

Final
STAFF SUMMARY OF MEETING

COMMITTEE ON JOINT LOCAL GOVERNMENT

Date: 12/09/2014

Time: **01:31 PM to 04:31 PM**

Place: SupCt

This Meeting was called to order by
Representative Fields

This Report was prepared by
Damion Pechota

ATTENDANCE

Balmer	E
Dore	E
Exum	E
Garcia	E
Gardner	E
Herpin	E
Kefalas	X
Landgraf	*
Lebsock	X
Marble	X
Navarro	E
Rankin	E
Rosenthal	E
Schwartz	X
Singer	X
Vigil	E
Wright	X
Zenzinger	E
Nicholson	E
Fields	X

X = Present, E = Excused, A = Absent, * = Present after roll call

Bills Addressed:	Action Taken:
Presentation by the Department of Local Affairs	Witness Testimony and/or Committee Discussion Only

01:33 PM -- Presentation by the Department of Local Affairs

Senator Ulibarri and Senator-elect Kerry Donovan were present at the meeting. Representative Fields, chair, called the meeting to order.

Reeves Brown, Executive Director of the Department of Local Affairs (DOLA), provided a brief overview of DOLA and discussed the assistance services provided to local governments in a variety of areas. Director Brown discussed the four decision item requests of the department, specifically: address the structural deficit of the Building Regulation Cash Fund; expand the Colorado Main Street Program; increase funds to DOLA staff to support increased workload; and increase funding for the Housing Development Grant for affordable housing units and rental vouchers.

Handouts were distributed to the committee members, including the DOLA's SMART Act presentation material (Attachment A); the DOLA Strategic Plan (Attachment B); and the Office of State Planning and Budgeting's DOLA SMART Act document (Attachment C).

Attachment B & Attachment C can be viewed at State Archives.

01:43 PM

Director Brown provided an overview of the performance management plan, the strategic plan, and the goals for achieving performance objectives.

01:48 PM -- Chantal Unfug, Director of the Division of Local Government, introduced herself to the committee. She provided an overview of the Division of Local Government and the assistance programs. Director Unfug discussed the importance of economic development in local governments to strengthen communities. She discussed the programs for educational outreach and development. She provided an overview of local government compliance with state law.

Senator Kefalas asked a question about the rural economic development program.

01:57 PM

Representative Lebsock asked a question regarding compliance of local governments with state law. Director Brown discussed the annual requirements for local governments to file their budget documents with the state.

Director Unfug discussed the partnership with the Office of Economic Development and International Trade to provide rural economic development through grants and program services. Senator Kefalas asked about the distribution of funds. Director Unfug discussed geographic distribution and continued outreach to counties that have not applied. Director Brown said that the program has expanded to aid communities throughout the state to meet economic development needs.

02:09 PM

Senator Schwartz discussed the impact of job losses in Delta County and the importance of economic development programs. Director Brown discussed the needs and opportunities to provide resources for economic development in rural economies.

Representative Lebsock asked about the compliance requirements in state statutes. Senator Schwartz asked about the challenges for local governments to be compliant with state requirements. Director Brown said that broadband limitations do not restrict compliance and that employment changes within Local Government offices provides challenges.

02:17 PM -- Scott Olene, Division of Local Government, spoke on compliance requirements for local governments. He said that all governments are required to provide budgetary documents to DOLA to be compliant with state statutes. Mr. Olene said that DOLA provides assistance to local governments to meet compliance requirements.

Senator Schwartz asked about penalties for late filings. Mr. Olene said the only penalty is the withholding of property tax moneys to the local government. Representative Landgraf asked about governments that do not have governing bodies. Mr. Olene spoke on the requirements established by the Secretary of State for the determination of functioning municipalities. Mr. Olene discussed legislation to streamline the process for local government filings.

02:32 PM -- Tracy Barnett, Colorado Main Street Program-Steamboat Springs, discussed the history of the Colorado Main Street Program. She discussed the training and funding of the program. Ms. Barnett said that the programs were originally run by non-profit organizations and that DOLA took over the programs in 2010. She discussed the value of DOLA's programs and services.

Senator Schwartz asked about severance tax distribution. Director Brown discussed the severance tax distribution and the needs of the local communities to encourage sustainable economic growth.

02:45 PM -- JoAnn Groff, the Property Tax Administrator, Director of the Division of Property Taxation, provided an overview of the assistance provided to local government tax assessors. She discussed the legal abatement of property tax assessments.

Senator Schwartz asked about the decrease of abatements in previous years. Director Groff discussed the changes in abatement rates.

Director Groff spoke on efforts to decrease the time required for property tax exemption status determinations. She also discussed state-assessed property requirements and evaluations. Director Groff provided information on the education outreach programs.

02:57 PM -- Barbara Brewer, County Assessor, Mesa County, discussed the role of the County Assessor and the accessibility of resources and educational services through DOLA.

Director Brown discussed the importance of providing educational resources for local assessors. Senator Schwartz asked about the consistency of assessment evaluations. Director Groff said that she has the authority to investigate an assessment and that an audit is done annually on local assessments. Ms. Brewer discussed the role of county assessors and the importance of working towards equitable assessments.

03:09 PM -- Mike Beery, Board of Assessment Appeals (BAA), provided a summary of the BAA and the property assessment appeals filed by taxpayers. He discussed the four strategic goals of the BAA: to fulfill appeal requirements within a timely matter; to improve customer service and taxpayer education; facilitating dialogue to establish collaborative solutions; and to increase efficiency.

Mr. Beery provided information regarding the number of appeals received and appeals remaining at the end of a two year cycle. He discussed the implementation of procedures and employee duties to increase efficiency. Mr. Beery said that the number of appeals resolved in one year have increased despite the increase of appeals filed.

03:19 PM

Senator Kefalas asked a question regarding the valuation of manufactured homes titled as real property. Director Beery said that manufactured homes only come before the board of assessment appeals if it is titled as real property.

Representative Landgraf asked a question regarding appropriations and projections. Mr. Beery discussed a cash fund that was developed for the BAA. Representative Landgraf asked a question regarding pre-hearing conferences. Mr. Beery discussed the purposes of the pre-hearing meetings and the role of mediation as a tool to reach a settlement. He said that pre-hearing conferences are intended to reduce conflicts and identify legal issues to increase efficiency.

Director Brown discussed the process improvements of the BAA without an increase of funding.

03:27 PM -- Pat Coyle, Director for the Division of Housing, provided an overview of the division. Specifically, he discussed: the role, use, and oversight of manufactured homes; assistance to housing needs through local housing authorities and service organizations; oversight of the Fort Lyon Supportive Residential Community (Fort Lyon); and gap financing for housing needs.

03:35 PM -- Richard Devlin and Lorrie Matthews, residents of Fort Lyon, were introduced to the committee. Richard Devlin discussed his experience at Fort Lyon. He discussed his work fixing bicycles to increase exercise for the residents and his involvement to found a local American Legion chapter for the veterans at Fort Lyon. Mr. Devlin spoke on the impact of Fort Lyon on his life.

Senator Kefalas asked about his goals. Mr. Devlin said that he would like to continue to work at Fort Lyon and said that the only thing he would change is to provide a veteran service officer at Fort Lyon full time to provide basic needs.

Ms. Matthews discussed her experience at Fort Lyon. She spoke on the opportunities available through the program.

03:44 PM

The committee members discussed the importance of Fort Lyon. Representative Singer discussed the financial risk of Fort Lyon and asked a question regarding experiences at other organizations. Ms. Matthews said that this was her first rehabilitation program and that she chose this organization because she wanted to succeed with the opportunities available. Mr. Devlin said this was his first time in a rehabilitation center and that he wanted to do the recovery work himself. Representative Singer asked about the location of Fort Lyon outside of the urban area. Mr. Devlin said that addicts can find their vices anywhere, but the location of Fort Lyon creates a nice and enjoyable environment for recovery.

Senator Schwartz asked about the capital improvements of the site. Director Coyle discussed the maintenance improvements that have been made and a planned energy audit of the site. He said that the current energy system is inefficient.

03:53 PM

Director Coyle provided an overview of the Division of Housing. He said that there are two funding requests for the division: to return funds that were redirected to the general fund; and an increase of funding for affordable housing for senior populations and persons with disabilities.

Representative Singer asked about the response of Joint Budget Committee members regarding the funding request. Director Coyle said that the return on investment comes through the economic benefit and social cost reduction. He said that JBC staff recommended a transfer to the fund.

Senator Schwartz discussed the importance of stabilizing housing needs. Senator Kefalas asked about fresh food financing initiative efforts.

Director Brown discussed the legislative agenda concerning funding for housing programs. Director Coyle said that the division is only directed to allocate cash fund moneys and that the division does not want to raise fees.

04:05 PM -- Dave Bowman, Community Development Block Grant-Disaster Recovery (CDBG-DR), introduced himself to the committee. He discussed the allocations of funds for the 2013 flood recovery effort and said that the primary use of the funds are for housing, infrastructure, and public service programs. Mr. Bowman provided information on watershed programs to address the long term needs of areas impacted by flooding. He discussed the importance of investing in local communities and providing grants for local businesses during a recovery period.

04:16 PM

Representative Singer asked about the allocation of funds for local businesses and about the partnership with federal programs. Mr. Bowman discussed the role of FEMA and the involvement of the state to provide services. Representative Singer asked about the allocation to FEMA money. Mr. Bowman said that the CDBG-DR does not have control of FEMA moneys and discussed the case by case investigation of property ownerships.

04:24 PM

Representative Singer discussed state assistance to provide infrastructure to flood impacted areas. Mr. Bowman said that investment moneys end in 2019 and that revised projections will be made in February.

04:31 AM

The committee adjourned.

Proposed agenda for DOLA SMART Act Presentation 12/9/14

- 1:30 Introductory Comments - Reeves Brown, Executive Director (no additional handouts)
 - 1. DOLA overview
 - 2. Strategic Plan overview
 - 3. DOLA Regulatory Agenda
 - 4. DOLA Legislative Agenda
 - 5. QUESTIONS

- 1:50 DOLA Division of Local Government (DLG) - Chantal Unfug, Division Director (Main Street handouts)
 - 1. DLG Performance Plan
 - 2. GUEST: TBA
 - 3. Decision Item R-2, Colorado Main Street Program
 - 4. Decision Item R-3, Improve Statutory Compliance
 - 5. QUESTIONS

- 2:15 DOLA Division of Property Taxation (DPT) - JoAnn Groff, Division Director (no additional handouts)
 - 1. DPT Performance Plan
 - 2. QUESTIONS

- 2:30 DOLA Board of Assessment Appeals (BAA) - Mike Beery, BAA Administrator (Two handouts)
 - 1. BAA Performance Plan
 - 2. QUESTIONS

- 2:45 DOLA Division of Housing (DOH) - Pat Coyle, Division Director (no additional handouts)
 - 1. DOH Performance Plan
 - 2. GUEST: TBA
 - 3. Decision Item R-1, Building Regulation Fund Structural Deficit Resolution
 - 4. Decision Item R-4, Housing Development Grants
 - 5. QUESTIONS

- 3:10 DOLA Flood Recovery (CDBG-DR) - Dave Bowman, CDBG-DR Manager (CDBG-DR slides)
 - 1. CDBG-DR Performance Plan
 - 2. QUESTIONS

- 3:25 Additional Questions from the Committee

- 3:50 Closing Comments - Reeves Brown



1. Building Regulation Fund Structural Deficit Resolution- \$250,000 GF

The Department is requesting \$250,000 General Fund beginning in FY 2015-16 to address a structural deficit in the Building Regulation Cash Fund. The Fund will have insufficient revenues and fund balance to support required program expenses in FY 2015-16 without these additional funds. In addition, DOLA proposes companion legislation that expands the allowable sources of funding for CODES to allow the use of General Fund (§24-32-3309, C.R.S.); and fee increases through rule making. By regaining solvency in the Fund, industry expectations and consumer safety will be preserved. DOH will continue to provide timely and professional services to the factory-built building industry and Colorado consumers. Also, during the last recession, the legislature passed SB09-279 which transferred \$1,101,349 of Building Regulation Fund balance to the General Fund.

2. Colorado Main Street Program- \$462,000 Re-appropriated Funds (Severance/FML)

The Department is requesting \$462,500 Re-appropriated Fund spending authority (from the Local Government Severance and Mineral Impact Funds) to expand the Main Street program in order to meet growing statewide demand and support the need for downtown revitalization. This represents a 19% increase over the Field Services base of \$2,417,785. With additional resources, the program will be able to keep up with the demand for assistance by contracting with subject matter experts statewide. With this additional spending authority, the Department anticipates to increase the total of 14 participating communities to 35 communities producing 2,155 net new direct, induced and indirect jobs; 829 net new businesses; and leverage over \$37.5 million of both public and private investment, by 2020.

3. Improve Statutory Compliance-\$61,150 General Fund 0.9 FTE

The Department requests \$61,150 General Fund and 0.9 FTE in FY 2015-16 for Local Government Services staff to handle increased workload caused by the growth in the number of local governments. The request will annualize to \$61,164 General Fund and 1.0 FTE for FY 2016-17 and represents a 23% increase over the Division's current General Fund base of \$267,341. The additional FTE will be used to annually evaluate and process the increased caseload of filings and return Division professional staff to proactively providing assistance to local government boards, staff, and volunteers. The resources will reduce the rate of noncompliance with laws administered by the DLG as measured in DOLA's Strategic Plan.

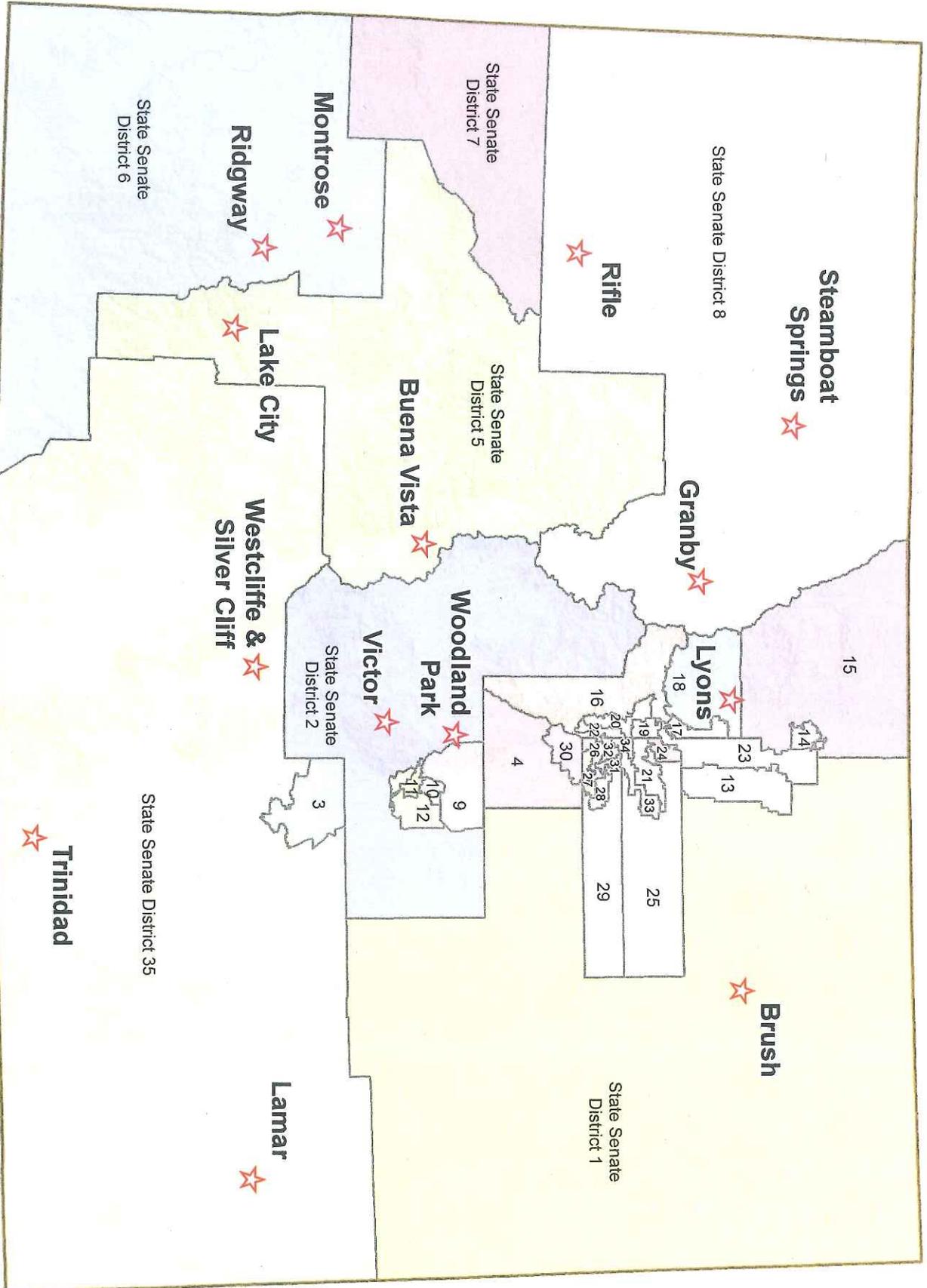
The number of local governments in Colorado increased 41.3% over the past decade to more than 3,500 with more than 2,000 Title 32-1 Special Districts representing nearly 60% of that total. As the number of local governments increase, professional staff is increasingly tasked away from providing pro-active assistance to instead help with processing the increased number of filings. The decrease in technical assistance contributes to increased rates of local government non-compliance which results in increased requests for technical assistance, thereby compounding the problem. The percentage of local governments receiving enforcement actions for failing to file their annual budget has grown by over 20 percent over the last three years. While the percentage of Special Districts failing to report board election results or proper cancellation of the election has doubled over the same time period.

4. Housing Development Grants-\$3.42M General Fund

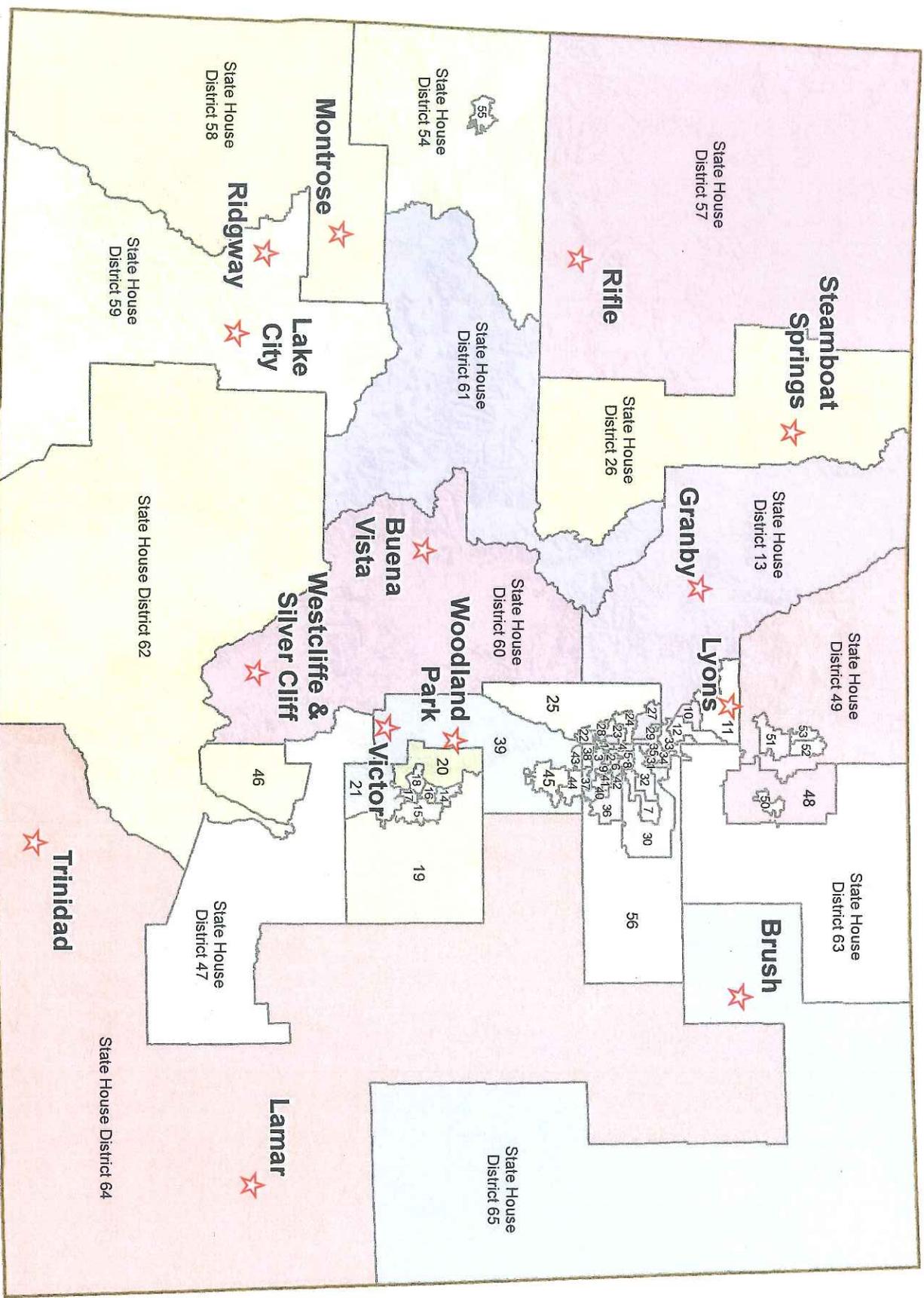
This request is to increase the Housing Development Grant (HDG) fund by \$3.42 million General Fund annually for development of 500 additional affordable rental housing units and rental vouchers for seniors and persons with disabilities. This represents a 41.7% increase to the HDG budget. When combined with all sources of funds, the Division funded the development of 3,129 housing units in FY 2013-14. The goal for FY 2014-15 is 3,620 new units. This includes affordable housing for the working poor, first time homeownership, homeless veterans and youth, and seniors. By 2020, Colorado's population growth between the ages 65 to 74 will almost be double the national average. This dramatic shift increases the need for more affordable and adaptable housing; 24,774 seniors and 28,078 persons with disabilities earn less than \$20,000 and pay at least 50% of their income to rent. This request increases the supply of affordable rental housing units by an additional 500 per year for vulnerable and hard-to-house populations. At proposed funding levels, 4,120 new affordable units can be developed annually. Outcomes include reduced recidivism, increased supply of accessible units and supportive housing for persons with mental illness instead of costly institutions. This request will help the State meet the housing priorities established in the Pathways Home Plan, the Olmstead Plan and S.B. 14-021.

**Division of
Local
Government**

Main Street Communities with State Senate Districts



Main Street Communities with State House Districts



2013 YEAR END STATISTICS

The 2 Graduate, 3 Designated, and 8 Candidate Colorado Main Street communities have accomplished the following in 2013.

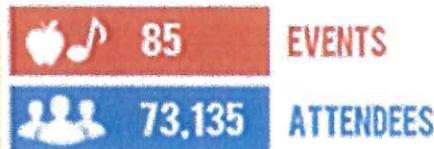
ECONOMIC RESTRUCTURING

Candidate Main Street communities contributed to 54% of the new business this year while the Graduate and Designated communities contributed to 56% of the new full and part time jobs.



PROMOTION

While only 42% of the events this year were held by the 5 Graduate and Designated communities, 76% of the attendees were from those same events.



ORGANIZATION

The 5 Graduate and Designated Colorado Main Street communities contributed to about 64% of the following volunteer statistics.

Volunteers	1,250
Volunteer Hours	7,398
TOTAL VALUE	\$162,972

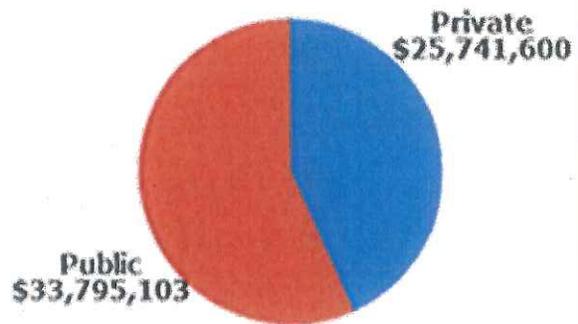
DESIGN

The 5 Graduate and Designated Main Street communities contributed to almost 100% of the building investments and 95% of the total public and private investment.

BUILDING INVESTMENTS: \$22,069,100



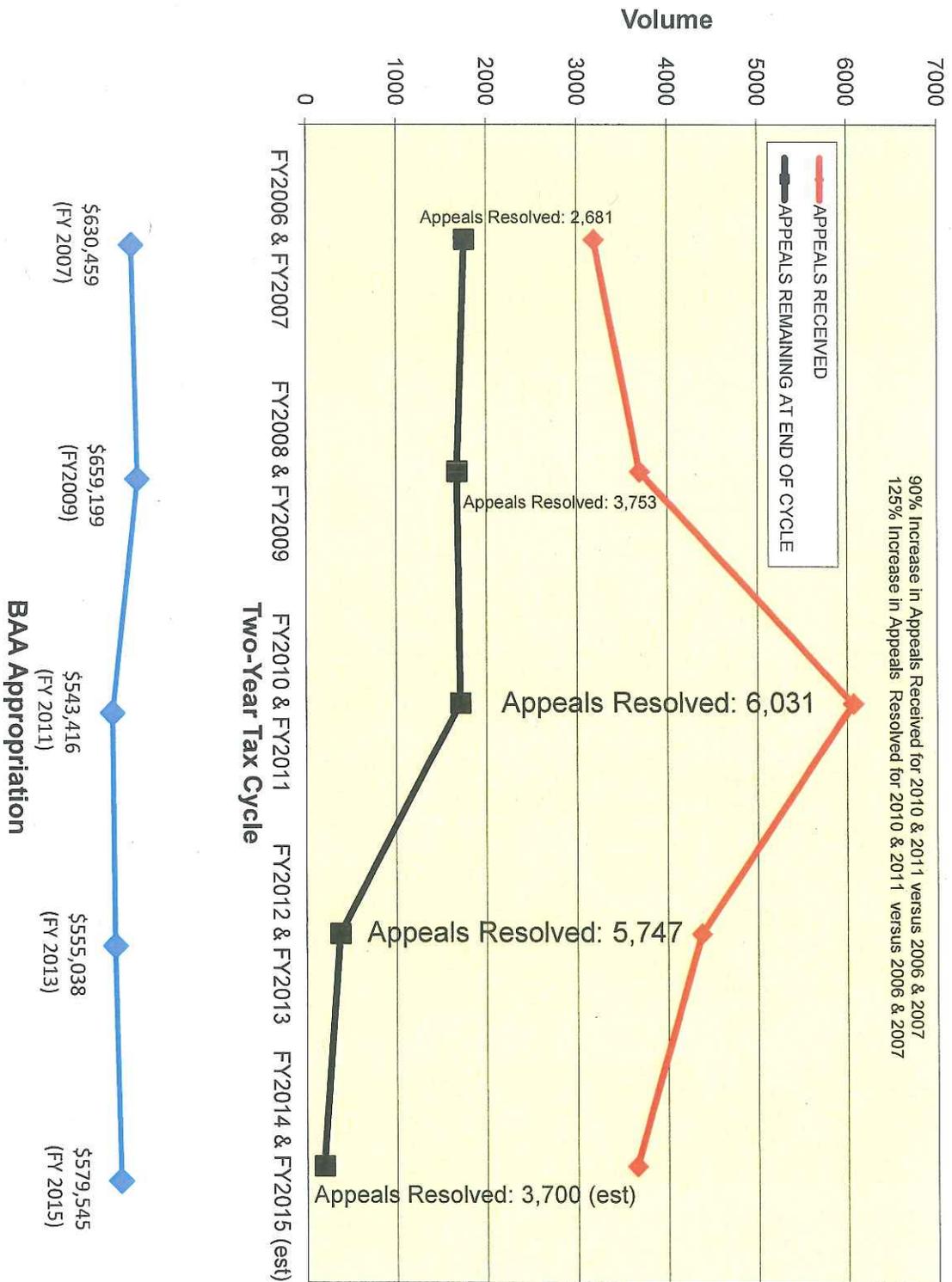
TOTAL PUBLIC AND PRIVATE INVESTMENT: \$59,536,703



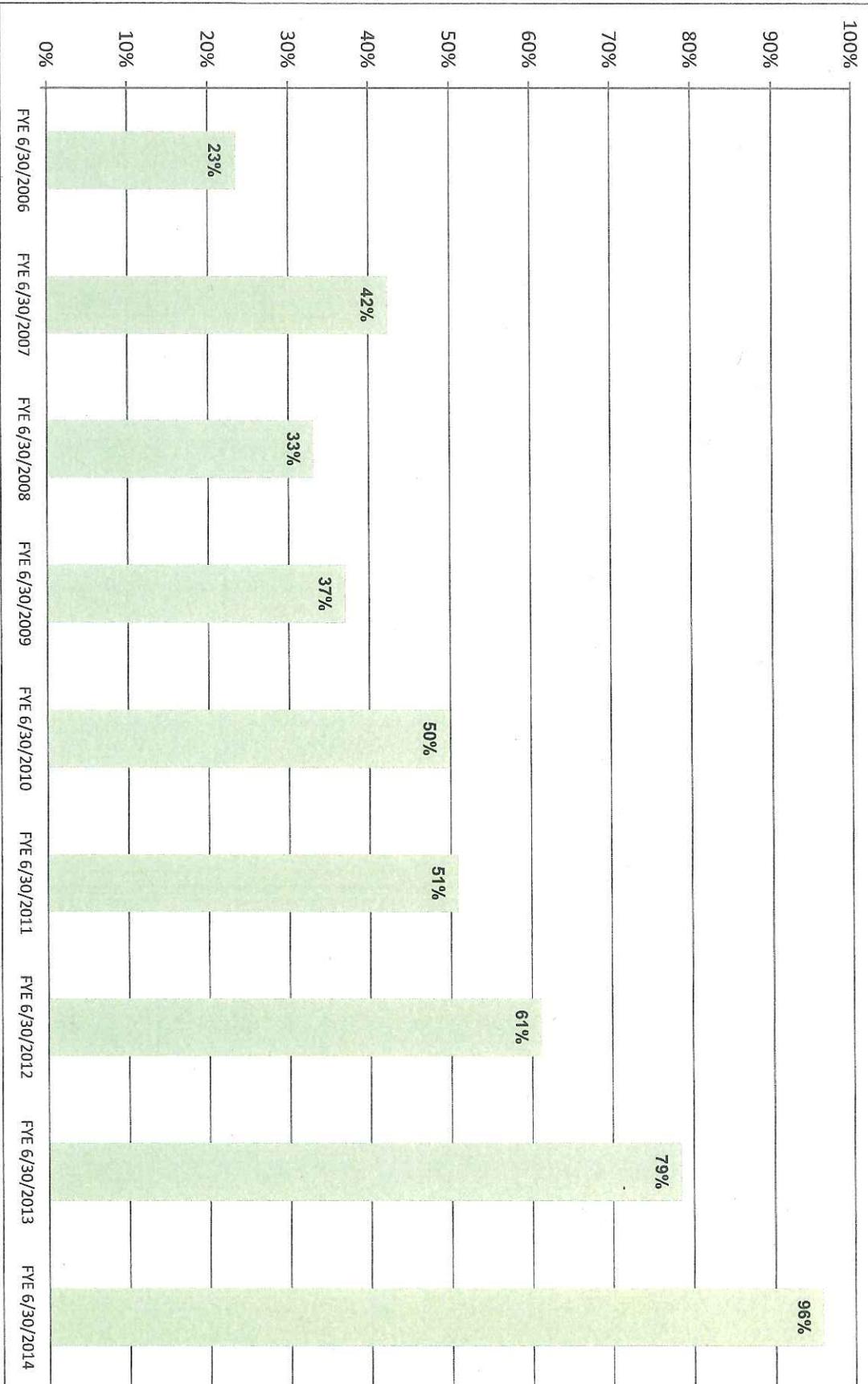
87% of Colorado's Main Street communities reported these statistics

Board of Assessment Appeals

Board of Assessment Appeals Appeals Received, Appeals Remaining and BAA Appropriation Fiscal Years 2006 through 2015 (Estimate as of 12/5/2014)



Board of Assessment Appeals Percent of Appeals Resolved Within 1 Year Fiscal Years 2006 through 2014



Flood Recovery



Community Development Block Grant – Disaster Recovery

SMART Act Hearing
December 9, 2014



What is CDBG-DR?

- Special appropriations by Congress following a disaster
- Supplements FEMA, SBA, NFIP, USACE and other federal resources to cover unmet needs
- General focus is on 'recovery' rather than 'relief'
- Administered by HUD as grants to States (or entitlements) following CDBG rules with certain waivers

The traditional CDBG Program is managed by the Division of Local Government

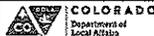


Colorado Disasters

Applicable Disasters

- DR 4145 – Colorado Severe Storms, Flooding, Landslides and mudslides – Sept. 2013
- DR 4134 – Black Forest Wildfire – June 2013
- DR 4133 – Royal Gorge Wildfire – June 2013
- DR 4067 – High Park and Waldo Canyon Wildfires – Jun/Jul 2012

First Allocation of \$62.8 Million covers only the Colorado Floods of 2013.
Wildfires included as part of Second Allocation



Allocations

- 1st Allocation - \$62.8 Million (Floods Only)
– Federal Register Vol.78 No.241; Dec 16, 2013
- 2nd Allocation - \$199.3 Million (Includes Wildfires)
– Federal Register Vol.79 No.106; Jun 3, 2014

Total Funding = \$262.1 Million

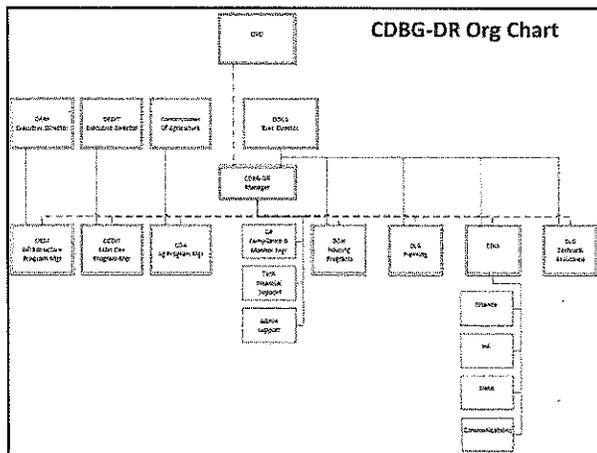
Eligible Activities

CDBG regulations permit States to undertake a wide range of program activities in the following broad categories:

- Housing
- Infrastructure
- Public Services
- Economic Development
- Planning and Administration

Implementation Partnership

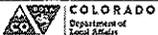
- Overall Management – Department of Local Affairs (DOLA)
- Housing Programs – Division of Housing (DOH)
- Infrastructure Programs – Department of Homeland Security and Emergency Management (DHSEM)
- Planning – Division of Local Government (DLG)
- Economic Development Programs – Office of Economic Development and Int'l Trade (OEDIT)
- Agriculture Programs – Colorado Department of Agriculture (CDA)



Strategic Plan

Mission Statement

The Disaster Recovery Program designs and implements effective recovery programs for disaster-impacted individuals, businesses and local governments, with a focus on long-term sustainability and mitigation from future disasters.

 **Strategic Plan**

Vision Statement

Colorado is recognized as a national leader for utilizing recovery resources by rebuilding, transforming and revitalizing disaster-impacted areas into communities that are economically viable, resistant to future disasters, and providing a high quality of life while maintaining Colorado's rich natural heritage.

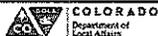
 **Strategic Plan**

GOAL:

Assist households, businesses, and local governments to recover from disasters

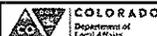
DR Process:

Provide recovery resources to households, businesses, and local governments to foster the long-term recovery of disaster-impacted communities

 **Strategic Plan**

Measuring Success

- # of households assisted
- # of units created
- # of infrastructure projects completed
- # of plans completed
- # of businesses served
- \$\$\$ invested in recovery

 **Strategic Plan**

Primary Outcome:

CDBG-DR funds successfully invested in impacted communities

FY 14-15	FY 15-16	FY 16-17
\$32.0 mil	\$54.5 mil	\$60.0 mil

 **COLORADO**
Department of
Local Affairs

Current Status

Launching programs in all areas of funding

- Housing: \$16.1 million in obligations through executed contracts
- Infrastructure: \$13.1 million in award letters to local governments
- Planning: 11 contracts with 9 local governments totaling \$900,000
- Businesses: \$3.85 million in award letters to businesses (including tourism and agri-businesses)

ORDIT first to provide disbursements providing over \$732 thousand to 22 businesses

 **COLORADO**
Department of
Local Affairs

Summary Points

- Temporary unit under the EDO
- Focus on recovery rather than response
- Heavily reliant on internal and external partners to successfully implement the strategic plan
- In the early phases of implementation – need to balance speed with compliance
- Specific mission to provide resources to impacted households, businesses and communities