conduct of local elections, land use planning, downtown revitalization, budgeting, community visioning and compliance with state statutes pertaining to local governments.
- State Demography Office: This office compiles, organizes and analyzes population and demographic information for the state. Its data are used by state agencies to forecast demand for facilities and services. Demographical data are also used by local governments and non-profit organizations in the state to anticipate growth or decline and to plan and develop programs and community resources. The office makes the data publicly available on DOLA’s website, answers requests for economic and demographic data and provides training workshops on accessing and using the data.
- Field Services: Eight regional managers provide on-the-ground technical assistance to local communities from offices located outside the Denver metro area

DIVISION OF EMERGENCY MANAGEMENT (DEM)

BACKGROUND OF DIVISION

Pursuant to Colorado Revised Statute 24-32-2105, the Division of Emergency Management (DEM) prepares and maintains state disaster emergency plans in compliance with applicable federal and state regulations. The Governor has delegated DEM, through its director, to manage, coordinate and participate in emergency response operations which involve state, and when necessary, federal resources.

OVERVIEW OF DIVISION

DEM is responsible for the state's comprehensive emergency management program (SEOP) which supports local and state agencies. Activities and services cover the four phases of emergency management: *Preparedness, Prevention, Response* and *Recovery* for disasters such as flooding, tornadoes, wildfire, and hazardous materials incidents, DEM also participates in the planning and activation for planned events such as the Democratic National Convention.

DEM staff provides planning and training services and financial and technical assistance to local governments. DEM field staff serves as a resource to local emergency managers for the development and maintenance of emergency operations plans, procedures, and checklists. Emphasis is on multi-agency/multi-jurisdiction planning which crosses all disciplines and includes both private and non-profit organizations.

During an actual state declared emergency or disaster, DEM coordinates the state response and recovery program with the support of local governments. DEM activates the State Emergency Operations Center (SEOC)/ Multi-Agency Coordination Center (MACC) for both emergency and non-emergency operations. Representatives from other state departments and agencies gather at the SEOC to coordinate the state response to an emergency situation.

In the event of a major emergency or disaster, or the threat thereof, the director of DEM makes recommendations to the Governor on matters pertaining to State Declarations of a Disaster Emergency, requests for federal assistance and ongoing state disaster response and recovery activities.

Section 2.5 Prior Year Legislation

There were numerous bills passed into law during the 2007/08 legislative session which have significant impacts on the department. Some of these bills include:

HB 1083 (Curry, Penry) Concerning the Distribution to Local Governments of State Revenues Derived from Mineral Extraction within the State

HB 1083 was based on work and conclusions of an Interim Committee formed from the 2006/07 legislative session to examine the method of distribution of severance tax revenues derived by the state. This bill modifies the composition of the Energy and Mineral Impact Assistance Advisory Committee (Impact Committee) by adding the Executive Director of the Department of Public Health and Environment, and two (2) additional residents from areas of the state impacted by energy conversion or mineral development. The Impact Committee will focus on broader policy issues and make recommendations to the Executive Director of DOLA regarding the distribution of grant funds from severance tax-derived revenues. In addition, this bill created two new measures to be taken into account for the direct distribution of severance tax dollars to impacted counties and municipalities. The measure of impact was previously calculated using an employee residency report. The new law incorporates a calculation based on the addition of the number of well permits issued in a county and the overall mineral production of each county to determine the allocation. In order to ascertain the sub-allocation for cities and towns within an impacted county, HB 1083 requires a second weighted calculation based on the percentage of overall county population, along with the percentage of road lane miles (HUTF measure), and the employee residency reports. A county and its cities and towns can enter into a memorandum of understanding (MOU) to direct the distribution of these funds in a different manner if they so choose. These legislative changes identify other methods to help measure the social and economic impacts that jurisdictions incur as a result of energy and mineral activity.

HB 1084 (Buescher, Penry) Concerning an Option for Prepayment of Severance Tax Liability
HB 1084 establishes a study group comprised of the following: Executive Directors of the Departments of Local Affairs, Natural Resources and Revenue; members of the, the Impact Committee, the Executive Directors of the Colorado Municipal League (CML) and Colorado Counties Incorporated (CCI); representatives from the energy and mineral industry; and other stakeholders to determine how best to improve the impact assistance credit established in C.R.S. 39-29-107.5 so that major infrastructure needs of communities impacted by the energy and mineral industry are addressed. The 1084 Study Group shall make recommendations of any proposed legislative changes to the Agriculture, Livestock, and Natural Resources Committee of the House of Representatives and the Agriculture, Natural Resources, and Energy Committee of the Senate, no later than January 31, 2009.

HB 1319 (Soper, Kester) Factory Built Structure Certification and Specifying Educational, Testing and Liability Insurance Requirements for Manufactured Housing, Mobile Home and Factory-Built Structure Installers and Inspectors
This bill requires citizens to register to install manufactured homes, mobile homes, and factory-built residential structures (residential installers). It also requires inspectors of installations of such homes to complete an educational program developed by the division of housing; and to pass a division of housing approved installation test. This bill also fixes a loophole by requiring that leased manufactured housing must receive the same certification as manufactured housing that is purchased. The compliance date is March 2009.

HB 1356 (Merrifield, Tupa) Concerning Landlord and Tenant Relations
After 19 years without achieving success in the state legislature, this bill creates a warranty of habitability in residential rental agreements. Until its passage, Colorado was one of only two states in the nation that did not have a law enforcing habitability of rental property. HB 1356 establishes the conditions under which warranty is breached along with prescribed remedies for relief.

HB 1368 (Buescher, Brophy) Taxation of Property Used to Produce Electricity from a Renewable Energy Source
This bill clarifies and changes the placement of the sales tax exemption for components used to produce alternating current electricity from a renewable energy source. The law specifies that all real and personal property used to produce a specified amount or less of alternating current electricity from a renewable energy source will be valued by the assessor in the county where the property is located in accordance with valuation procedures developed by the property tax administrator. Wind energy facilities are exempt from such valuation. The property tax administrator is directed to utilize specific procedures to determine the actual value of a renewable energy facility.

HB 1402 (Gagliardi and Ferrandino, Bacon) Concerning Additional Protections for Homeowners Facing Foreclosure
This bill requires a lender to give at least 30 days in advance of filing a notice of elections and demand and at least 30 days after default to provide to the borrower the telephone number of the Colorado Foreclosure Hotline and the direct telephone number of the lender's loss mitigation representative or department. HB 1402 provides $100,000 to the division of housing for the creation of grants to local housing authorities and public and private nonprofit corporations for the purpose of providing outreach and notice of foreclosure assistance. These grants shall be approved by the State Housing Board.

SB 170 (Bacon, Buescher) Concerning an Extension of the Period During Which a Downtown Development Authority May Collect Tax Increment Financing Revenues
This bill provides that the municipality that created the downtown development authority may, by ordinance, extend the period of time that tax increment revenues are collected for an additional twenty (20) years.

SB 218 (Schwartz and Penry, Buescher and Balmer) Allocation of Federal Mineral Lease Revenues
This bill will take advantage of the anticipated growth in federal mineral lease (FML) revenues and will provide a substantial amount of money for higher education and maintain funds for local governments both in the form of grants and direct distribution. The funding for local governments will be administered by DOLA. Of the funding administered by DOLA, 50% will be in the form of direct distribution and 50% for grants to local governments impacted by federal mineral production. The direct distribution of FML dollars will utilize a two step calculation. The first calculation will allocate money to a FML-impacted county using employee residency reports plus the portion of the FML dollars derived from each respective county. The calculation will distribute FML dollars to the municipal recipients within the county using the employee residency reports, proportion of population, and proportion of road lane miles. A county and its cities and towns can enter into a memorandum of understanding (MOU) to direct the distribution of these funds in a different manner if they so choose. The bill also establishes procedures for the establishment of a permanent fund that may be used during downturns in federal mineral lease revenues.

SB 231 (Veiga, Vaad) Transfer Work Force Development from the Department of Local Affairs to Department of Labor and Employment
This bill transfers the Colorado Workforce Development Council from the Department of Local Affairs to the Department of Labor and Employment. The Workforce Development Council is assigned the responsibility for the administration of one-stop career centers and other duties under the "Colorado Work Force Investment Act." This legislative change will help integrate the complete set of services under one department.

Section 2.6 Hot Issues

Division of Property Taxation – Key Trends

Significant economic issues facing the nation and the state are impacting property taxation. Oil and gas production, expansion of renewable energy alternatives, the mortgage and foreclosure crisis and technological innovations all have their place in key trends for the near future.

Natural Resources Sector

With oil and gas prices at all time highs, drilling activity continues at a rapid pace in Colorado. Although most of this activity is focused in the Piceance Basin of western Colorado, all 38 oil and gas counties are experiencing an increase in activity. Both industry and the counties continue to look for ways to simplify the assessment valuation process and to make it more understandable. This search applies to both the real property and the personal property side of assessment valuation. The Division will be an integral part of this process. We will need to participate in the development of alternative methodologies in order to understand and approve such methodologies, and to develop training for both industry and assessors on how to use these methodologies.

Utility Sector

The telecommunications industry is currently feeling the effects of "convergence" through the blurring of traditionally separate local, long distance, and wireless company service applications to the extent that each type of company is providing similar services in competition with the other company types. In addition, the telecommunication industry is competing with the cable television industry (CATV) and voice over internet service providers (VOIP) in providing two-way voice communications services. At the request of a legislator, the Division researched, prepared and delivered a report in November of 2007 outlining the issues of competition due to convergence and recommending classification of CATV and VOIP as state-assessed telephone companies.

One way the Colorado legislature has committed to renewable energy development over the past several years is through passage of legislation giving *ad valorem* valuation reductions to renewable energy facilities. Since 2007, the Division has valued four (4) new wind energy facilities totaling 775 megawatts in size and one (1) new solar electric facility at 8 megawatts. Discussions with industry representatives in 2008 indicated that there will be three more new wind facilities and one or two new solar electric facilities on line in 2008 and 2009. The Division has also developed new procedures to assist assessors in valuing new residential and small commercial renewable energy systems that do not meet the criteria as public utilities.

Real Estate Trends

The Colorado residential market is slowing. Although there are pockets of strength in the resort and energy producing markets, this slowdown is most evident in the Front Range, where most of the state's population resides. Single family residential building permits were down 43 percent in the first quarter of 2008 after being down 41 percent in 2007. Slowing demand has been compounded by high foreclosures, tightening credit, and excess inventory. The result is declines in residential property values and the value of residential development land. Because of Colorado's retroactive rules regarding assessment valuation, a declining value trend in any property type creates additional work for assessors and for the Division. We expect that the Division will take more inquiries than is typical from both taxpayers and assessment appraisers requiring an explanation why the county's Notice of Value (NOV) is higher than the current market value of a property. There may be a need for additional education for assessors in this area to meet the increasing demand of appeals.

Appraisal Licensing

Licensing for appraisers employed in county assessor's offices will continue to require considerable attention on the part of the division. Colorado's appraiser licensing program has been in the cross-hairs of the Federal Appraisal Subcommittee (ASC) this past year. Among other things, ASC scrutiny has zeroed in on appraisers who obtained their license based in part on mass appraisal experience. The division will have to continue to work closely with the Division of Real Estate (DRE) and county appraisers on the reporting and approval of mass appraisal experience for licensing purposes. This includes both identifying what work in an assessor's office qualifies for appraisal experience and how this experience should be reported to DRE. Our work will be focused in three areas: (1) responding to inquiries from DRE to insure that they understand the mass appraisal process, (2) providing training to mass appraisers on this issue, and (3) reviewing experience logs and narrative reports from mass appraisers.

Division of Housing

Foreclosures will likely continue to increase through the fourth quarter of 2009. Foreclosure totals are not likely to begin decreasing until 2010. Recent data suggests that new foreclosure filing will increase 20 percent during 2008. This is a drop in the rate of increase from 2007 when new foreclosure filings increased 40 percent. The Colorado Foreclosure Prevention Task Force, co-chaired by the Division of Housing, continues to seek private and public funding for the Colorado Foreclosure Hotline. Funding is necessary primarily for housing counseling and for promotion of the hotline itself. Public awareness of the Hotline is maintained primarily through public service announcements on television and radio, and through free media achieved through local print and electronic news stories. By the first quarter of 2009, the hotline will likely again confront a shortfall for housing counseling funding unless new funding sources are obtained.

Hotline call volume is heavily affected by public service announcement broadcasts and by the amount of free media obtained. Call numbers were very high during March and April of 2008, when media activity regarding the hotline was very high. As many as 3,000 to 4,000 calls were received each month during this period. It is estimated that, as of the May 2008, the Foreclosure Hotline network has helped 7,220 Colorado families avoid foreclosure.

The financial tightening of Capital Markets has put several affordable housing tax credit projects in jeopardy. Initial letters of commitment made to developers reflected a rate of $.95 to $1.05 per tax credit dollar. Today's market reflects a renegotiation of those letters of commitment to $.80 - $.85 per tax credit dollar. The average loss to each project is in the range of $1,000,000 to $2,000,000. Traditionally the Division of Housing assisted with resources that are considered "gap" funds. Due to this crises and reduction of program support on the federal level, several projects will now have to stop in mid stream and possibly never be built.

Federal funding of affordable housing continues to decline, and HOME Investment Partnership dollars, Community Development Block Grant dollars, and Emergency Shelter Grant dollars will likely fall during the 2008-2009 federal fiscal year.

The rental-housing markets in Colorado have tightened considerably over the last 18 months. While vacancies in Northeasters Colorado and in Colorado Springs remain above 7 percent, most of the state is moving toward tight rental markets with vacancy rates of 5 percent or lower. Vacancy rates are lowest on the Western Slope, in the central mountains, and in Metro Denver. In the Western Slope and the central mountains in particular, vacancy rates are below 2 percent in many places, including Grand Junction and Glenwood Springs. This indicates serious challenges for workforce housing. As rental markets remain tight, rents continue to increase substantially in these areas. The availability of land and development costs also present numerous obstacles to new development of housing, so there is little reason to count in increases in housing supply in these areas. The booming economies in these areas due to new oil and gas development have made vacant rental and for-sale housing extremely rare.

In the Denver Metro area, vacancies continue to decline as natural popular growth continues and new development continues to be extremely rare. Many areas are currently experiencing vacancy rates below 5 percent. There is a considerable amount of new development in luxury and high-end condominiums, but new construction in rental housing in rare. Due to substantial increases in the cost of commodities such as concrete, steel, copper, and all petroleum-based products, makes construction of new rental-housing very costly at this time, and is often prohibitive for developers of housing that caters to middle-income or low-income workforce housing.

Division of Local Government

Local governments are attempting to reduce their operating expenses because of trends in sales tax and property tax revenues collected at the local level. To assist with this trend, DLG is developing and implementing strategies to help localities reduce their energy use to save money. In addition, when it is possible, increased collaboration among jurisdictions can result in common strategic community development projects that stretch local resources. Further, DLG employees are assisting with local government strategic community development projects to enhance the livability of their communities by linking jobs, housing, transportation, education and environment in their grant applications.

Growth in Local Government Trends: Currently there are 3,054 local governments in the state of Colorado. Since the year 2000, the average growth is 136 local governments per year. Eighty-one percent of the growth is in metropolitan districts, Title 32 of the revised statues. There are at least four reasons for the growth in Metropolitan Districts:

1. Metropolitan Districts are created by developers' in-order to issue public debt that is used in the development of phased sub-divisions and their respective infrastructure.
2. By creating Metropolitan Districts, the developer reduces personal liability and out of pocket expenses as the phased development is created.
3. As a developer phases the development within a master planned community, smaller metropolitan districts are established to reduce the tax liability because of the lower amount of debt will be issued.
4. Metropolitan districts are also being established within existing cities so growth can pay its own way.

With the growth of local units of governments, DLG will continue to train these new local officials on the election law, process and requirements.

As a result of the trends listed above, DLG has focused efforts on meeting statutory requirements and evaluating strategies to provide strategic value-added services to local government customers.

DLG has undertaken substantial changes to the Energy and Mineral Impact Assistance Grant Program in order to become more strategic and transparent in the grant making process. Modifications to the program include categorizing grants into Tier I, Tier II, and Tier III and clarifying evaluation criteria, including match requirements. Modifications to both Tiers I and II are effective August, 2008. The modifications include:

Tier I of the grant program can be used for a variety of public purposes including planning, engineering and design studies, and capital projects requiring a limited level of financial assistance:

- Grant awards up to $200,000.
- Applications for grant consideration will be expected to include a minimum match of 25%. Larger matching amounts are generally more competitive.
- Applications will be reviewed and funding recommendations made to the Executive Director who makes decisions three times per year.

Tier II of the grant program is intended to support a wide variety of community development projects to improve quality of life in communities:

- Grant awards greater than $200,000 up to $2,000,000.
- Applications for grant consideration will be expected to include a minimum match of 25%. Larger matching amounts are generally more competitive.
- Applications for this program will be reviewed by the Advisory Committee, and the Executive Director will make funding decisions three times per year.

Tier III of the grant program is designed to help political subdivisions with regional or multi-jurisdictional projects intended to mitigate major impacts associated with energy/mineral industries (dependent upon revenue availability). It is anticipated that Tier III of the grant program will be effective Summer of 2009.

- One cycle per year
- Multi-million dollar, multi-year projects ($2 million up to $10 million in size)
- Expect regional/multi-jurisdictional focus.

Division of Emergency Management

Governor Ritter issued Executive Order, D003 08 on February 4, 2008, transferring the Homeland Security Program from the Department of Local Affairs and establishing the Governor's Office of Homeland Security.

Federal Qualifiers for use of Emergency Management Planning Grant (EMPG) Funds: As Congress evolves in the post-Katrina era, federal legislators continue to pressure agencies for accountability on the use of federal funds for Homeland Security and Emergency Management. In response to this pressure, these federal agencies are increasingly dictating specified requirements on funds that were previously provided to states with greater latitude (or more general purpose). In Colorado, EMPG funds have traditionally been used (with a 50% match) to fund emergency management personnel costs for county and state emergency management. For the Division of Emergency Management, this equates to approximately eleven full-time employees. At the local level, EMPG provides approximately half of each county emergency manager's salary. Lately, the federal government has begun to attach labor intensive federal requirements to the use of these funds. This pulls emergency management staff away from duties supporting local preparedness and response and requires them to support federal priorities at the expense of the state and local governments. This trend has the potential to seriously degrade current local and state emergency preparedness, response and recovery programs.

<u>Impact of Rising Fuel Costs on Emergency Response</u>: Rising fuel costs will have a negative affect on day to day operations of local first responders (Police, Fire, and Ambulance). The increased cost will be a local burden to resource in order to meet government service requirements for their local residents. In Colorado, we rely heavily on mutual aid agreements between local jurisdictions for effective emergency response. These agreements involve a time specified "no cost" sharing of emergency response resources when a local resource is overwhelmed or unavailable. As fuel costs increase, jurisdictions will be less likely to support the mutual aid agreement. The resulting impact will be a less responsive emergency response system in Colorado and an increase in local political pressure for the state to fund assistance.

<u>Failure of State Emergency Management to Evolve in a Post 9/11 and Katrina Environment</u>: Nationally, government emergency response has experienced some significant lessons learned in the post 9/11 and Katrina environment. At the federal level, we have seen significant change aimed toward improving emergency preparedness and response. Parallel to this government effort, we now have intense media and public scrutiny of emergency preparedness and response. There is now a very narrow margin for error in this new, more political environment. The federal government and many states have begun to apply resources to shore up their emergency preparedness shortfalls. This has not been the case in Colorado. Colorado Emergency Management consistently ranks among the lowest in the nation for per capita state general funding (for Personnel and Operations / Maintenance).

<u>Increased Emphasis Toward Improving Hazard Mitigation and Emergency Preparedness</u>: In the post Katrina environment, there has been an increased focus toward improving hazard mitigation and preparedness. This trend is evolving from a myopic singular government approach to the collaboration of government at all levels along with the inclusion of private sector business, philanthropic and voluntary organizations. While this trend is positive and necessary, it places an immense demand on the time of limited government subject matter experts. Some grant resources allow for planning funds to hire contract support, but this solution provides very limited relief to increasingly overburdened state and local government subject matter experts / responsible agencies. This is especially true in Colorado where TABOR imposes funding restrictions that have not allowed the workforce of responsible agencies to grow commensurate with evolving requirements.

Workload Measures

Division of Property Taxation

	FY06-07 Actual	FY07-08 Current	FY08-09 Estimated
Number of Property Tax Exemption Determinations	793	812	815

Division of Housing

	FY06-07 Actual	FY07-08 Current	FY08-09 Estimated
Number of Manufactured Housing Inspections	1,857	1,698	2,495

Division of Local Government

	FY06-07 Actual	FY07-08 Current	FY08-09 Estimated
Reviews of budgets, election information, and compendiums for Number of Article 32, Type 1 Districts (Metropolitan Districts Park & Recreation Districts Fire Protection Districts Health Service Districts (Hospital) Sanitation Districts Water Districts Water & Sanitation Districts Tunnel Districts Ambulance Districts Health Assurance Districts)	1,742	1,782	1,825

Division of Emergency Management

	FY06-07 Actual	FY07-08 Current	FY08-09 Estimated
Assist local communities with pre-disaster mitigation plan development and implementation	7	10	13