



Legislation Text

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Special Districts Overview- Session No. 5

Presenters:

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Summary:

This is the fifth of what are now anticipated to be seven Work Sessions requested by Council as an overview of City special districts and policy. Today's areas of focus will include a focused limited follow-up from Session # 4, and then introduce the topics of:

- SIMDs (special improvement maintenance districts), and
- Special district financial obligations, including debt authorization, contractual obligations and debt formal issuances

An updated schedule for future special district overview sessions is also presented. Please refer to the attached PowerPoint presentation. A Colorado Springs staff overview of SIMDs is also attached

Background:

Follow-up From Session #4

During Overview Session #4 (which occurred on November 25, 2019), Councilman Geislinger requested additional information concerning the fiduciary responsibilities and legal liability of districts. This topic is anticipated to be addressed in the 7th and final session now scheduled for late January 2020, although it is noted that several of the related issues are legal in nature.

SIMDs

A more detailed overview of Colorado Springs SIMDs (special improvement maintenance districts) is provided as an attachment.

Unlike most other active "special districts", SIMDs have been established under the authority of City Code (Chapter 3, Article 7) and not Colorado Revised Statutes. Under City Code, the purpose of

SIMDs is to maintain existing public improvements typically within City rights-of-way. SIMDs do not own property and cannot issue debt.

There are currently seven (7) active SIMDs within the City as summarized in the table below. All of these were established during the time period from 1979 to 1989 noting that no new SIMDs have been established in the last 30 years. Their boundaries are depicted on a map that can be accessed at:

https://coloradosprings.gov/sites/default/files/inline-images/non_metro_spec_dist_2019.pdf

Four of the existing SIMDs (Briargate, Nor'wood, Stetson Hills and Woodstone) were set up to maintain landscaping, medians, fences, walls, entry features and similar improvements in then-new primarily residential developments projects. Three of the City's SIMDs (Colorado Avenue Gateway, Old Colorado City Security and Maintenance, and Platte Avenue), were created to maintain upgraded streetscape improvements within long-established business corridors. Creation of all these SIMDs, occurred prior to the ability to use metropolitan districts or BIDs as an option. Existing SIMDs were also all created prior to the Colorado Springs and State TABOR provisions being in place.

Some existing SIMDs have challenges with the rising cost of water for irrigation or with not having sufficient revenues to fund major capitalized maintenance costs. Issues related to inclusion of properties in the Briargate SIMD are being evaluated along with a potential option which could involve conversion of that district to a GID (subject to voter approval).

At this time, the City Attorney's Office and other staff are not recommending creation of any new SIMDs. Based on a change in Colorado Revised Statutes that occurred some time ago, statutorily authorized general improvement districts (GIDs) may now represent a district option for limited ongoing maintenance functions.

Special District Financial Obligations and Debt Issuance

As outlined in the attached PowerPoint presentation, the financial obligations of Colorado Springs special districts are highly variable, and subject to change as some districts evolve over time. All districts have at least limited reporting, budgeting and other administrative (overhead) obligations. A growing number of districts maintain improvements on either City-owned or their own properties. In some cases, these maintenance functions constitute a formal obligation of tied to development approvals. Some districts also provide and contract for additional services.

The boards of BIDs and metropolitan districts routinely enter into reimbursement agreements with participating developers. These contractual agreements do not constitute formal debt issuance because they are subject to annual appropriation. However, their repayment often forms the basis for formal debt issuance.

As of late 2019, over 40 Colorado Springs special districts have formally issued debt, a large proportion of which has been issued in the last five years.

The City of Colorado Springs Special District Policy and metropolitan district model service plans require prior City Council authorization of special district of debt issuances. The City Charter requires

2/3rds of the entire Council to approve authorizations in excess of 10% of assessed valuation. In the review of debt issuances, the review standard is typically consistency with the applicable metropolitan district service plan or with the BID operating plan and budget, with Council also acting as an additional opportunity for overall review and transparency.

Overall Summary and Current Schedule of Session Topics

Session 1- (September 23, 2019)- completed

- General district overview
- State and County-wide district context
- 2006 Special District Policy
- BIDs
- Review of future sessions, topics and proposed schedule

Session 2- (October 21, 2019) - completed

- Metropolitan Districts

Session 3- November 7, 2019- completed

- Metropolitan district follow-up- statutory findings
- Special district submittal, review and approval processes
- GIDs

Session 4- November 25, 2019- completed

- Limited follow-up on metropolitan district service adequacy finding
- LIDs and SIDs
- Mill levies and Gallagher adjustments

Session 5- December 9, 2019

- **Follow-up**
- SIMDs
- Special district financial obligations, debt authorizations and debt issuances

Session 6- January 13, 2019

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

Session 7- January 27, 2019

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

Previous Council Action:

This is an overview and Council discussion item only.

Financial Implications:

N/A for this agenda item

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A for this agenda item

Alternatives:

N/A

Proposed Motion:

N/A

N/A