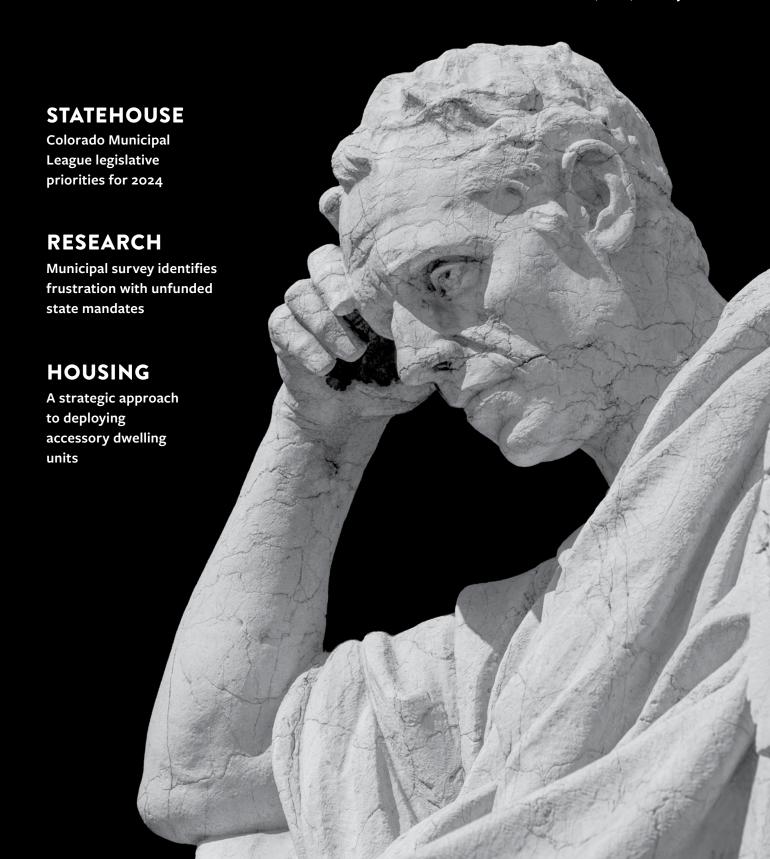
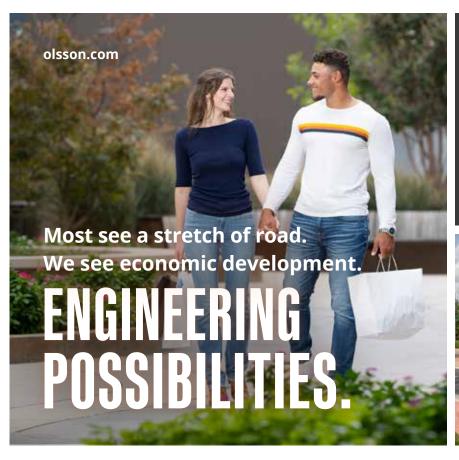
# Colorado Municipalities

Vol. 100, No. 1, January 2024













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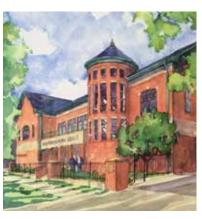
Barbara Bynum, Montrose mayor

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# **About CML**

The Colorado Municipal League is a nonprofit association organized and operated by Colorado municipalities to provide support services to member cities and towns. The League has two main objectives: 1) to represent cities and towns collectively in matters before the state and federal government; and 2) to provide a wide range of information services to help municipal officials manage their governments.

# MISSION

Colorado Municipalities is published to inform, educate, and advise appointed and elected municipal officials about new programs. services, trends, and information to help them perform their jobs and better serve their citizens and communities.

# Letters to the editor

Have thoughts about an article that you read in Colorado Municipalities?

Want to share those thoughts with your colleagues across the state?

CML welcomes thought-provoking letters to the editor! Send comments to CML Engagement & Communications Manager Denise White at dwhite@cml.org.

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Each issue of Colorado Municipalities reaches 5,000 municipal officials and decision makers. To reach those who lead Colorado cities and towns, contact CML Engagement & Communications Manager Denise White, dwhite@cml.org. **COLORADO MUNICIPALITIES COLORADO MUNICIPALITIES** 

# ABOUT SOME OF OUR CONTRIBUTORS



**KEVIN BOMMER** IS CML'S EXECUTIVE DIRECTOR. HE IS RESPONSIBLE TO CML'S 21-MEMBER EXECUTIVE BOARD FOR EXECUTING THE POLICIES AND PROGRAMS OF THE LEAGUE. HE IS RESPONSIBLE FOR PROFESSIONAL, EXECUTIVE, AND MANAGERIAL

OVERSIGHT OF CML'S STAFF, ACTIVITY MANAGEMENT AND COORDINATION, MEMBER SERVICE OPERATIONS, ORGANIZATIONAL POLICY DEVELOPMENT AND RECOMMENDATIONS, LEAGUE POLICY AND LEGAL PROGRAMS, AND FISCAL CONTROL. PRIOR TO BEING APPOINTED EXECUTIVE DIRECTOR IN APRIL 2019, KEVIN SERVED AS THE LEAGUE'S DEPUTY DIRECTOR FROM 2012 TO MAY 2019 AND WAS A FULL-TIME LOBBYIST FROM 2001 TO MAY 2019. KEVIN JOINED THE LEAGUE IN 1999.



**RACHEL BENDER IS CML'S SENIOR** ASSOCIATE COUNSEL. SHE PROVIDES LEGAL SERVICES FOR CML, WHICH INCLUDES ADVOCACY FOR MUNICIPAL INTERESTS IN THE COURTS, ASSISTING THE LEGISLATIVE ADVOCACY TEAM, AND PROVIDING TRAINING

AND EDUCATIONAL SUPPORT FOR MUNICIPALITIES AROUND THE STATE. SHE PREVIOUSLY WORKED IN THE JEFFERSON COUNTY ATTORNEY'S OFFICE WHERE SHE FOCUSED ON CIVIL LITIGATION AND SERVED AS A LEGAL ADVISOR TO THE SHERIFF'S OFFICE. RACHEL JOINED THE LEAGUE IN 2022



ERIN GOFF, AN EXPERIENCED ATTORNEY, IS A PRINCIPAL AT HUSCH BLACKWELL STRATEGIES, LEVERAGING HER LEGAL KNOW-HOW TO CREATE LEGISLATIVE OPPORTUNITIES AND EFFECTIVE SOLUTIONS TO THE MOST COMPLEX PUBLIC POLICY

CHALLENGES. HER EXTENSIVE LEGAL AND LEGISLATIVE EXPERIENCE INCLUDES WORK IN HOUSING, REAL ESTATE, LAND USE, URBAN RENEWAL, CONDEMNATION, ANNEXATION, CRIMINAL AND CIVIL JUSTICE, PUBLIC FINANCE, AND MUNICIPAL LAW. PREVIOUSLY, GOFF SERVED AS THE SENIOR STAFF ATTORNEY AND LEGISLATIVE DIRECTOR FOR THE COLORADO MUNICIPAL LEAGUE, WHERE SHE ADVOCATED MUNICIPAL POLICY POSITIONS BEFORE THE STATE LEGISLATURE AND ADMINISTRATIVE AGENCIES. ERIN EARNED HER JURIS DOCTOR FROM THE UNIVERSITY OF DENVER COLLEGE OF LAW AND HER BACHELOR'S FROM THE UNIVERSITY OF MISSOURI-COLUMBIA



**ALEX MILLER** IS CML'S PUBLICATION AND DESIGN SPECIALIST. HE COMPOSES AND CREATES GRAPHICS FOR CML'S MAGAZINE, NEWSLETTER, BOOKS, AND OTHER PRINT AND ELECTRONIC PUBLICATIONS. A FORMER JOURNALIST, HE WORKED AS AN EDITORIAL

DESIGNER AT NEWSPAPERS INCLUDING THE PITTSBURGH POST-GAZETTE, ST. PAUL PIONEER PRESS, CHATTANOOGA TIMES FREE PRESS, DAYTONA BEACH NEWS-JOURNAL, AND HAWAII TRIBUNE-HERALD. HE JOINED THE LEAGUE IN 2022.



**ROBERT SHEESLEY** IS CML'S GENERAL COUNSEL. HE MANAGES LEGAL SERVICES FOR CML, RANGING FROM EDUCATIONAL SUPPORT FOR MUNICIPAL ATTORNEYS THROUGHOUT THE STATE TO ADVOCACY FOR MUNICIPAL INTERESTS IN THE COURTS. HE ASSISTS THE

LEGISLATIVE ADVOCACY TEAM, FIELDS INQUIRIES FROM COLORADO MUNICIPAL ATTORNEYS, STAFFS THE CML AMICUS COMMITTEE, AND FILES FRIEND OF THE COURT BRIEFS IN SUPPORT OF MUNICIPAL INTERESTS ROBERT IS THE FORMER CITY ATTORNEY OF COMMERCE CITY. HE JOINED THE LEAGUE IN 2021.



**HEATHER STAUFFER IS CML'S LEGISLATIVE** ADVOCACY MANAGER. SHE IS RESPONSIBLE FOR ADVOCATING MUNICIPAL INTERESTS BEFORE THE STATE LEGISLATURE. HER ISSUES INCLUDE BUILDING CODES, NATURAL RESOURCES AND ENVIRONMENT, ELECTIONS,

GOVERNMENTAL IMMUNITY, OIL AND GAS, OPEN MEETINGS/ OPEN RECORDS, SEVERANCE TAX/FML/ENERGY IMPACT, WATER AND WASTEWATER/WATER QUALITY, AND WILDFIRE. SHE ALSO ASSISTS IN TRAINING AND ANSWERING INQUIRIES FOR OTHER MUNICIPAL OFFICIALS ON VARIOUS TOPICS. HEATHER JOINED CML IN 2019.



RACHEL WOOLWORTH IS CML'S MUNICIPAL RESEARCH ANALYST. SHE JOINED CML IN 2023 AFTER CONCLUDING HER MASTER OF PUBLIC ADMINISTRATION DEGREE AT UNIVERSITY OF COLORADO DENVER. AS A FORMER JOURNALIST, RACHEL SPENT THE LAST

DECADE RESEARCHING AND WRITING ABOUT THE RURAL WEST THROUGH AMERICORPS TERMS IN ALAMOSA AND SANTA FE AND FIVE YEARS WORKING AS A REPORTER AND THEN EDITOR-IN-CHIEF OF THE HERALD DEMOCRAT IN LEADVILLE.

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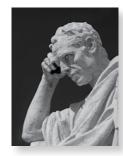
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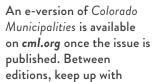


This month's cover of Colorado Municipalities features a photo of a statue of Julian the Jurist, which stands at the Palace of Justice in Rome. Julian was a well known Roman jurist and lawmaker who lived circa 110-170 AD.

# Go digital







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For associate membership information, contact CML Engagement & Communications Manager Denise White at dwhite@cml.org.

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**COLORADO MUNICIPALITIES COLORADO MUNICIPALITIES** 

## INTRODUCTION

# Adapting to change

# Municipal advocacy in Colorado's evolving legislative landscape

By Kevin Bommer, CML executive director

2023 legislative session, we learned that hard work and significant grassroots engagement from the League's member municipalities can conquer the seemingly unconquerable. We know that the 2024 legislative session will require an even more focused effort from CML and our 270 member municipalities.

1999, my first legislative session as a registered lobbyist was in 2001. At the end of the 2019 session, I retired as a full-time lobbyist to my current reflecting on the "old days." Howev- making, the frequency of broad swipes

we learned one thing from the er, there is something different about the statehouse these days, as compared to the past, and what it is like to be an advocate.

Most of the last 22 years saw a split legislature, with one party in control of the House of Representatives and the other party in control of the Senate. Even in prior sessions with singleparty control, though, legislation that Although I have been at CML since passed rarely strayed too far to the extremes. Notably, the way legislators and lobbyists engaged themselves and each other was ostensibly more civil and focused on the issues. While there role as executive director. It is tempt- has always been legislation attempting ing to sound older than I am while to diminish or change local decision-

at areas of authority traditionally held by local governments was small.

Those days have seemingly ended.

To be fair, the bulk of the work done under the gold dome is relatively routine and often uneventful. Many years ago, my daughter asked me, "So your job is basically standing around and talking to people?" I explained there was a bit more to it than that — like occasionally some math — but she was not wrong. However, all that talking is

The people who do the work, whether as legislators, the governor and his staff, or lobbyists have policy goals and outcomes in which they believe and are passionate about. Most disagreements

are not disagreeable. Compared to the past, though, the state capitol is a different place than it used to be, and municipal leaders advocating for or against legislation alongside CML's advocates must continue to adapt.

For the last few legislative sessions, the number of bills CML followed remained mostly the same. However, the number of "support" and "oppose" bills has increased, especially those CML has opposed that contained significant impacts on municipalities. Given that the League only has a finite amount of political capital that can be reasonably expended each year, there have often been difficult internal conversations about the need to prioritize advocacy efforts on some legislation over others.

In the 2023 legislative session, municipal leaders and CML proved that massive overreach by the state into local decision-making on land use can be defeated, even when the chips seem stacked against us. We have always known that a concerted effort with a coalition of aligned interests and municipal leaders engaged directly with legislators and the governor are invaluable tools for passing good legislation

and defeating bad legislation. However, the most significant grassroots effort in my time at CML was to defeat one bill that aimed to remove municipal leaders' and citizens' right to determine what is best for their communities.

# Municipal leaders and CML proved that massive overreach by the state into local decision-making on land use can be defeated.

That effort was all for one bill, which is notable considering CML followed 288 bills during the 2023 session. Of those, the League opposed 43 bills and supported 62, but no other bill resonated in importance to all 270 members like the attempted land use preemption did. During the same time, members and League lobbyists worked to successfully advocate for the passage of 80% of the support bills and amending or defeating 67% of the opposed bills.

We can replicate the effort. Whether minish in 2024 and beyond.

the outcome can be the same is unclear. Whether the subject matter is housing, land use, taxation, finance, personnel policies, water supply, or preemptions in the name of a greater good, the 2024 legislative session may require an even more substantial effort on multiple fronts. Considering 2024 is an election year, it will likely be even more dynamic. Bills that may cause harm to municipal authority opposed by CML and our members may need to be a higher priority than good bills that the League supports.

What we learned from 2023 is that the old days are over. In other states that do not celebrate traditions of home rule and local decision-making quite as strongly or for as long as Colorado has, many municipalities have faced sweeping preemptions of local authority centralized at the state level, delegation of legislative authority to unelected boards and commissions, and unfunded mandates to implement state directives. In Colorado, we have been trending closer toward that direction than away from it, and it is unlikely to di-



**COLORADO MUNICIPALITIES SPOTLIGHT** 

An old saying says, "If you are not at the table, then you are on the menu." The realities of today's legislative process require strong participation in the League's advocacy initiatives and a team effort. The League's policy development process allows every municipality to have a voice in making legislative recommendations, and members must take advantage of the opportunity.

Going into the 2024 legislative session, it is imperative that municipal leaders engage in state legislation that will affect their municipalities either positively or negatively. That engagement can take several forms:

- Invite legislators to a study session or include: event to discuss legislative issues they are interested in and the outcomes for which the municipality is advocating.
- Connect individual municipal officials with their legislators in person, by phone, or by email.
- Come to the state capitol to engage directly with legislators and testify before a legislative committee if the opportunity exists.

With so many voices in the statehouse during the session, policy goals and ob-

jectives must be clear, and municipal leaders must make themselves heard. CML's advocacy team is ready to coordinate with municipal leaders and staff to ensure the most effective use of time.

# The League's policy development process allows every municipality to have a voice in making legislative recommendations.

Some keys to success and advice that are as good today as in the "old days"

- Ensuring regular communication with CML's advocacy team about conversations with legislators, information that can be important in the advocacy process, and any positions a municipality may have that differ from CML's position.
- Having individual municipal officials reflect their municipality's position when communicating with state leaders, or at least identifying clearly when personal positions are different.

- Refraining from overuse of "local control" as a reason to support or oppose legislation. While preserving local decision-making on local issues is important, the term "local control" is used too often and inconsistently.
- Overestimating state officials' understanding of home rule and underestimating their inability to legislate it away by declaring something a "matter of statewide concern." The best approach is to make them aware when legislation infringes on home rule authority, especially in testimony and official communications, so a record exists in the event of future legal action.
- Managing expectations. "Support" and "oppose" translate to "right" and "wrong," but many factors go into passing good bills and defeating bad bills.

The 2024 session, like every session before it, starts with a clean slate. While past trends have presented increasing challenges and obstacles to municipal interests, working together, coordinating with CML, and keeping the message sharp poses the best chance for good outcomes.



# **MEET THE CML ADVOCACY TEAM**



# **HEATHER STAUFFER** legislative advocacy manager

Heather leads the advocacy team and is responsible for advocating municipal interests before the state legislature. Her issues include building codes, natural resources and environment, elections, governmental immunity, oil and gas, open meetings/open records, severance tax/FML/energy impact, water and wastewater/water quality, and wildfire. She also assists in training and answering inquiries for other municipal officials on various topics. Heather joined CML in July 2019.



# **ELIZABETH HASKELL** legislative & policy advocate

Elizabeth Haskell joins CML with decades of experience navigating Colorado's policy landscape. At the Colorado Legislative Council Staff, she managed the Policy Research Section and Constituent Services teams. This comprehensive understanding of the legislative process now fuels her passion for representing Colorado's municipal governments and supporting CML members. As a CML legislative and policy advocate, Elizabeth champions municipal interests on issues that include beer and liquor, employment and labor, retirement/pensions, taxation and fiscal policy, lottery and gaming, historic preservation, municipal debt and finance, and purchasing.



# JEREMY SCHUPBACH legislative & policy advocate

Jeremy Schupbach brings 15 years of experience navigating Colorado's legislative landscape to his role as a legislative and policy advocate for CML. He has crafted impactful legislation, forged connections with diverse stakeholders, and shaped policy across a wide range of issues. Since joining CML in October 2023, he has advocated for municipal interests on crucial issues, including regulated substances, hemp, criminal justice, special districts, immigration, public safety, municipal courts, telecommunications/broadband/IT, and utilities. Schupbach is passionate about building relationships and championing the values of those he represents.



# **BEVERLY STABLES** legislative & policy advocate

Among CML's legislative and policy advocates, Beverly Stables focuses on public health, substance abuse, affordable housing, land use and annexation, air quality, transportation and transit, and sustainability. She brings six years of experience from the Massachusetts legislature, where she served as legislative director for the minority leader of the Massachusetts House of Representatives. Joining CML in October 2023, Stables is committed to advocating for these crucial issues that impact Colorado municipalities.



LEGISLATIVE PRIORITIES



**LEGISLATIVE PRIORITIES** LEGISLATIVE PRIORITIES



By **Heather Stauffer** 

CML legislative advocacy manager

# AFFORDABLE HOUSING

The availability and affordability of housing is of utmost concern to Colorado's municipalities. CML supports state incentives that support communities' efforts to build affordable housing and appropriate state assistance in strategic planning. CML supports the state addressing construction defects litigation reform as a means to increase the availability of affordable hous-

ing. CML opposes state preemption of local authority to adopt and enforce zoning and land use ordinances and any interference with home rule authority granted by art. XX, s. 6 of the Colorado Constitution.

# **BEER & LIQUOR**

CML supports the greatest amount of local control possible for liquor licensing and permitting. The League also supports coordination with the Colorado Liquor Enforcement Division (LED) and working with the LED to modernize, clarify, and harmonize

Colorado's Liquor Code and Rules to provide consumers with protection and promote public safety initiatives.

# **CRIMINAL JUSTICE**

CML supports collaborative relationships with the state on criminal justice issues but opposes unduly prescriptive mandates on police and court operations and procedures, as well as expansion of municipal liability and removal of liability caps. CML supports legislation to improve the efficiency of and reduce redundancies in the police body-worn camera statute.



# **DEVELOPMENT & LAND USE**

mote intergovernmental cooperation on land use issues and supports state laws and policies that encourage new residential, commercial, and industrial development to occur within existing municipalities and that discourage the sprawl of urban, suburban, or exurban development into rural and unincorporated areas of the state. CML opposes unreasonable restrictions on urban renewal authorities and downtown development authorities. CML opposes

efforts to restrict municipal annexation authority.

# **TAXATION**

CML and 67 self-collecting home rule municipalities support efforts to simplify collection efforts without impairing local control, including collection of remote sales taxes in a manner that complies with South Dakota vs. Wayfair. CML supports the state in their efforts to partner with the business community and supports municipalities that self-collect their sales and use taxes and opposes any effort to undermine constitutional home rule authority to set tax policy and manage tax administration and audits. CML opposes state efforts to mandate the amount of information municipalities can collect from businesses, which can be used for auditing purposes, tourism information, and ensuring compliance with local ordinances. CML opposes the infringement of the state into local lodging tax policy. CML supports property tax policies that do not reduce local government



LEGISLATIVE PRIORITIES
SPOTLIGHT



revenue and allow municipalities the flexibility to retain excess revenue and modify debt service mill levies, among other tools.

### **TRANSPORTATION**

CML supports state funding for transportation system infrastructure improvements that seek to prevent vehicular collisions with vulnerable road users. CML also supports state grants to promote youth utilization of public transit. CML opposes "off-the-top" diversions from the Highway Users Tax Fund (HUTF).

# **UNFUNDED MANDATES**

CML opposes state statutes that violate the state's unfunded mandate statute, as well as the prohibition on unfunded mandates in the Taxpayers Bill of Rights (TABOR), and place additional fiscal burdens on local governments and their taxpayers.

# WATER

CML supports additional funding for state programs that contribute to municipal efforts to encourage water conservation through reduction and replacement of turf grass. CML opposes state overreach that mandates local landscaping codes.

# **WILDFIRE**

CML supports legislation that will help municipalities recover from large-scale wildfires and prevent future wildfires through proactive fire mitigation efforts.



# SPOTLIGHT

# **HOW CML DEVELOPS**

# **POLICY POSITIONS**

By Heather Stauffer

CML legislative advocacy manager

Prior to the start of each legislative session, CML begins its policy development process. This process guides our legislative priorities when the General Assembly meets in January. Below is an overview of CML's policy development process as well as CML's legislative priorities as established at the time of this writing.

# CML'S POLICY DEVELOPMENT PROCESS

The largest driver of CML's policy development is the CML Policy Committee, which is informed by CML's member-approved annual policy statement, and all members are encouraged to take advantage of the opportunity to be represented. Each member municipality of CML is entitled to designate one representative and one alternate to the League's Policy Commit-

tee. (Cities over 100,000 in population are entitled to designate two representatives and one alternate.) In addition, CML section chairs are automatically appointed as non-voting members of the committee. The chair of the Policy Committee is appointed by CML's board president.

The Policy Committee has significant policy development responsibilities. The committee is responsible for:

- Reviewing requests from member municipalities for CML-initiated legislation and recommending specific positions to the CML Executive Board.
- Reviewing requests for policy positions from member municipalities and recommending specific positions to the CML Executive Board.
- Review of known or potential legislative issues or bills, consideration of staff recommendations, and recommending specific positions to the CML Executive Board.

# The largest driver of CML's policy development is the CML Policy Committee.

• Review of the League's annual policy statement that guides League positions on policy issues affecting municipalities and proposing revisions, if necessary. (Any recommended changes are voted on by CML members at the Annual Business Meeting that takes place as part of CML's Annual Conference.)

The CML Policy Committee met in October and December of 2023 and will meet again in January, February, and March of 2024. All recommendations of the Policy Committee are reviewed and approved by the CML Executive Board.



SPOTLIGHT SPOTLIGHT

# SPOTLIGHT

# Making the move from state to local government

We hear a lot about elected officials who make the switch from the local to state level. Yet the reverse is also common — many state elected officials go on to serve localities across Colorado. Here are some reflections from public servants who made the move.



# Dale Hall

"I actually moved from county commissioner to state representative and then back to local government as a city councilmember. I believe after all three of these positions, that city council provides the most up-to-date ability to affect individual citizens' lives and to a meaningful degree. It seems to me that I'm able to provide a stronger and better service to citizens directly. I have enjoyed my time on city council tremendously." — **Dale Hall** 

**Dale Hall** serves as Greeley mayor pro tem, and he is a member of the CML Executive Board. He represented House District 48 in the Colorado General Assembly from 2003 to 2006.



# Serena Gonzales-Gutierrez

"I served five years in the Colorado State Legislature, where I very much enjoyed creating policies with significant impacts on people across our state. While celebrating our diversity, I addressed critical issues, including health care, food access, criminal and juvenile justice, mental health, housing, tenant rights, and environmental justice.

With nearly 20 years of experience working with children and families in the City and County of Denver, I always envisioned my path leading to local government. Now, I continue to pursue similar goals, but from a perspective where direct impact and change are happening right before my eyes. Local government processes are different with a much more focused approach that allows for the recognition of the great progress that can be made. I am grateful for my time in the legislature, where I gained invaluable experience in coalition building and policy making, facilitating my transition to local government. I look forward to working and building relationships with community members, my new colleagues, and city agencies in Denver while collaborating with other local governments in the metro area and across the state to learn from one another to meet the needs of Denver's people effectively." — Serena Gonzales-Gutierrez

**Serena Gonzales-Gutierrez** serves on Denver City Council. She represented House District 4 in the Colorado General Assembly from 2019 to 2023.



# Kerry Tipper

"Transitioning from the state legislature to city government has been ... humbling! In my role as Denver City Attorney, I represent one of the state's largest employers. I view every piece of legislation that touches Denver as a workforce bill. Asking our teams to pull off big changes with limited resources or without an understanding of the pragmatic realities on the ground is frustrating. Our city employees are devoted, hardworking, and talented individuals who are asked to do a lot with very little. They are experts in their fields and work long hours in thankless jobs because they are committed to public service. Dismissing or downplaying the impacts on that workforce runs counter to so many of the values my state legislative counterparts hold dear. My hope for 2024 is that I can help spotlight these impacts by sincerely and professionally advocating for our workforce, identifying middle ground where possible, and always being transparent with my intentions." — **Kerry Tipper** 

**Kerry Tipper** works as the Denver City Attorney. She represented House District 28 at the Colorado General Assembly from 2019 to 2023.



# Gigi Dennis

"I was elected to the state Senate when I was 32. I'm likely one of very few that can say I've worked in state, federal, county, and municipal governments. Being so young at the time, I didn't understand the impact of 'unfunded mandates.' Being in local government, the city council members really need to get involved and stay engaged with their local elected officials and make sure they understand how a fiscal mandate truly impacts the bottom line of our budgets, especially smaller municipalities. A \$50,000 mandate could be the loss of an employee's salary." — **Gigi Dennis** 

**Gigi Dennis** works as Monte Vista's city manager. She represented Senate District 5 in the Colorado General Assembly from 1995 to 2001.



# Jeni Arndt

"I never understood the perceived hierarchy within public service. At the local level you're one of seven, at the state you're one of 65 and in Congress you're one of 435! You can make such a big impact at the local level.

When you pass a law at the state legislature, your work is largely done, you don't see the implementation of that law. As the mayor of a city, you're a legislator, but you're also involved in the implementation process for anything that passes. As mayor you also have an executive role to fill in which you oversee the direction of the city and the budget, among other responsibilities.

Serving at any level of government, I've learned that it's not about you. You are there to represent the people in your community, and the most important thing you can do is bring what you can to the role and do what you can do while you're there." — **Jeni Arndt** 

**Jeni Arndt** serves as the mayor of Fort Collins. She represented House District 53 in the Colorado General Assembly from 2015 to 2021.

# SPOTLIGHT

# Fresh faces at the capitol

Get to know the new legislators you'll see at the Colorado State Capitol this session.



# Chad Clifford

Chad Clifford will represent Colorado's House District 37, succeeding former Representative Ruby Dickson. The district covers Greenwood Village and parts of Centennial. Clifford, a government operations lead at the American Red Cross and registered lobbyist for the Colorado Rangers, lists reforming Colorado's construction defect law to encourage high-density housing construction and prioritizing increasing housing supply over measures like rent control as a key position.



# Tim Hernández

Representative Tim Hernández represents House District 4, Northwest and West Denver. Hernández was appointed to the Colorado General Assembly in August 2023 when Representative Serena Gonzales-Gutierrez resigned to serve on the Denver City Council. Hernández grew up in, taught in, and still resides in Denver's Northside. After graduating from the University of Northern Colorado with his teaching degree, he taught high school literature, Chicano studies, and ethnic studies. He continues to teach at Urban Peak Shelter.



# Julia Marvin

Representative Julia Marvin represents House District 31, City of Thornton. Marvin was appointed to the Colorado General Assembly, replacing former Representative Said Sharbini, who resigned. Marvin attended the University of Colorado Boulder. She has served on the Thornton City Council and worked as a legislative aide at the state Capitol.



# Manny Rutinel

Representative Manny Rutinel represents House District 32, Commerce City. Rutinel was appointed to the Colorado General Assembly, replacing former Representative Dafna Michaelson-Jenet. Rutinel attended the University of Florida and Johns Hopkins University as well as Yale Law School. He runs a business dedicated to addressing environmental injustice in food systems. Rutinel's priorities include environmental protection, affordable housing, education, and access to affordable healthcare.



**CML 2024** 

# LEGISLATIVE WORKSHOP

This annual, daylong event provides an inside look at the legislation that will make an impact on Colorado municipalities. Feb. 15 at History Colorado in Denver. Register at cml.org.





# A guide for municipalities in shaping state policies

corporate bodies and local governments, municipalities have organizational interests in state policies that will affect their authority, impose mandates, or impact their potential liability. During a typical legislative session in Colorado, between 600 to 700 bills are introduced. A significant number of these bills impact municipal government in some way, whether it be an obvious municipal issue (e.g., law enforcement or open meetings) or something less obvious like an employment or construction issue that folds in municipalities among numerous stakeholders. Some bills may directly impact municipal operations and others may impact the citizens of a municipality in such a way that the municipality wants to be involved in the policy making behind the bill. While many bills impact all municipalities similarly, certain issues are more of a priority to some municipalities than others. Knowing your policy priorities is important and helpful in determining where to focus the most energy during the session. Each municipality should focus on legislation that directly or indirectly impacts the municipality's operations, services, and prioritized interests.

LEGISLATIVE LANDSCAPE

## THE LEGISLATIVE PROCESS

It helps, of course, to begin with an understanding of the legislative process. There are several key stages in the legislative process, which officially begin with the introduction, or first reading of a bill. In Colorado, a bill can be introduced in either the House or the Senate, where it is assigned a number (HB24-1XXX for House bills, SB24-XXX for Senate bills).

Upon introduction, the bill is assigned to a committee ostensibly relevant to its subject matter, known as the committee of reference. The committee of reference holds a hearing on the bill, during which individuals and organizations may testify in support or opposition to the bill. Committee members discuss, debate, propose, and vote on amendments to the bill.

If the committee approves the bill, it will either be referred to that chamber's appropriations committee (if it has a fiscal impact) or be moved directly to the full chamber, known as the Committee of the Whole, for second reading. If not approved, the bill will typically be postponed indefinitely, which means the bill is "dead" and will not return for the remainder of that legislative session.

On second reading, members discuss the bill, propose amendments, and vote on the bill. If the bill passes on second reading it is brought up again, typically the following day, for third reading and final passage.

If the bill passes on third reading, it moves to the other chamber where it goes through the same process. If the second chamber makes amendments, the bill returns to the original chamber for approval of the changes. If the two chambers cannot agree on the final

version, a conference committee may be appointed to reconcile the differences. In this case, both chambers must ultimately adopt the conference committee report for the bill to be sent to the governor. Other obscure rules and procedures can impact a bill's fate, but most follow this basic process.

After a bill passes both chambers it is sent to the governor who can sign the bill into law, allow it to become law without a signature, or veto the bill. The legislature can override a veto with a supermajority vote.

Fortunately, there are many opportunities to engage in this legislative process, the first of which is before the process even officially begins. One way to increase the likelihood that a municipality will be included in the policy making process from the very beginning is to develop a relationship with your state legislative delegation. A municipal governing body and staff can be valuable resources for legislators and can amplify the desires of a community.

# **SETTING PRIORITIES**

Instead of viewing legislation in isolation or based on individual officials' preferences, municipalities may want to develop a tool to measure whether legislative proposals are in the best interests of the municipality. Because municipal boards are non-partisan, such a tool can help separate policy or ideological interests from the proposal and ground the governing body's view in municipal interests. For example, Colorado Municipal League annually adopts a policy statement against which all bills are evaluated.

For some, a home rule charter, com-

prehensive plan, and other policies can provide that baseline framework. Some communities have developed general statements of policy preferences on particular subject matters. When evaluating proposals through those lenses, a body can more quickly consider if a proposal is in line with the municipality's interests or whether it offends a municipal goal. Tools like this can help to communicate municipal interests more effectively with legislators and provide pathways to proposal alternatives.

# **BILL REVIEW & ANALYSIS**

While the legislative process officially starts with the first reading, or introduction, of a bill, the best time to engage in the process and help shape the policy starts much earlier. Ideally, a municipality will have an opportunity to review a bill draft before it is officially introduced, but this is not always the case. Regardless of when you first see bill language, the bill should be flagged and reviewed by a subject matter expert at the earliest opportunity.

Be sure to gather input on the legislation's potential effects from appropriate staff with knowledge of the subject area. Bill analysis should include, at a minimum, an evaluation of the potential impact of the legislation on the municipality's authority, budget, services, and community. In the process, be sure to identify any required changes to local laws, policies, or procedures. Many bills will require legal review to determine their implication and how the bill aligns with existing municipal laws and policies. Colorado Municipal League offers many opportunities to learn about proposals.



Once this initial review and analysis is completed, a municipality can determine its official position and begin to advocate for amendments or modifications to the legislation that better align with defined needs. If a municipality does take positions on legislation, it is advisable to have a structure in place to ensure that the governing body's view is represented and not the personal view of a member. Some municipalities use committees that provide recommendations for adoption by the entire governing body, often with a supermajority vote requirement.

Assuming a municipality has already established open lines of communication with its state legislators, keep them informed on bill positions and engage them to assist with amendments if necessary. Communicating

those positions to CML can also help CML advocate for its members.

The first opportunity to make your voice heard publicly is to participate in the committee hearing. Regardless of how many conversations you have with your senator and representative, it is important to explain your opposition, support, or amendment ideas to the committee of reference, where it will go into the public record. Assuming the bill passes through the chamber in which it is originally introduced, you will have another chance to provide testimony when the bill is scheduled for committee in the second chamber.

Once you flag a bill as having a potential impact on your municipality, you should continue to track, re-review and analyze the bill throughout every step in the legislative process. Take nothing for granted. A helpful amendment add-

ed in the House can be stripped off a bill in the Senate. A bill that sails through one chamber can die in its committee of reference in the other chamber. Bills are easy to track in the beginning of the session when everything moves relatively slowly, but once April rolls around and committees still have hundreds of bills waiting for a hearing with more bills introduced every day, keeping track of bills becomes considerably more challenging.

Colorado's legislative session is limited to 120 days, including weekends, and will end by midnight on May 8. You need not sit idly by and watch. If the state legislature is going to adopt policy that affects municipal interests, the municipality can play a role in the policymaking process, and you can partner directly with CML to make sure your voice is heard.



# HOUSING

# Municipalities strategically deploy ADUs to diversify housing options

Cities and towns look to increase ADU construction through targeted zoning and incentive programs

By Rachel Woolworth, CML municipal research analyst

ong before any suggestion of a state mandate to do so, cities and towns across Colorado have looked to accessory dwelling unit (ADU) construction as a timely and cost-effective strategy to address affordable housing needs.

ADUs are small, independent dwelling units located on the same property as a larger standalone home. Such residential units may be attached or detached from the primary residential structure and are tied to the deed of the main home — they cannot be bought or sold separately.

Dozens of municipalities across the state, from Front Range communities such as Denver, Boulder, Lakewood, and Broomfield to rural communities like Fruita, Buena Vista, Gypsum, and Eagle, permit ADUs in some or all residential zoning districts. Many of these cities and towns maintain reasonable limitations on ADUs to meet local conditions while others offer incentive programs for homeowners looking to build such units with a guarantee of affordability.

# **REASONABLE ADU LIMITATIONS PROMOTE SMART GROWTH**

In a recent Colorado Municipal League (CML) land use survey completed by more than 80 cities and towns, about 80% of municipalities reported permitting ADU construction in some form whether in all residential districts, certain zone districts, or specific neighborhoods.

Most survey respondents permitting ADUs reported moving to do so in the last decade while a few, such as Arvada (70 years), Boulder (40 years), and Crested Butte (30 years), have permitted ADU construction for much longer.

Most responding municipalities see little interest in ADU construction and permit less than five ADUs for construction annually. But some larger cities such as Thornton (20-40 units) and Boulder (50 units) and mountain towns such as Buena Vista (10-20 units) and Gypsum (15 units) permit larger numbers each year.

ACCESSORY DWELLING UNITS

ACCESSORY DWELLING UNITS

Various cities and towns across the state have crafted, or are currently working to amend, ADU policies that balance the need for safe and smart residential infill without placing onerous restrictions on property owners interested in building ADUs. Local standards for ADUs reflect policy decisions made by municipal elected officials after receiving community input and analysis of the municipality's conditions from professional staff.

According to CML's land use survey, the most common limitations placed on ADU construction by municipalities are dimension limits on the unit, parking, setback, and lot size requirements, and long-term rental and owner-occupancy rules.

ADU dimension limits are often tied to the primary home size, the lot size, or an outright minimum and maximum on square footage. Parking, setback, and lot size requirements often differ, but many municipalities require a minimum lot size and one parking space for a new ADU.

Long-term rental restrictions, which are common in tourism-focused mountain communities, restrict short-term renting to preserve housing options. Owner-occupancy rules, such as those seen in the City of Boulder, require the primary structure or the ADU to be inhabited by the property owner.

In 2022, the City of Wheat Ridge amended its municipal code to better enable ADU construction after six years of conversation around the topic. Such discussions included community meetings, neighborhood surveys, and ADU workshops — all of which were facilitated by municipal government.

ADUs are now permitted in residential, agricultural, and mixed-use neighborhood zone districts in Wheat Ridge with minor limitations. Such limitations include size and setback limits and an owner-occupancy requirement.

The Town of Superior similarly passed an ADU ordinance in 2021 permitting ADUs as accessory structures to single-family and two-family dwelling units in certain residential districts. In 2022, in the wake of the Marshall Fire, the town amended the ordinance to allow ADUs to be built and occupied before construction of the principal dwelling unit.

"There was a concern over the high cost of rebuilding from the Marshall Fire," Renae Stavros, a planner for Superior, explained of the change. "There was some worry that it would take longer for insurance to cover the cost of rebuilding a primary residence, or that people may be struggling with underinsurance. Allowing ADU construction first was approved to give folks more time to figure out the insurance impacts and rebuild their home."

To date, Superior has permitted ADUs on 18 of the 76 Original Town residential rebuilds associated with the wildfire. Though only two property owners have requested to build an ADU before the main structure thus far, more could be in the pipeline as the code change has no expiration date.

Stavros noted that the two ADUs constructed in Superior prior to the primary structure were built facing the street with attractive facades, giving off the aesthetic feel of a primary residence — an encouraging sign to the town.

# INCENTIVES FOR ADU CONSTRUCTION

Cities and towns across Colorado are offering a unique set of incentives to induce homeowners to build ADUs. Some such incentives are tied to affordability standards while others hope to spark ADU construction regardless of price to increase housing options for senior citizens, young adults, and other community members in need.

The most common ADU incentives offered by the municipalities participating in CML's land use survey include waived or reimbursed fees, direct cash payments, and bonuses for unit size, lot coverage, and parking.

For example, the Town of Crested Butte waives all development permit and building review fees, as well as 100% of water and sewer tap fees. The Town of Dillon, on the other hand, reimburses water and sewer fees for property owners entering a deed restriction requiring ADU renters to work 30+ hours per week in Summit County.

The Town of Winter Park offers a cash payment of \$10,000 for the construction of one ADU. And the City of Boulder incentivizes affordable ADU construction by offering larger size limits and reduced parking requirements in exchange for keeping rent below 75% area median income.

The City of Grand Junction offers a mix of these incentives through its tiered ADU Production Program, passed unanimously by the city's council last spring.

While conducting a housing needs assessment in 2019, Grand Junction estimated the city was short 3,300



housing units — a number that was only expected to grow with time. The two demographic groups identified as being most in need of housing were senior citizens and college students.

"It was clear ADUs were an easy win for our community in the way they respond to the missing middle," Ashley Chambers, housing manager for the city, explained. In Grand Junction, ADUs usually take about nine to 12 months and \$150,000 to build as opposed to about two years and \$350,000 for a single-family home.

The ADU Production Program, Chambers said, is designed to not only create housing but also wealth building opportunities among residents who might not otherwise have access to financial capital.

The city waives all municipal impact fees for Tier 1 participants, amounting to a total value of \$6,500 to \$8,500 depending on utilities. To participate, property owners must agree to finish

ADU construction within one year and rent the unit on a long-term basis for five years.

Tier 2 participants receive a cash payment and the waived impact fees, totaling \$15,000. Participating property owners must make less than 140% area median income, agree to finish ADU construction within one year, and rent the unit on a long-term basis for seven years.

Since kickstarting the program last spring, the city has approved five ADUs. Ten applications are currently being processed and four more are awaiting clearance from the community development department. Most of the applicants, Chambers said, are small-scale landlords hoping to rent an ADU to family or friends.

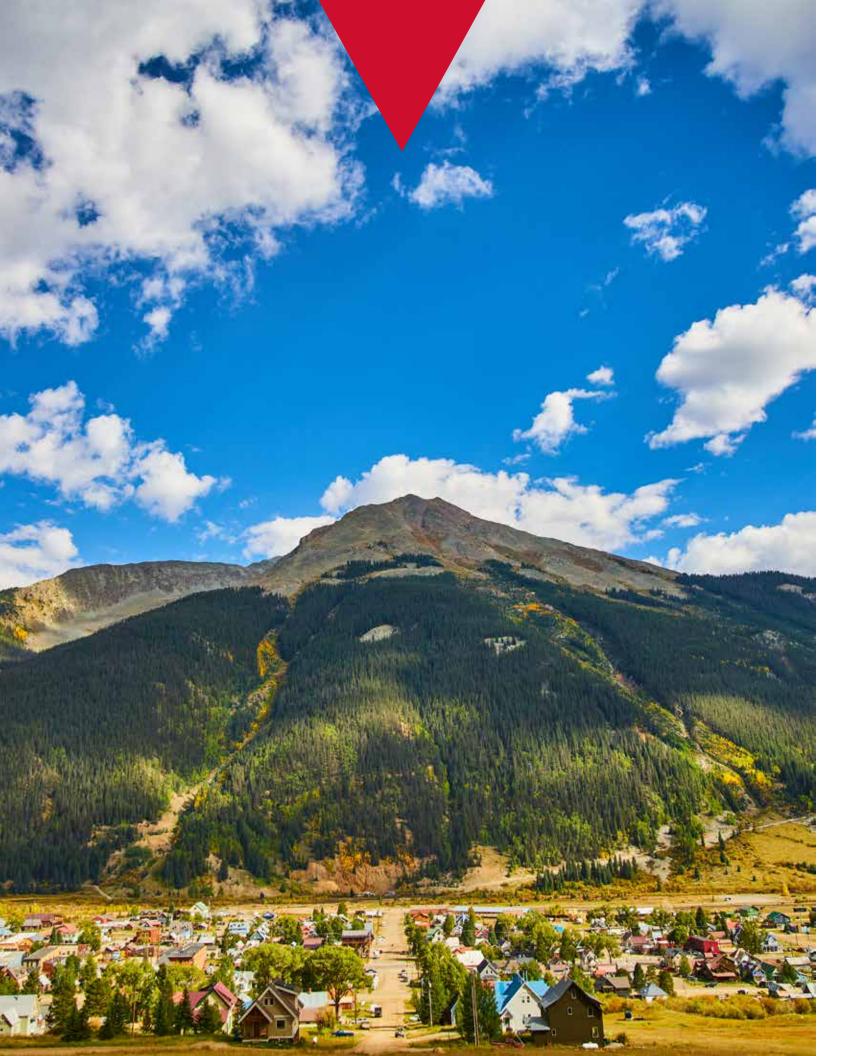
According to Chambers, the primary challenge thus far is a lack of building process knowledge among applicants. Grand Junction offers an ADU toolkit and financing information on its web-

site, as well as quarterly in-person ADU workshops, to respond to such knowledge gaps.

# **MUNICIPALITIES KNOW BEST**

Utilizing expert knowledge of their community's needs and desires, Colorado's cities and towns are leveraging ADUs as an important tool in widening access to housing. Replacing localized ADU standards with inflexible state standards would reject the careful community-based consideration given to land use planning in municipalities across the state.

The passage of rigid state ADU standards may undermine municipalities' ability to ensure the affordability of such units or prevent the increased corporate ownership of housing. The diverse approaches to increasing ADU construction illustrated in this article show that municipalities are best suited to develop and customize land use policy to their own communities.



STATE OF OUR CITIES & TOWNS

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# Survey reveals impact of state mandates and public liability on Colorado's cities and towns

By Rachel Woolworth, CML municipal research analyst

he 2024 State of Our Cities and Towns survey, administered from October to November 2023, inquired about the about the fiscal and operational impacts of public liability from claims, lawsuits, and unfunded state mandates on municipalities across Colorado. The survey also asked cities and towns to identify top challenges heading into 2024 affordable housing topped the list for the third time in four years. ¶ As another legislative session begins, CML's advocacy team will utilize survey results to better understand the budgetary challenges Colorado's municipalities are facing, as well as the creative solutions cities and towns are utilizing to address them. This year's data reminds us why it is imperative for the state legislature to offer funding assistance and partnership, rather than unfunded preemption, for municipalities to thrive. ¶ A summary of findings follows. The full report is available on CML's website, https://www.cml.org/.

STATE OF OUR CITIES & TOWNS STATE OF OUR CITIES & TOWNS

# Top municipal challenges for 2024



Lack of affordable housing

Inflation

Unfunded water/ wastewater improvements

Tight labor market

Federally mandated

expenditures

State mandated

expenditures

3.1

Increased liability insurance

2.9

Passing ballot initiatives to increase municipal

funding

As reported in the 2024 State of Our Cities and Towns survey. Items are ranked on a scale of 1 to 4, with 4 being the highest score.



funding

2.7 2.7 2.6 2.6 2.5 2.4 2.2 2.1 Adverse local Decline TAROR Increased Slow growth Increased Decrease

Increased Public safety demand for municipal services

health insurance

in tax revenues

workers' compensation insurance

economic in federal conditions funding

in tax revenues

contributions

# **TOP CHALLENGES**

Most municipalities, regardless of geographic region or population size, reported their local economy performing similarly in 2023 to the previous fiscal year.

3.3

Unfunded

street

maintenance

and

improvements

About a third of cities and towns similarly said municipal revenues stayed the same while another third said municipal revenues improved. Municipalities located in the Front Range and those with over 25,000 people were more likely to report revenue improvements than mid-sized and small cities and towns. Despite this, survey data shows that municipal revenue growth has been on a gradual decline across the state since 2021.

A lack of affordable housing emerged as the top challenge for municipalities going into 2024, a concern that also topped the list in 2021 and 2022. Unfunded street maintenance ranked second while inflation, the top challenge for municipalities in 2023, dropped to third on the list.

# RISING COSTS OF INSURING **MUNICIPAL OPERATIONS**

Municipalities identified the rising cost of insurance premiums as a challenge throughout 2023 as new state laws required municipalities to do more, opening new avenues to seek damages against public entities. Specifically, more than 50% of responding municipalities reported price increases of 10% or more for law enforcement liability, property, general liability, and auto liability.

The larger the municipality, the more likely the city or town is to hold more lines of insurance. Specifically, cities with populations over 25,000 were more likely to hold law enforcement liability, cyber, and umbrella insurance when compared with smaller towns.

About 70% of responding municipalities have not taken any action in response to rising insurance costs in recent years due, in part, to not having time to shop around. The 30% of municipalities that have attempted to lower insurance costs reported taking the following actions:

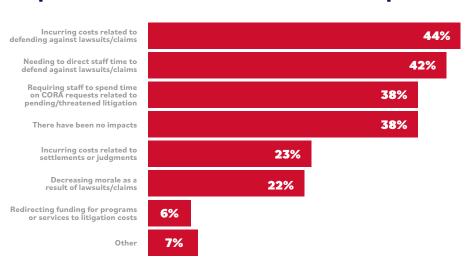
- Changed insurers
- Increased self-insured retention amounts
- Removed lines of coverage
- Reduced coverage limits
- Conducted risk mitigation

# **PUBLIC ENTITY LIABILITY**

Legal actions were another challenge identified by municipalities throughout 2023, measured by notices of claim that must precede certain types of lawsuits under the Colorado Governmental Immunity Act, as well as lawsuits themselves. According to survey data, municipal services were largely unaffected by claims and lawsuits in recent years. About 85% of cities and towns said legal costs have not affected funding for municipal services.

The majority of responding municipalities received, on average, one to 10 claims annually throughout the last five years. And less than one lawsuit, on average, was brought against re-

# Impacts of claims and lawsuits on municipalities



sponding cities and towns annually throughout the last five years.

Law enforcement related lawsuits emerged as the most common type of litigation encountered by municipalities in recent years. A few large cities on the Front Range reported an average of five or more law enforcement lawsuits annually; small towns with less than 2,000 people were the least likely to encounter such lawsuits.

While most municipalities did not report consequences stemming from claims or lawsuits, some cities and towns identified impacts such as incurring costs related to legal defense, needing to direct staff time to litigation and Colorado Open Records Act requests, and sustaining costs related to settlements. The City of Arvada, for example, reported a spending increase on outside legal counsel hired to de-

fend law enforcement officers in the years since the passage of SB 20-217.

# **UNFUNDED STATE MANDATES**

Responding municipalities identified unfunded state mandates regulating web accessibility, body-worn cameras for law enforcement, and wastewater quality as holding the most significant budgetary consequences.

More than 40% of responding municipalities reported that HB 21-1110, passed by the state legislature in 2021 to strengthen accessibility of government information technology, impacts municipal budgets. Some cities and towns estimated initial compliance will cost between \$5,000 and \$800,000.

"The total cost of responding to the requirements of HB 21-1110 are still accruing as city staff continue to work toward the state's July 1, 2024, deadline for accessibility," Greg Caton, city manager of Grand Junction, explained. "So far, costs include significant ongoing staff time, in-depth accessibility training across the organization, subscribing

COLORADO MUNICIPALITIES 33 32 COLORADO MUNICIPALITIES ΙΔΝΙΙΔΡΥ 2024 ΙΔΝΙΙΔΡΥ 2024

STATE OF OUR CITIES & TOWNS **PROPERTY TAX SOLUTIONS** 

# Municipalities reported updating technology, increasing staff training, and relying on outside vendors to perform services to gain compliance with unfunded state mandates.

to and acquiring accessibility software products and licensing, and hiring an outside vendor to analyze the city website and remediate documents."

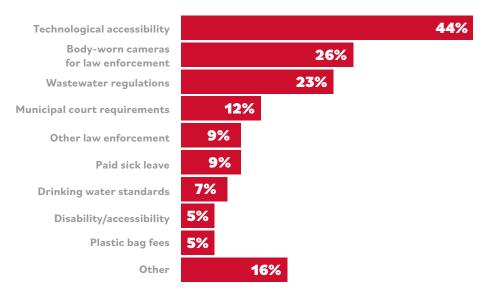
SB 20-217 and HB 21-1250, passed by the state legislature in 2020 and 2021 respectively, mandate a variety of law enforcement accountability measures such as body-worn cameras. Responding municipalities estimated compliance with the laws has cost between \$17,000 to \$2.3 million annually.

Lastly, responding cities and towns with municipal wastewater systems anticipate that they will spend \$80,000 to \$50 million on wastewater infrastructure to stay in compliance with Colorado Department of Public Health & Environment regulations.

"In order to meet additional requirements, small communities like ours will undoubtedly need state and federal assistance to upgrade our wastewater facilities," said Stefen Wynn, Paonia's town administrator.

According to survey data, the larger the municipality, the more awareness a city or town holds of such mandates. In fact, 100% of participating large cities (over 25,000 people) reported awareness of unfunded state mandates.

# Specific unfunded mandates causing financial impacts



And though cities and towns identified such mandates as a challenge, their budgetary impacts are somewhat limited. More than 50% of municipalities said unfunded state mandates have not impacted budgets to the point of redirecting funding away from municipal projects and services.

Municipalities reported updating technology, increasing staff training, and relying on outside vendors to perform services to gain compliance with unfunded state mandates. The majority of cities and towns relied on existing funds to pay for such actions.

2024 will bring successes and challenges for Colorado's cities and towns. As communities across the state grow and evolve, CML is committed to helping municipalities continue to seek creative solutions to problems discussed in this article such as a lack of affordable housing, rising insurance costs, and compliance with unfunded state mandates.

# A local focus on sustainable property tax solutions

By Robert Sheesley, CML general counsel, and Rachel Bender, CML senior associate counsel

The debate over property taxes will rise again in 2024 after two legislative sessions and a statewide election in 2023 ended without long-term resolution. The scene in 2024 is much the same as a year ago: the prior year's legislation was inadequate to do more than create a short-term, limited fix; tax opponents are seeking voter approval of drastic changes to the state constitution; and many Colorado property owners will receive property tax bills that reflect a higher percentage increase than in prior years. Another constant factor also remains: any restrictions on revenue will impact local services, but funds to provide a "backfill" appear to be less available every year.

offer the best chance for a long-term and sustainable statewide solution in 2024. Solving one perceived property tax problem at the state level creates innumerable different impacts for each of Colorado's local governments. Mill levies can vary even among adjacent properties depending on what taxing deceptively appealing and potentially districts cover the property. What

Solutions that retain local flexibility crease for a property in one part of the fair solution must account for local cirstate may appear to be normal in another. A loss of revenue could devastate one local government while leaving another relatively unscathed. The best compromise likely lies somewhere in between the detailed Senate Bill 23-303 and its related Proposition HH and the disastrous initiated constitutional looks like a dramatic property tax in- amendments, like Initiative 50. Any

cumstances and revenue needs and the potential for economic downturns that could naturally reduce tax growth.

# **PROPERTY TAXES** IN MUNICIPALITIES

Municipalities fund emergency services, parks and recreation, road infrastructure, and other facilities and services through a mix of revenue sources, including sales and use taxes, fees, and

34 COLORADO MUNICIPALITIES COLORADO MUNICIPALITIES 35 ΙΔΝΙΙΔΡΥ 2024 ΙΔΝΙΙΔΡΥ 2024

PROPERTY TAX SOLUTIONS

PROPERTY TAX SOLUTIONS

property taxes.¹ Property taxes often make up a smaller portion of a municipality's overall budget than sales and use tax. However, some municipalities and other local governments, like school districts, special districts, and counties, rely heavily on property tax revenue to provide services, fund infrastructure, and fulfill state mandates.

To determine the property tax due on a given property, "mill levy" (a property tax rate) set by a local government where that property is located is multiplied by the property's "assessed value" (the part of a property's value that is subject tax), which is determined by a county assessor. The assessed value is the product of the actual value of the property multiplied by the "assessment rate" for the property type, as set by the General Assembly.

An individual property will be subject to mill levies of multiple local governments (e.g., a municipality, a county, a school district, special districts, improvement districts). The actual calculation, assessment, and collection of property taxes and local government budgeting processes are, of course, far more complicated.

# BUILDING ON EXISTING TAX LIMITS

Existing laws currently limit property tax revenue growth for every local government, except where local voters have approved the local government's retention of revenue exceeding those

limits. Any effort to reform the property tax system should consider how to use these standards as building blocks for future legislation and respect critical boundaries, such as exempting debt service mill levies.

At the local level, TABOR permits property tax revenue to grow at the rate of inflation adjusted for the increased value of new taxable properties in the jurisdiction. Voters can approve retention of those revenues annually or by a permanent or temporary "de-Brucing" election generally or a particular mill levy stream. This allows local governments to receive additional revenue based on increased property values without changing the property tax rate.

Additionally, a pre-TABOR statute also limits property tax revenue growth in statutory municipalities to the preceding year's revenue plus 5.5 percent, with a few adjustments. Like TABOR, a municipality's voters can approve exceeding that limit. Home rule municipal charters may include similar provisions.

# **INCREMENTAL FIXES**

23-303, promised a 10-year reduction in both commercial and residential property tax increases through a combination of reductions in assessed value and assessment rates. The senior homestead exemption was increased and made portable. Local government losses would be covered for a time by

Last year's legislative solution, SB

state tax surplus, with priority for school districts. The backfill was partial and contingent and most local governments would likely be ineligible for any backfill for all 10 years. State surplus was also to be used for rental assistance.

SB 23-303 included a limit on the annual growth of property tax revenue for local governments, excluding school districts and home rule municipalities. The law allowed a local government board to opt out of the cap after a public hearing.

CML opposed Proposition HH because of the restrictions on local government revenue. However, voters rejected Proposition HH for a variety of differing reasons. Some objected on the same grounds as CML; others objected to the use of TABOR surplus, the permanent authorization for the use of a surplus, lack of equity for renters, or the measure's complexity.

A November 2023 special session resulted in a solution for the 2023 property tax year only and built on reductions and backfill previously provided in Senate Bill 22-238. The special session's Senate Bill 23B-001 further reduced the assessed value and the assessment rate for residential property only. The law provided a more limited backfill than set forth in SB 22-238.

The special session also created a commission to consider "options for permanent and sustainable property tax structure in the state." The ideal

structure both "protects property owners from rising tax bills and is sustainable for local governments and public schools."

# **PROPOSED INITIATIVES**

Citizen-initiated constitutional amendments will play a role either through this year's November election or by influencing the General Assembly during the 2024 legislative session. These proposals focus on statewide reductions in local government revenue growth without accounting for regional differences and the corresponding impacts on local government services. Perhaps more importantly, the proposals ignore the desires of local voters.

For example, Initiative 50, which is already certified for the ballot, would disregard local impacts and remove local voters' control over the direction of their government.<sup>5</sup> The proposed constitutional amendment would require voter approval for "government" to retain additional revenue if "the total of statewide property tax revenue is projected to go up more than 4% over the preceding year."

Proposed initiatives further complicate the picture. Countering Initiative 50, Initiative 95 would make any statewide limit on growth or increases in property tax revenues effective only with approval of a taxing authority's voters. Initiative 97 would reduce tax revenue by setting constitutional limits on property valuation.

While the ballot has not been set, these initiatives propose to substantially disrupt the property tax system and the revenue expectations of local governments and their constituents. Introducing such uncertainty into the system could have debilitating effects on the regular and efficient provision of municipal services that meet a community's needs.

# FOCUSING ON LOCAL SUSTAINABILITY

While the General Assembly controls certain aspects of property tax such as assessment rates, local governments and their voters (and taxpayers) control mill levies, the use of property tax revenue, and choices about revenue growth limits. Those local governments and voters are better suited to define solutions locally that balance the needs of property owners, renters, and the public at large that uses government infrastructure and services.

Many communities have voted to allow the government to retain property tax revenue regardless of growth. For example, the City and County of Denver established a "city property tax revenue limitation" when its voters approved the retention of excess revenue. Described as an "anti-spiking" mechanism, Denver's law restricts the growth of property tax revenue to the amount levied for certain core mill levies in the preceding year plus 6% and a percentage for "local growth" (e.g., value added from new construction) under TABOR.

If sustainable solutions are the goal, local governments must have flexibility and the power to respond to changing needs and circumstances. Senate Bill 23-108, for example, codified the ability of local governments to temporarily reduce mill levies for the purpose of providing property relief, in the local government's discretion. Revenue limits — and the corresponding tax relief they provide — should be approached similarly. Some governing bodies have temporarily lowered mill levies to provide property tax relief or refund excess revenues.

If the state unilaterally changes assessment rates, valuations, or revenue caps, the state creates a revenue loss that it should cure through a backfill. An approach that preserves local governments' flexibility can avoid the need for backfill without depriving local governments of revenue.

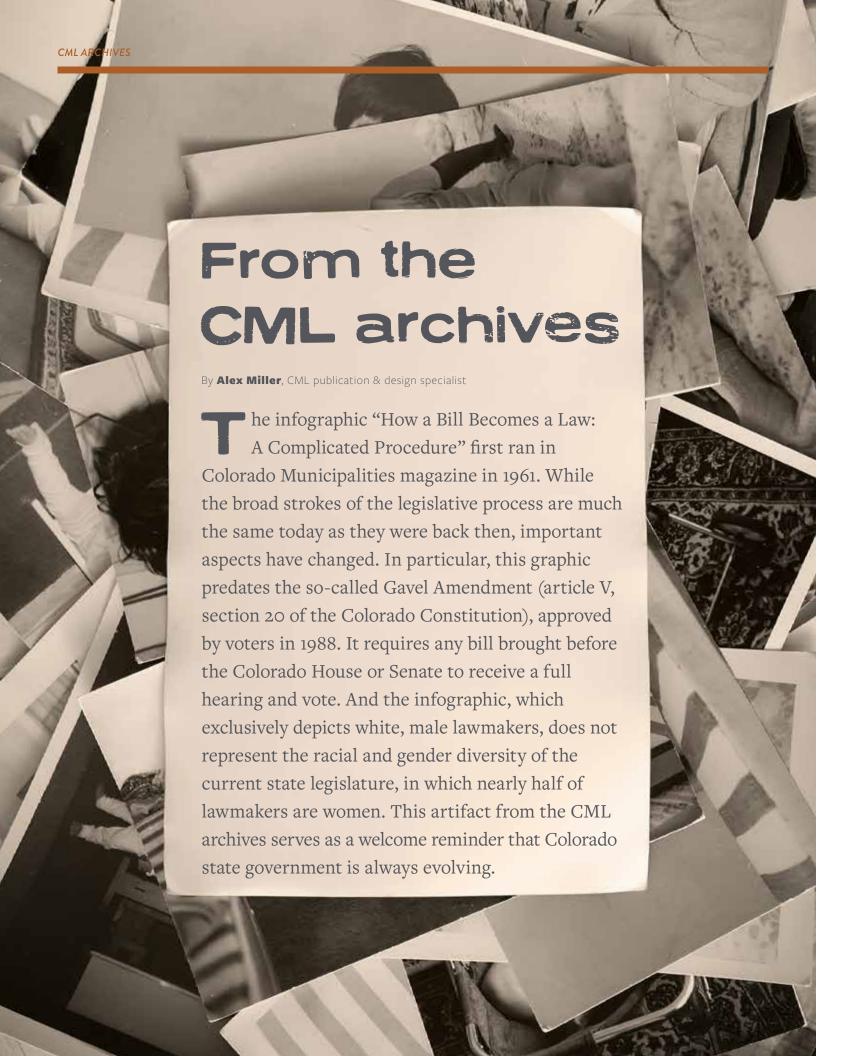
# **LOOKING FORWARD TO 2025**

Property taxes are complicated, relying on dozens of laws and a three-volume reference library for their administration. To make the solution sustainable for local governments, changes to the system in 2024 must retain flexibility for local governments to address tax revenues and rates locally in 2025 and beyond. These should include opportunities to retain revenue, to vary debt service mill levies, and to respond to statewide changes in valuation to ensure that local revenues remain constant or grow reasonably.

- Additional information can be found in CML's publication, Municipal Taxes and Fees: Financing Municipal Government (2018).
- 2 Colo. Const. art. X, § 20.
- 3 Colo. Const. art. X, § 20(7)(d).
- $4 \quad \text{C.R.S.} \\ \$ \text{ 29-1-301 et seq.}; \\ \text{Department of Local Affairs, 5.5\% Property Tax Revenue Limit, https://tinyurl.com/gjx43fwe.}$

- Colorado Secretary of State, 2023-2024 Initiative Filings, Initiative 50 Final Text, https://tinyurl.com/49kuhxaw.
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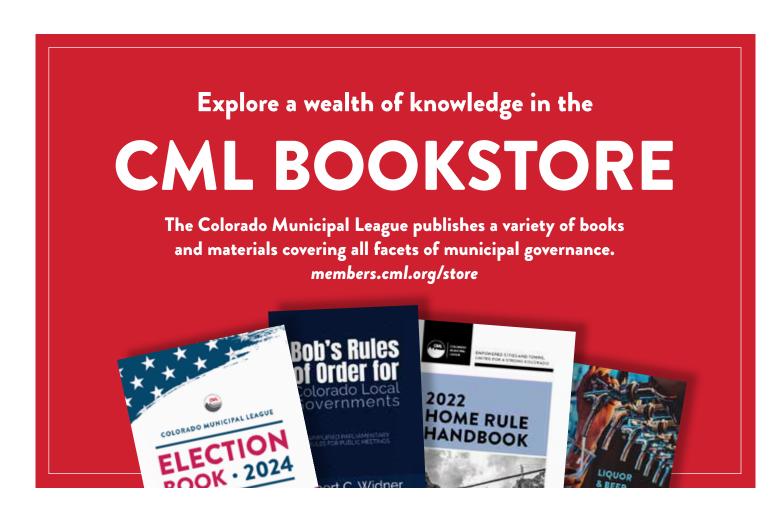
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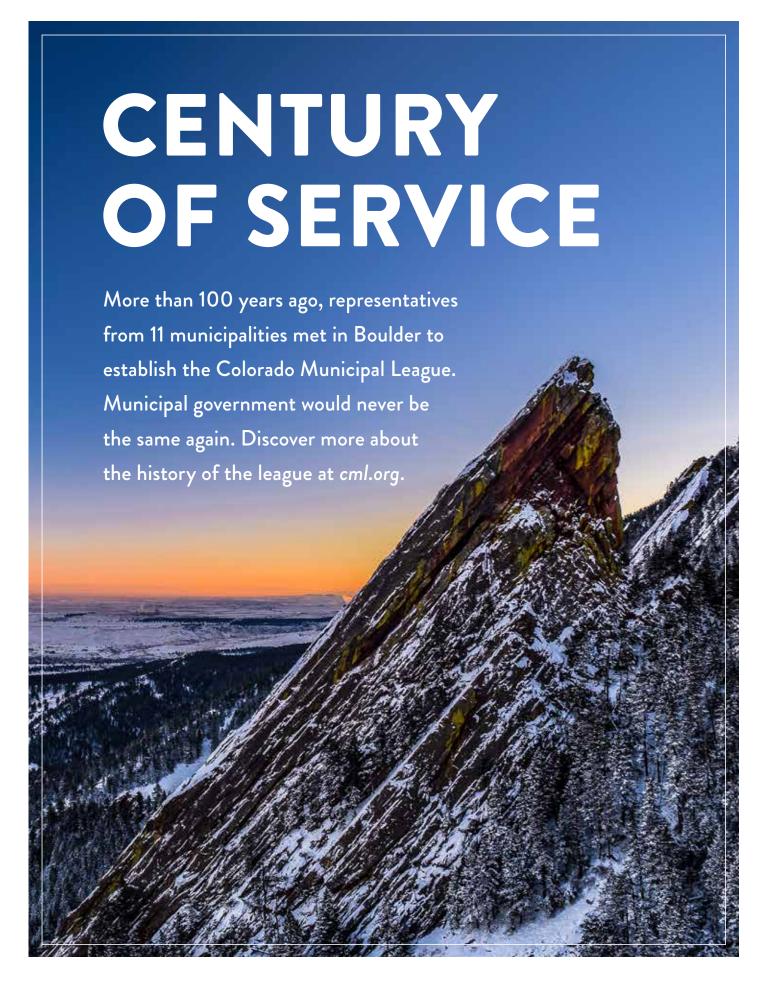
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