



GOVERNANCE OPTIONS

BACKGROUND

The Clifton-Fruitvale neighborhoods have been transitioning from rural to urban for several decades. Over time, the area has developed under a wide variety of land development and infrastructure standards and regulations, leaving a checkerboard pattern of urban, suburban and urban environments, e.g., orchards, farms adjacent to multi-family developments, single family subdivisions with no (or non-contiguous) sidewalks, limited stormwater drainage facilities, areas without street lights, few parks, etc.

Through the planning process the residents consistently pointed out the need and desire to improve the urban services and facilities in the community. However, county government is generally not authorized nor organized to provide the level of urban services anticipated in a municipal setting. The residents and business owners in the Clifton-Fruitvale community, one of the largest contiguous unincorporated urbanized and urbanizing areas in Mesa County, continue to expect and demand urban services as the area grows. There is also an understanding by most participants that they need to pay for such increased levels of service, rather than continuing to the burden on all of the County's taxpayers. There has also been a clear call for a self-directed and independent future community by most participants.

The Board of County Commissioners has included in its 6 year capital investment program (CIP) allocations over the next 4 years of a total of \$4.5 million for implementation of the Clifton-Fruitvale Community Plan. The CIP specifically states the funds as an allocation to implement goals and objectives of the Clifton/Fruitvale Community Plan: "infrastructure improvements to include roads, sidewalks, curb and gutter, drainage, recreation facilities, streetscape, etc."

Basic services in the Clifton-Fruitvale Community are currently provided by Mesa County (law enforcement, Human Services, animal control, Public Health Services, road maintenance, community planning, a few parks, etc.) A variety of Title 32 Special Districts provide utility and other basic urban services (e.g., domestic water, sewer, fire protection, irrigation, drainage control) – see Utilities and Public Safety chapters. Most of these entities rely primarily on user fees rather than property taxes to fund their operations.

In the early 1990s annexation policies of the city of Grand Junction resulted in two general public votes in the Clifton/Fruitvale area. Two issues were placed on the ballot asking should: 1. Grand Junction annex the area and 2. the area incorporate as a municipality. Both ballot issues were defeated. A previous attempt to incorporate sometime in the 1980s was also turned down by the voters.





The Clifton-Fruitvale Community is entirely outside of the Persigo 201 sewer service area. A 1998 Intergovernmental Agreement between the City of Grand Junction and Mesa County relating to City growth and joint policy making for the Persigo Sewer System (the Persigo Agreement) prohibits annexation of any lands outside of the Persigo 201 area until the year 2008. A 2005 poll of Clifton Sanitation District #2 (CSD) customers determined a preference for authorize CSD to build a new and enlarged treatment facility rather than connect to the Persigo system.

A number of plan participants volunteered to act in a future neighborhood leadership role which could include review and assessment of various governance options available to the community.

Colorado Improvement Districts

The following information related to governance options are excerpts from documents provided by the Colorado Division of Local Government and distributed to participants in the neighborhood meetings for this plan:

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 (a separate governmental entity or part of another 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	GENERAL IMPROVEMENT DISTRICT GID C.R.S. § 31-25-601	PUBLIC IMPROVEMENT DISTRICT PID C.R.S. § 30-20-501
Assessment	SPECIAL IMPROVEMENT DISTRICT SID C.R.S. § 31-25-501	LOCAL IMPROVEMENT DISTRICT 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). However as a result of HB99-1159, (multiple subsections of § 30-20-503, et seq. and § 31-25-603, et seq., C.R.S.) 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 Intergovernmental Agreements (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, because of the passage of HB99-1159, impose assessments and, PIDs, if they form a 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 is called a Special Improvement District (SID) in municipalities and a Local Improvement Districts (LID) 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 or municipal 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. Assessment payments are not deductible from individual income taxes; thus, other types of financing mechanisms may be more advantageous to homeowners.

In addition to special assessments, LIDs in counties with populations greater than 100,000 can impose a sales tax of not more than one-half of one percent throughout the district, if approved at election. This sales tax is not subject to the 7.91% total sales tax limit of C.R.S § 29-2-108. Before HB 99-1159, sales tax revenue could be used only for payment of the costs of the improvement or for payment of debt service; since HB 99-1159, 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 or municipality on behalf of the LID or SID. Special assessment bonds must be approved at election. The governing body of the county or the municipality, respectively, determines whether the electors of the district or the electors of the county or municipality 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.





OPTIONS – SUMMARY

Alternative	Process	Time	Decision Making Body	Taxing Authority
Incorporation	Petition Election	Usually at least one year process	Elected City Council or Town Trustees	-Property Tax -Sales Tax -Use Tax
Annexation to GJ (Persigo Agreement prohibits until 2008)	Petition and/or election	Upon acceptance of petition by GJ	GJ City Council	-Property Tax -Sales Tax -Use Tax
Public Improvement District (aka 1159 District) (PID)	Petition Election	Several months	Board of County Commissioners	- Property Tax - if a LID is formed may levy a sales tax, with voter approval.
Metropolitan District (multiple services Special District)	Petition Election Courts	Several months	Elected Board of Directors	-Property Tax
Other Title 32 Special Districts (single service)	Petition Election Courts	Several months	Elected Road of Directors	-Property Tax
Local Improvement Districts (LID) (Discrete improvements – e.g., sidewalks)	Petition then approval of resolution by County Commissioners	Several months	Board of County Commissioners	- Added to Property Tax for 10 year payoff
No change	N/A	N/A	Board of County Commissioners Special District Boards of Directors	-Property Tax -Sales Tax -Use Tax





Governance Key Issues and Public Comments:

- Residents feel neglected by County – lack of sidewalks, street lights, street sweeping, parks and recreation facilities/programs, code enforcement, law enforcement.
- Have no city or central government to focus on what residents need to improve the community.
- Need some kind of organized community of governance
- How are we going to pay for identified needs? Limited tax base is a concern
- Governance options - Annex, incorporate, consolidate service districts, create new districts, district run by the County?
- Grand Junction may not be interested in annexation – are dealing with service provision to newly annexed areas throughout the Persigo area (would be a drain on city services).
- Costs for services and demand for urban services are increasing.
- Use of the Clifton Community Hall
- Economic (tax) base may not be there to support incorporation (creation of a municipality).
- County Commissioners want to help residents solve their urban service problems but are leery of subsidizing urban areas (removes incentive to incorporate or have landowners pay for their own services).

