DEPARTMENT OF LOCAL AFFAIRS
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, November 28, 2011
9:00 am – 10:15 am

9:00-9:10 INTRODUCTIONS AND OPENING COMMENTS

QUESTIONS COMMON TO ALL DEPARTMENTS

9:10-9:25 A. PERFORMANCE-BASED GOALS AND BUDGET REQUEST

1. **Please describe the process the department used to develop its strategic plan**.

A strategic plan is a living, fluid document that changes over time. The Department's Strategic Plan is no different. DOLA, through its management team, developed the Department's Vision and Mission Statement during 2009. At this time, each respective division was responsible for developing program goals and metrics to evaluate these goals. These goals are reviewed annually as the budget is developed and progress on goals is monitored throughout the year.

1. Assessed the Constitutional and statutory requirements of programs.
2. Ensured consideration and articulation of values and priorities reflecting views expressed by those involved are incorporated into the plan.
3. Reviewed and where necessary clarified portions of plan so it is succinct and easily translated into quantifiable and useful measures.
4. Where appropriate, addressed conflicting mandates and goals.
5. Recognized that programs may have conflicting mandates and realistically identify what the department can and cannot do in light of state or federal mandates.

2. **Is there data that was provided previously that would be helpful in judging the effectiveness of the departmental goals and performance measures being contemplated?**

No data previously provided address the effectiveness of the FY 12-13 departmental goals and objectives. While each Division within DOLA has previously established division-specific goals with associated performance measures and benchmarks, the goals within the FY 12-13 DOLA strategic plan were newly developed under Governor Hickenlooper's administration. This administration is committed to making better use of existing resources, increasing value to taxpayers, and reducing red tape. To achieve our goal of making government more efficient, effective, and elegant, DOLA began participating in the implementation of Lean management principles. Lean management refers to a set of tools and processes to streamline operations and eliminate waste, all with the goal of improving customer value. These newly developed performance measures are aimed at creating sustainable process improvement throughout the department and providing meaningful information to the public.

3. Are there specific examples of data that the Department has already collected that provide more information on whether DOLA is meeting all of its goals and objectives as laid out in its strategic plan?

The Department does collect data on various aspects of its programs administered and the effectiveness of these programs. The divisions within the Department collect various data as ways to measure the overall effectiveness of their individual programs. At the end of this section are examples of the data collected used in evaluating the overall effectiveness of some specific division programs.

The functions of each division of the Department provide significantly different services to our partners and consumers. Each division has specific performance measurements developed for the various programs and services offered. The Department is in the process of developing methods to "roll up" and more collectively evaluate the performances of the divisions at a department level. The Department's Strategic Plan provides specific details on these performance measures of each division.

The common thread or tag line for the Department is *"Strengthening Colorado Communities"*. DOLA remains committed to this endeavor and much of the work we do is providing technical assistance to local units of government.

Here is an example of how the Division of Emergency Management and the Division of Local Government are measuring the effectiveness of the services they provide. The following are the results from customer satisfaction survey completed in July 2010 for the Division of Emergency Management:

July 2010 Results -Depicts % of Agreement (sum of Strongly Agree and Agree Responses)	
Questions	% Agreed
I. DEM staff is accessible. You are able to reach the DEM staff you need to when you need to.	85%
2. DEM staff is professional and courteous.	89%
3. DEM staff is responsive. We return your emails and phone calls providing the information requested.	83%
4. DEM staff is knowledgeable. We have the necessary expertise to provide the services you need.	80%
5. DEM staff is helpful. Our assistance is valuable to your emergency management program.	86%
6. Overall favorable customer service experience with DEM.	87%
7. DEM Operations staff provides services which meet my expectations.	87%
8. DEM Field Services Staff provides services which meet my expectations.	92%
9. DEM Training'. Staff provides services which meet my expectations.	*69%*
10. DEM Grant/Financial Management staff provides services which meet my expectations.	83%
II . DEM Mitigation staff provides services which meet my expectations.	95%
12. DEM Public Information staff provides services which meet my expectations.	86%
13. DEM meets my expectations of a state emergency management office.	84%
14. The separation of homeland security from DEM has been beneficial to local emergency management.	46%

From July 1, 2011 through November 10, 2011, the Board of Assessment Appeals (BAA) received 1,475 appeals. This compares to 2,052 appeals filed during the same time-frame for the last property re-assessment cycle. The BAA will continue to receive re-assessment appeals through November 2011.

The Board of Assessment Appeals performance objective in our strategic plan is to ensure taxpayer appeals are resolved on a timely basis through the efficient use of available resources. During FYE 6/30/2011, a total of 3,344 appeals were resolved at the Board. This exceeded our performance goal for the fiscal year by 21%. For the current fiscal year, a total of 1,132 appeals have been resolved at the BAA through November 10, 2011. The BAA is on track to meet its performance goal for resolving appeals during FYE 6/30/2012.

The Division of Property Taxation tracks various data to help evaluate the effective of their programs. The following information summarizes a couple of the division's goals and objectives.

Division of Property Taxation Initiatives – September 2011activities	
Reduce refund interest accruals at the county level by maintaining average age of abatements pending reviews to 30 days or less	- 17 abatements processed in September with an average of 8.9 days turn around - 31 Abatements processed in August with an average of 7.8 days turn around
Execute numerous statutory undertakings assigned to the property tax administrator, including the investigation of any complaints filed against assessors.	Two new complaints filed in September for a total of 7 officially filed so far in 2011.
Promote professional growth of staff through attendance at classes and specifically targeted conference when budget constraints allow	New staff member, Joe Gomez, attended DPT classes, other DPT staff attended our own classes for continuing education credit.

The Division of Local Government (DLG) also completed a customer satisfaction survey in July 2010. Five separate dimensions of customer service were evaluated.

I. DLG staff are Professional.	89%
2. DLG staff are Accessible.	88%
3. DLG staff are Knowledgeable.	87%
4. DLG staff are Responsive.	86%
5. DLG staff are Useful.	86%

4. Please provide specific goals related to emergency management. What is happening with federal funds related to emergency management both statewide and locally? Are federal funds for emergency management increasing or decreasing? Why are the emergency management programs administered by DOLA?

"Emergencies" basically come in two flavors: natural disasters and criminal threats. Because the nature of these two basic types of emergencies is fundamentally different, the approach to preventing, preparing for, responding to, and recovering from them requires fundamentally different strategies, tools and cultures. Most "emergencies" in Colorado are natural disasters such as fires, floods and tornadoes. Since all natural disasters are "owned" by the communities which are directly impacted by those disasters, the most appropriate role of the State is to work with those communities to empower them to deal effectively with those disasters when they occur. Because DOLA is the face of State government in local communities throughout the state, and through our partnership with local governments, we have established very effective working relationships with those communities, and through DOLA's Division of Emergency Management (DEM), we effectively administer emergency management programs as concerns natural disasters. While DEM is primarily responsible for assisting communities in the prevention/mitigation of, preparation for, and response to natural disasters, all five of DOLA's divisions are actively involved in the recovery from such disasters. DOLA's Division of Housing and Division of Local Government work actively with affected communities to provide technical capacity and financial assistance to meet emergency housing and infrastructure needs, and DOLA's Division of Property Taxation and Board of Assessment Appeals work with those same communities to equitably administer property tax laws in light of adversely-impacted property values.

By contrast, the more infrequent (but equally threatening) emergencies which are associated with criminal threats require very different strategies, tools and cultures, and therefore these criminal threats are effectively dealt with through the Department of Public Safety.

The mission of the Division of Emergency Management (DEM) is to lead, manage and coordinate state level actions for all hazards preparedness, natural hazards mitigation, emergency response, and disaster recovery in support of local governments within Colorado. DEM's mission supports the Department mission of "Emergency preparation, prevention, response, and recovery" and the Department motto: "Strengthening Colorado Communities".

The Division of Emergency Management has a vision (specific goals) related to emergency management as published in the Department of Local Affairs Strategic Plan. Our vision is:

DEM is Colorado's leader in emergency management,

- **reducing risk to Colorado communities**
- **better preparing Colorado for the next emergency**
- **strengthening and maintaining relationships with local emergency managers and supporting state agencies**

The Division then specifies objectives and performance measures for these objectives. The Division has done this for many years, with the current objectives and performance measures in place since early 2008.

The specific objectives are:
Objective 1: Increase the number of Colorado counties that have a federally approved hazard mitigation plan.
Objective 2: Identify, mitigate, and measure risk reduction for state high risk hazards (those hazards to communities which, if realized, would threaten public safety beyond the response capacity of local government).
Objective 3: Improve state level incident response and recovery capability through scheduled training and exercises based on written plans, procedures and measured performance standards.
Objective 4: Improve the delivery of emergency management services to local government.

The Division of Emergency Management was placed in the Department of Local Affairs by the State Disaster Emergency Act of 1992 (C.R.S. 24-1-125) to legally address the need for a comprehensive emergency management program. This legislation moved the Office of Emergency Services from the Department of Public Safety to the Department of Local Affairs as the Division of Emergency Management. The Division is responsible to maintain the State Emergency Operations Plan, the State Emergency Operations Center/Multi-Agency Coordination Center, and conduct the exercises to keep these functional. This requires interaction with Federal, State, Local, and non-governmental agency partners. In addition the Division must maintain the State Natural Hazards Mitigation Plan, the State Disaster Recovery Plan, and in conjunction with another Division within DOLA, the Division of

Housing, for the State Disaster Housing Plan.

The primary Federal funding for emergency management comes through the Emergency Management Performance Grant (EMPG). This funding stream actually has remained stable during the last four fiscal years. This is in contrast to Homeland Security Grant Funding that has decreased significantly in the last two Federal fiscal years and did not exist prior to the events of September 11th. EMPG has existed for over 12 years and by Federal regulations must be passed directly to the State Emergency Management Agency. EMPG is essential to providing for personnel to administer emergency management programs throughout the state. EMPG requires an equal match (50% Federal – 50% Grantees (state) and Sub-Grantees (local governments). These grant funds are principally used to pay for personnel to execute emergency management duties located within local regions and tasks at the state and local level.

Federal funding also comes through the Chemical Stockpile Emergency Preparedness Program (CSEPP). These funds are specifically to support Emergency Management functions which support the CSEPP requirements as agreed to by DOD, FEMA, the State of Colorado and Pueblo County. This program is scheduled to end in 2018-2019 when the last of the chemical munitions are destroyed at the Pueblo Chemical Depot.

The Federal Pre-Disaster Mitigation Grant (PDM) is another source of Federal funding. This includes federal funding for three positions (75%) in the Division’s Mitigation and Recovery Section, while the State General Fund provides funding for one position (25%).

Based on the prior two state fiscal years, on average, the Division of Emergency Management spent $11.2 million of federal grant funds for the federal programs. The department estimates the federal funds for emergency management may decline slightly due to financial forces placed upon the federal budget.

5. **Will the Department be utilizing GIS technology when creating maps of the data associated with objectives three and four of DOLA's strategic plan? If so, can other stake holders throughout the state, including the general assembly, public, and other state agencies, access the departments GIS mapping system? How is it accessed by these other stake holders? If not, why not?**

   The department will be utilizing desktop GIS technology when the maps are created. It is a future goal of the department to allow other stakeholders to access the data and GIS mapping system through the internet. Within the next few months, the department is anticipating an affordable “cloud” based internet software for GIS mapping to become available on the market. Department staff will work with OIT on purchasing and configuring the newly developed industry software. Not until this point can department staff allow other stakeholders to use the internet to access the data and mapping system.

9:25-9:30 B. OTHER QUESTIONS COMMON TO ALL DEPARTMENTS

6. **How does the Department define FTE? Is the Department using more FTE than are appropriated to the Department in the Long Bill and Special Bills? How many vacant FTE does the Department have for FY 2009-10 and FY 2010-11?**

   OSPB and DPA are working with all departments to provide quarterly reports on FTE usage to the JBC. These reports will ensure that all departments are employing the same definition of FTE. This definition comprises a backward-looking assessment of total hours worked by department employees to determine the total full-time equivalent staffing over a specific period. We intend for these reports to provide the JBC with a more clear linkage between employee head-count and FTE consumption. As it concerns FTE usage in excess of Long Bill 'authorizations,' departments will continue to manage hiring practices in order to provide the most efficient and effective service to Colorado's citizens within the appropriations given by the General Assembly.

The department is not utilizing more FTE than appropriated in the Long Bill and Special Bills. In FY 2009-10 the department had 20.5 vacant FTE and in FY 2010-11 there were 15.4 vacant FTE. For FY 10-11, more than one-third (5.5 FTE) of the vacant FTE were in the Manufactured Buildings Program. During the FY 11-12 figure setting, the Joint Budget Committee reduced the FTE appropriation for the Manufactured Buildings Program by 4.2 FTE, thus reducing future FTE variances within this Long Bill line item

9:30-9:45 C. AFFORDABLE HOUSING

How Federal and State Moneys Are Spent

7. Are federal Section 8 and Affordable Housing funds received through the "American Recovery and Reinvestment Act of 2009" and the "Housing and Economic Recovery Act of 2008" directly tied to assistance for low-income households in rental units or was it for other purposes? If it is used for other purposes, what are these purposes? How has this money been spent and where?

The American Recovery and Reinvestment Act (ARRA) of 2009 directed funding to Colorado in the form of two programs: the Homeless Prevention and Rapid Re-Housing Program (HPRP) and the Temporary Assistance for Needy Families (TANF). The Housing and Economic Recovery Act of 2008 (HERA) was directed, through the Neighborhood Stabilization Program (NSP) by federal policymakers toward the rehabilitation of foreclosed properties. Summaries of ARRA and HERA grants are below. The Section 8 program was not funded through HERA or ARRA.

Homeless Prevention Rapid Re-housing Program (HPRP) - ARRA

The Division of Housing (DOH) is the state division responsible for the administration of the $8,154,036 federal allocation of Homeless Prevention and Rapid Re-Housing Program (HPRP) funds received through ARRA. Funds were awarded to 3 sub- grantees so that funds would be available in all 64 Colorado counties. Lead agencies collaborated with local governments and non-profit partners to provide a combination of temporary financial assistance, housing counseling and case management services to individuals and families who are homeless or would be homeless but for this assistance. It included: short term and medium term rental assistance, security and utility deposits, utility payments, moving cost assistance, motel and hotel vouchers, case management, outreach, housing search and placement services, legal services to help people stay in their homes and credit repair services. Thus, some was directly tied to assistance for low-income households in rental units and there were other purposes.

For the period July 1, 2009 – Sept 30, 2011, funds have been spent on both homelessness prevention and housing assistance for 1,420 households (3,362 people). Persons leaving the program into permanent housing totaled 2,246. Persons leaving for temporary destinations were 87. Persons who moved into institutional destinations were 17.

TANF – Non-ARRA
In September 2009 the JBC authorized the use of $4.3 million of TANF Emergency Contingency Funds to expand the HPRP program. The Colorado Department of Human Services contracted with the Division of Housing (DOH) to administer the TANF HPRP funding. DOH selected the Colorado Coalition for the Homeless to be the lead entity in administering these funds in metro Denver and the balance of State Continuum of Care regions. DOH selected the City of Colorado Springs to administer the TANF for the Pikes Peak Continuum of Care region.

TANF funding was used to pay for non-recurrent, short-term benefits designed to address crisis needs that can be resolved within a four month period, primarily rental assistance. Short-term benefits can be used to help resolve back rental payments to prevent a homeless episode or for security deposit and four months of rent to families who can be expected to meet rental obligations moving forward, for utility assistance and case management assistance. These funds were directly tied to assistance for low-income households in rental units.

For the grant period October 1, 2009 through September 30, 2011 this collaboration provided TANF funded Prevention and Re-Housing Services to 1,652 unduplicated families across the state. A total of 5,940 persons, consisting of 2,835 adults and 3,105 unduplicated children, have been assisted through this TANF funded program.

Neighborhood Stabilization Program (NSP) - HERA
Driven by the foreclosure rates in recent years, Congress created the Neighborhood Stabilization Program (NSP) to help cities, counties and states deal with community problems that are the result of the mortgage foreclosure crisis in the nation. The program was designed to arrest foreclosure and the resulting blight upon communities, and to revitalize the housing market in targeted communities most impacted.

NSP1 Funding Summary – Colorado Entitlement Allocations
A total $53,053,033 was awarded to five entitlement jurisdictions in the State of Colorado:
- Adams County: $4,600,211
- Aurora: $4,474,097
- Colorado Springs: $3,904,989
- Denver: $6,060,170
- State of Colorado: $34,013,566

Funds were received from HUD March 10, 2009, and were fully obligated by the State by the September 10, 2010 deadline. Funds are currently being invested at the local level by grantees, and sales proceeds are being recycled, in use purchasing and rehabilitating additional foreclosed homes and properties in the targeted communities. Grantees will continue to reinvest revenues from the sale of rehabilitated properties until the end of the funding period in 2013. In July 2010 HUD Community Planning and Development (CPD) conducted a monitoring audit of the State's NSP1 program to date, with no findings. Throughout the program, the local CPD office has used the State's NSP1 program administration and guidance materials as resources to provide technical assistance to other grantees.

NSP1 Project Profiles:

WELD COUNTY – Total NSP1 funding $5,472,189
Greeley Urban Renewal Authority (GURA) is using NSP1 funds to acquire and rehabilitate single

family homes and multi-family rental housing in Greeley and Evans. The organization has primarily focused on single family homes and apartments causing the largest negative impact on the surrounding community, targeting multiple homes contaminated with methamphetamine. Using the NSP funds to fully abate the contamination and bring these homes up to code, GURA is turning houses and apartments that were a former blight on the community into safe, decent, affordable housing. To date, GURA has purchased and rehabilitation 19 homes in its own program, as well as partnered with Greeley-Weld Habitat for Humanity on another five houses for sale to Habitat buyers at/below 50% AMI. Properties are selling quickly upon hitting the market, and GURA has already purchased several additional properties with sales proceeds.

Two multi-family properties were acquired and rehabilitated (one with the substantial methamphetamine contamination referenced above). Properties are in the process of being conveyed in ownership to the local Housing Authority, and to a behavioral health organization, both of which will provide affordable rental housing to tenants at/below 50% area median income (AMI) for a minimum of 30 years.

AURORA – Total NSP1 funding $2,604,009

The City of Aurora is using a portion of its NSP1 funds for its single family program in partnership with Habitat for Humanity of Metro Denver. This program prioritizes sustainability and targets homeownership for households at or below 50% of area median income. Rather than demolishing the properties, they are "deconstructed"[1] – taking apart the building piece by piece in order to salvage materials for recycling or for sale in Habitat's ReStore resale outlets. New homes are then built on the site using Habitat's established and effective Sweat Equity model, and then sold to Habitat-qualified homebuyers. Funds are also used for acquisition and rehabilitation of single family homes for resale to households with incomes of up to 120% of the area median income, and demolishing blighted properties to be land banked until redevelopment is warranted. Upon completion of all project activities, Habitat will sell seven homes to buyers at/below 50% AMI, and the City will sell an additional four or five homes to buyers at/below 120% AMI.

The City of Aurora has also used NSP1 funds to purchase, demolish and land bank three blighted multi-family properties in one city block of a future redevelopment zone. These properties will be held beyond the NSP1 grant period, and will be redeveloped within 10 years.

BROOMFIELD – Total NSP1 funding $349,543

The City of Broomfield and Flatirons Habitat for Humanity have acquired and rehabilitated two single family homes using Habitat's established sweat equity model. Both homes have been completed and have been sold to Habitat-qualified households at or below 50% of the area median income.

DENVER – Total NSP1 funding $3,620,176

The City of Denver uses its NSP1 funds in partnership with Denver Neighborhood Revitalization, Inc. and the Neighborhood Development Collaborative, Inc. to acquire and rehabilitate, or demolish and redevelop single family homes in the most distressed neighborhoods of Denver. To date, the program has acquired 30 homes with grant funds, and sold more than half of them to buyers with incomes ranging from 50-120% of the area median income. Using sales proceeds, the program will purchase, rehabilitate and sell an additional 12 homes before the end of the grant period.

[1] Information on deconstruction available here: http://divisionofhousing.blogspot.com/2010/07/neighborhood-stabilization-in-aurora.html

EL PASO COUNTY AND COLORADO SPRINGS – Total NSP1 funding $5,243,203
Greccio Housing Unlimited, Inc. (Greccio) is a nonprofit organization that used NSP1 funds to purchase and complete minor rehabilitation on the Bentley Commons Apartments in partnership with Partners in Housing and Rocky Mountain Community Land Trust. Greccio acquired and now operates the 24-unit formerly bank-owned property that was developed in 2006 intended for sale as condominiums but was never occupied. Slightly more than half of the site remains vacant land and is expected to be developed into additional affordable housing when the market allows. Half of the 24 units serve households at or below 50% of area median income. An additional 21-unit property was acquired and rehabilitated, all of the units in which now serve households at or below 50% of the area median income.

Rocky Mountain Community Land Trust (RMCLT) is a nonprofit organization using NSP1 funds to acquire and rehabilitate properties with two sources of NSP1 funds for single family homes to be sold to households between 50-120% of the area median income. RMCLT received a portion of the NSP1 funds from the Colorado Springs entitlement, and was also contracted by El Paso County as the developer to use their allocation of funds for the greater county area. Using a combination of grant funds and sales proceeds, RMCLT will produce a total of 24 homes, of which three or more will be sold to households at/below 50% of the area median income.

ARAPAHOE AND DOUGLAS COUNTIES – Total NSP1 funding $4,531,451
Arapahoe Douglas Mental Health Network used $2,527,675 to acquire and rehabilitate two multi-family properties to house the organization's clients as referred by the Arapahoe County Mental Health Court system. All 26 households residing in the properties live between 30-50% of the area median income.

The City of Englewood and Project ReBuild used a portion of the NSP1 funding to acquire and rehabilitate single family homes in the most distressed area of the city. Three to five homes will be resold to families at or below 50% of the area median income, with assistance from the City's self-sufficiency programs, and the remainder will be sold to households with up to 120% of the area median income. A total of 20 homes will be produced, using a combination of grant funds, sales proceeds, and City discretionary loan fund.

As the sub-recipient of Douglas County, Douglas County Housing Partnership (DCHP) uses NSP1 funds in a finance mechanism to create opportunities for homeownership through their established Shared Equity Program, providing shared-equity loans for qualified homebuyers to purchase a previously foreclosed home in the qualified areas of the county. Six households were served with loans of up to $40,000 each, benefitting buyers and the surrounding neighborhood in this program.

ADAMS COUNTY – Total NSP1 funding $2,792,182
Adams County Housing Authority (ACHA), as the sub-recipient of Adams County, uses NSP1 funds to acquire single family homes to acquire and rehabilitate for resale to households ranging from 50-120% of area median income through the most distressed areas of the county. Using a combination of grant funds and sales proceeds, a total of 20 homes will be produced in the single family portion of the program. In addition, ACHA acquired a 16-unit multi-family property in Westminster's targeted revitalization area, which has been rehabilitated and fully occupied, providing affordable rental housing now, and preserving rental units for households at 50% of the area median income in this target community.

PUEBLO – Total NSP1 funding $2,906,977
The City of Pueblo is using its NSP1 funding to acquire and rehabilitate three historic multi-family buildings in the city center to stabilize the neighborhood and provide affordable rental housing for households at and below 50% of the area median income. In partnership with Posada, Inc. and Wounded Warriors, the City of Pueblo will house a minimum of 16 veterans, and potentially families, in greatest need. The remainder of the City's NSP1 funds is used to acquire and rehabilitate, or to demolish and redevelop single family homes in the areas of the city hardest hit by foreclosure and blight. Using grant funds and sales proceeds, a total of eight homes will be resold to households between 50-120% of the area median income.

JEFFERSON COUNTY – Total NSP1 funding $7,165,764
In partnership with Wheat Ridge 2020 and Pillar Property Services, LLC, Jefferson County has acquired and is currently rehabilitating 24 single family homes in Arvada, Lakewood and Wheat Ridge, using a combination of grant funds and sales proceeds. All homes will be resold to qualified households up to 120% of area median income, all of whom will receive down payment assistance.

Jefferson County Housing Authority (JCHA) used the remainder of these NSP1 funds to acquire two multi-family properties. One, a parcel of vacant land with infrastructure in Golden, was acquired with NSP1 funds and is currently under construction of a new 50-unit rental housing property to house seniors with incomes ranging from 30-60% of area median income, using an allocation of Nine percent Low-Income Housing Tax Credits (LIHTC). The second property acquired by JCHA is a 21-unit rental complex in Wheat Ridge, which required minor rehabilitation and will preserve homes at 50% of area median income for current and future residents.

NSP3 Summary – Colorado Entitlement Allocations - *Dodd–Frank* Wall Street Reform and Consumer Protection Act

A total $17,349,270 was awarded to eight entitlement jurisdictions in Colorado. Three of the jurisdictions that received an allocation of NSP1 from the State continued to experience increasing foreclosure rates in the following years, and thus received entitlement awards to further their efforts in NSP3 *(italicized).*

- Adams County: $1,997,322
- Aurora: $2,445,282
- Colorado Springs: $1,420,638
- Denver: $2,700,279
- *Greeley: $1,203,745*
- *Pueblo: $1,460,506*
- *Weld County: $1,023,188*
- State of Colorado: $5,098,309

Funds were received from HUD March 11, 2011. $3,259,474, or 50% of the total grant, must be expended within two years, or by March 11, 2013. The State prioritized the use of these funds for multi-family projects in areas of greatest need, in order to target the ever-decreasing vacancy rates and increasing rents across the State, at a time when foreclosed and abandoned, or vacant properties are available for targeting by the program funds. Three projects have been awarded funds to date, and grant agreements will be executed with all of them by the end of 2011. The local HUD Community Planning and Development Office, as well as HUD Headquarters and Technical Assistance Providers use the State as a resource in providing feedback and guidance regarding the new NSP3 entitlement communities, and in streamlining the implementation of procedures and policies for these communities.

NSP3 Project Profiles:

ADAMS COUNTY – Total NSP3 funding $2,500,000
Adams County Housing Authority (ACHA) has been awarded an NSP3 grant for the acquisition, on-site infrastructure and construction of the land at 88th Avenue and Welby Road in Thornton. The property will be known as Welby Station and is next to the site of the future north line of the light rail. Welby Station Apartments will be developed in two phases, the first of which shall be approximately 119 units of affordable and mixed-income apartments rented to households at/below 120% AMI. 85 of these units will serve households at/below 50% AMI. Project financing includes NSP, HOME, CDBG, public housing disposition funds, and either 9% Low-Income Housing Tax Credits, or a combination of 4% tax credits and 100% project-based Section 8.

COLORADO SPRINGS – Total NSP3 funding $1,046,000
Greccio Housing Unlimited, Inc. (Greccio) has been awarded an NSP3 grant for the acquisition and rehabilitation of Woodbine Apartments at 2020 E Bijou in Colorado Springs. The 36 unit apartment building requires rehabilitation of the units and exterior, which will be completed in phases in order to prevent any displacement or relocation of the existing tenants, which currently occupy 45% of the building. The property recently went through foreclosure sale and is now bank-owned, and under a purchase contract. Following completion of the work, the building will house tenants at 50% AMI and 80% AMI.

A balance of $232,575 of program funds remains unawarded for the Colorado Springs portion of the grant, to potentially be awarded for additional scope of work following completion of a needs assessment on Woodbine Apartments.

OTERO COUNTY – Total NSP3 funding $1,512,000
Tri-County Housing, Inc. (TCH) has been awarded an NSP3 grant to substantially rehabilitate (redevelop) the Melonaire Apartments in Rocky Ford. Originally built in 1964 with 26 units in two 2-story buildings, the property was purchased by TCH in 2003 with the intent to rehabilitate it, but was found to need extensive asbestos and lead based paint remediation. The buildings were subsequently gutted to the existing two cinder block shells with roofs, door/window frames, exterior stairs to the second floors, and the second floor structures. TCH will redesign the units to better meet current market needs, reducing the number of units to 18 to provide larger units and add 3-bedroom units. Half the units will be affordable at 50% AMI, and the rest for 80-120% AMI.

8. **How does investment in the rental sector compare with new starts in loans for single family houses? What is the strategy for the Division of Housing's investment? Are they investing in housing that will eventually be foreclosed on or in rental properties?**

   The State (DOH) does not own any residential property. Grant making to programs geared toward homeownership has declined significantly in recent years. Both federal and state funds have been primarily dedicated to the funding of rental housing serving very-low-income and special needs populations. The recent grants that have been devoted to homeownership have been made to large statewide homeownership-related nonprofits such as Habitat for Humanity.

Defining Income and Rent-Burdened Households

9. Does the U.S. Department of Housing and Urban Development's calculation of area median income (AMI) include payments from government agencies (i.e., food assistance, Medicaid, CHIP, unemployment, etc)? Why or why not?

Eligibility for a housing voucher is determined by the public housing authority (PHA) based on the total annual gross income and family size and is limited to US citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live. By law, a PHA must provide 75 percent of its voucher to applicants whose incomes do not exceed 30 percent of the area median income. Median income levels are published by HUD and vary by location.

Income calculations are defined by U.S Housing and Urban Development (HUD) rules. Food stamps, Medicaid, and CHIP are not included. The following lists the items included in income calculations:

Annual income includes, but is not limited to:

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. Interest, dividends, and other net income of any kind from real or personal property;
3. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits;
4. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
5. Welfare assistance payments. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program;
6. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
7. All regular pay, special pay and allowances of a member of the Armed Forces;
8. Student loan amounts above and beyond the cost of tuition.

10. What does total income look like for the typical household that qualifies for aid through the Department's affordable housing programs (i.e., Government assistance programs such as Medicaid, food assistance, and CHIP plus income from any job the recipient is performing)?

The average gross annual income for families receiving rental assistance is $10,730. Among recipients of housing assistance, there are 5,832 households receiving SSI and\or Social Security benefits with an average annual amount of $6,992. The average annual unemployment benefit among recipients of housing assistance is $8,898. The average annual food stamp benefit among households receiving housing assistance is $2,335. The Division does not track Medicaid or CHIP assistance.

11. When DOLA computes its 30 percent of AMI figure in order to determine who qualifies for low income housing in Colorado, do they factor in utility and transportation costs as well?

Utility costs are factored into the Fair Market Rent levels calculated by HUD. Transportation costs are not factored in as per HUD rules.

12. **Does the calculation for affordable housing account for the cost of living in whatever region the affordable housing is being considered for?**

The use of area median incomes as a metric is intended to account for the overall cost of living within a county or urban market area.

Affordable Housing Performance Measures

13. **Why does the Department's benchmark for special needs housing remain at 50 units when the number of these units provided each year is rising? What does this metric mean?**

HUD requires a 5-year strategic plan that includes benchmarks for various types of housing production. In recent years, the Division has increased its investment in housing for persons with special needs. The Division has determined that serving populations with special needs offers the greatest return on investment for the limited public dollars devoted to housing production.

"Special needs" housing includes: housing for the disabled, domestic violence shelters, permanent housing for the homeless, housing for persons with AIDS, and shelters (temporary housing for the homeless.)

14. **How does the Division of Housing arrive at the benchmarks they are using for its performance based goals? Who determines them?**

The State Housing Board provides advisory input in setting benchmarks. The benchmark of 50 units is a minimum number based on federal law which requires that 5% of all new construction be built for persons with disabilities.

9:45-10:00 D. VOLUNTEER FIREFIGHTER PENSION PLANS

15. Background Information: DOLA is proposing a change in statute to eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than the $300 per eligible participant per month and are determined to be actuarially sound at the $300 benefit level for the next 20 years. Those plans paying less than or equal to the benefit of $300 and those paying more but determined to have a need at the State's $300 level based on an independent actuarial study, will continue to receive State support. The request will result in a General Fund obligation of $2,745,706 for FY 2012-13, reducing the Department's General Fund obligation by ($1,519,047).

    a. **Did the Department discuss this proposal with each locality that would be affected by the request? If so, what are their thoughts on potential impacts?**

    The department did not discuss this proposal with each individual locality. The department discussed the proposal with the Colorado Municipal League (CML), Colorado Counties Inc. (CCI), Special District Association (SDA), Fire & Police Pension Association (FPPA), and the Fire Chief's Association. The Associations understand the rationale for the proposed policy change, but may not necessarily support this policy change.

The State has been a partner with local governments in funding the Volunteer Fire Pension (VFP). However, the State has been very limited in this partnership; limited solely to its financial contribution.

The State's contribution to the VFP is defined in Colorado Statutes. The formula for the locally determined monthly benefit payable to retired volunteer firefighters is slightly different for those plans that have a monthly benefit payable of $300 or below per month to that of plans that have a monthly benefit payable of more than $300 per month.

The monthly payable benefit is solely determined by each local government. Each local government also determines other plan benefits such as short term disability, survivor benefits, funeral benefits, etc. The VFP is essentially a defined benefit plan for RETIRED volunteer firefighters.

DOLA currently has an appropriation for $4.3 million of General Fund exempt used for formulaic distribution to 227 qualified plans. This level of General Fund has been increasing steadily over the past years.

The proposed policy change would impact only those plans that have been determined to be "fully funded" by an independent third party. "Fully funded" is used to denote those plans which, based on actuarial review, are determined sound for a 20 year period at the current monthly payable benefit level. In other words, these plans will be able to pay those retired volunteers who are entitled to pension benefits the full amount allowed by their local governments specified plan for the next 20 years without further contribution by their local sponsoring government or the State.

When a plan is "fully funded" and local governments continue to make their contribution and apply to the State for its contribution, the VFP creates a "surplus" in the fund. This surplus can then be used to increase the monthly benefit payable to retired volunteer firefighters. This is how most of the local governments have, over time, increased the monthly benefit payable while increasing the State's contribution to their local plan. Of the 227 qualified VFP plans, there are 137 local governments that provide a monthly benefit payable of $300 or less and 90 local governments that provide a monthly benefit payable of more than $300.

The 90 local governments that have a monthly benefit payable to retired volunteer firefighters of more than $300 receive more than 62% (more than $2,660,000) of the State appropriation. The balance of the local governments (137) receive less than 38% of the remaining State appropriation to be shared based on the formulaic distribution.

The proposed policy change would "cap" the State's contribution to those VFP plans that pay a monthly benefit of more than $300 per month to retire volunteer firefighters AND are determined to be fully funded for a 20 year period by an actuarial study conducted by an independent third party. This proposed policy change is estimated to save the State approximately $1.5 million annually.

b. **How many and which special districts, municipalities, or counties would have to reduce the actual pensions paid to eligible participants from current levels because of this request? Would this result in any loss of volunteer firefighters in these districts?**

None of the plans would be required to reduce current benefit levels. Current benefit levels are determined at the local government level without consultation with the state. Based upon the most recent data, 62% of the plans that may be impacted already contribute local funding above the amount necessary to meet their current plan benefit levels. (Highlighted blue in chart) These plans are funded at their current benefit level without the need for additional state funding. The remaining 38% of those that may be impacted provide local funds and use only a portion of the state funds distributed to meet the plans current benefit levels. Another interesting fact, seven of the plans made local contributions even though no contribution was actuarially required because they were already fully funded at their current level.

Plans that may be impacted	Contributed funding that exceeded ARC for current benefit level
Animas Fire Protection District	
Arvada Fire Protection District	
Aspen Fire Protection District	
Basalt and Rural Fire Protection District	
Berthoud Fire Protection District	
Black Forest Fire/Rescue Protection District	Yes
Burning Mountains Fire Protection District	
Carbondale & Rural Fire Protection District	
Castle Rock, Town of	
Chaffee County Fire Protection District	
City of Alamosa	Yes
Clear Creek County Emergency Services General Improvement District	
Cortez Fire Protection District	
Costilla County Fire Protection District	
Craig Rural Fire Protection District	
Crested Butte Fire Protection District	
Delta County Fire Protection District No. 1	
Delta County Fire Protection District No. 3	
East Grand County Fire Protection District No. 4	Yes
Eaton Fire Protection District	
Elizabeth Fire Protection District	
Elk Creek Fire Protection District	
Evergreen Fire Protection District	
Fairmount Fire Protection District	
Fort Lupton Fire Protection District	
Glenwood Springs, City of	
Golden, City of	
Grand Fire Protection District No. 1	
Grand Lake Fire Protection District	Yes
Grand Valley Fire Protection District	Yes
Greater Brighton Fire Protection District	
Greater Eagle Fire Protection District	
Gypsum Fire Protection District	
Hudson Fire Protection District	
Jefferson-Como Fire Protection District	Yes

Plans that may be impacted	Contributed funding that exceeded ARC for current benefit level
La Salle Fire Protection District	
Lafayette, City of	
Larkspur Fire Protection District	
Left Hand Fire Protection District	Yes
Louisville Fire Protection District	
Loveland Rural Fire Protection District	
Loveland, City of	
Lower Valley Fire Protection District	
Lyons Fire Protection District	
Milliken Fire Protection District	
Monte Vista Fire Protection District	
Montrose Fire Protection District	
Mountain View Fire Protection District	
Platteville-Gilcrest Fire Protection District	
Rifle Fire Protection District	
Rio Blanco Fire Protection District	
Sheridan, City of	
South Adams County Fire Protection District	
Southeast Weld Fire Protection District	
Wellington Fire Protection District	
West Routt Fire Protection District	
Wheat Ridge Fire Protection District	
Windsor-Severance Fire Protection District	

The department does not have any information as to whether there would be direct reduction in volunteer firefighters as a result of a policy change to the State's contribution of the VFP. Less than 25% of the local government volunteer firefighter pension plans across the state would be directly impacted by this proposed policy change. Local governments still control to what pension level they decide they should pay a retired volunteer firefighter.

c. **Does Deckers receive State assistance to help pay pensions to its volunteers? If not, why?**

Deckers is one of seven communities that is served by the North Fork Fire Protection District. The North Fork Fire Protection District does receive state assistance relating to the Volunteer Firefighter Pension funding. Their plan currently pays a monthly benefit of $150 and would not be impacted by the recommended change.

d. **Is the Department officially requesting that the JBC carry this bill?**

The Governor included the request for the change in policy on the State's contribution to the Volunteer Fire Pension Fund in his budget balancing proposal. The policy change will require statutory modifications. Please see Appendix A: *Department of Local Affairs FY 2012-13 Balancing Request November 1, 2011* for additional information.

10:00-10:15 E. PROPOSED CASH FUND TRANSFER

16. Does the Governor's proposal to transfer $30 million from the Local Government Severance Tax Fund to the General Fund in FY 2012-13 guarantee that $10 million will be available for the Mineral and Energy Impact Grant Program (i.e., if current revenue assumptions do not hold and revenues are less than anticipated)?

Under the September 2011 forecast and the proposed budget, the transfers to the General Fund should take priority for FY 12-13.

17. How do communities that are impacted by energy and mineral extraction activities use the local powers/means that are available to them in order to mitigate these impacts? Do they fully utilize these means to mitigate impacts prior to utilizing the Mineral and Energy Impact Grant Program resources?

Colorado communities are using myriad land use regulatory measures to mitigate the existing and potential impacts from extractive industry practices. Most common is the use of a Special Use Permit (or conditional use permit) process to provide for either administrative or public review of proposed activities. Local governments can review impacts to roads, aesthetics, water, and emergency services through this process, just to name a few. Cities and counties are also utilizing impact fees, supplemental zoning regulations, and 1041 regulations (areas and activities of state interest) as mitigation tools to alleviate the impacts of oil and gas development. As the technology for the industry continues to improve and drilling areas expand, more communities are developing new or reconsidering their existing regulations. Forty-five percent (45%) of the counties, and twenty-two percent (22%) of the municipalities that participated in the 2010 DOLA Land Use Survey stated that they have adopted local regulations for oil and gas development.

Communities are and will continue to utilize these mitigation tools regardless of the Mineral and Energy Impact Grant Program as part of their local land use authority per statute. Local governments have acted cautiously yet deliberately to avoid preemption and operational conflict with existing regulations set forth by the Colorado Oil and Gas Conservation Commission (COGCC).

However, some jurisdictions incur a disproportionate amount of impacts to the actual level of production or conversion of energy. This could result due to lower housing costs or location to production or conversion sites. Some examples of this include the impacts to a municipality for production that occurs in the county. In cases like these, one jurisdiction does not have the legal authority to impose an impact fee and the other jurisdiction can only impose an impact fee to the extent a nexus exists in their jurisdiction.

The impacted local governments rely upon the Department and the grant program to help address capital needs incurred as a result of the impacts created by the production and/or conversion of energy or energy fuels. These impacted communities do not feel "entitled" to these funds, but simply lack the revenue to adequately address and mitigate these real impacts. Often times the direct distribution funds are used in the annual operations of a local government to offset the increased operations costs incurred from impacts. Again, capital needs are often deferred until the local government is successful in securing a grant from DOLA.

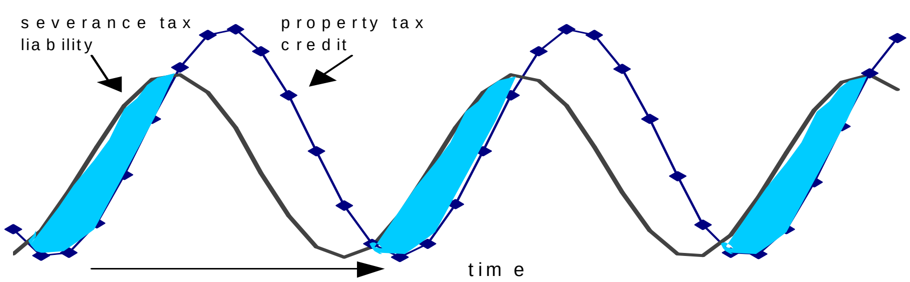
As previously stated, the majority of these grant funds are used for capital construction. This grant program is really an economic stimulator for Colorado. It has been determined that for every $1 million of funds invested in capital projects, 17 direct, indirect and induced jobs are created or retained.

18. What is DOLA's methodology in projecting revenues for severance tax and federal mineral lease (FML) revenues? What is the Department's level of confidence in these projections? How accurate have revenue projections been in the past?

While the property tax credit that can be used by the taxpayer against this liability is based on production value two years previous. As a result, when production values increase, property tax credits lag, resulting in an amplified increase in severance tax revenues. The same type of amplification would occur with a production value decline, reducing the severance tax liability to zero.

DOLA uses the most conservative estimate from either OSPB or Legislative Council when estimating available grant revenue for a cash fund transfer to the General Fund. Revenue projections, in particular Severance Tax, are complex and difficult to forecast. Last years Severance Tax revenue projection had a variance of -10%. The main source of the year-to-year variability in severance tax revenue from oil and gas is a provision in the severance tax statute (C.R.S. 39-29-105) for a property tax credit against the calculated severance tax liability. These tax provisions amplify the effects of changes in the total annual value of oil and gas production on the resulting severance tax revenue. The severance tax statute provides for a credit against tax liability of 87.5% of local property taxes assessed during the tax year upon the production, excluding equipment and facilities. Property tax payments on oil and gas ownership in year ***t*** are based on the value assessment in year ***t-1***. These, in turn, are based on the actual production quantity and price in year ***t-2***. Severance tax gross liability in year ***t*** is based on production value in the same year ***t***. Thus when a change in production value occurs it is reflected quickly in the calculation of gross severance liability,

Figure 1 shows a schematic of the lagged credit calculation on an individual taxpayer.



Since the typical property tax mill rate on the value of production by a taxpayer is higher than the severance tax rate, much of the severance tax is only paid when the taxpayer has growing production value, shown as a shaded area.

<u>**Additional Confounding Factors:**</u>

1. **Local Government Mill Levy Adjustments:**
   In addition to this property tax credit lag, local governments modify their mill levy as a result of the wide swings in oil and gas property assessed value, adding or subtracting from the general

level of the property tax credit.

2. **Wide swings in gas prices:**
   These set in motion the swings that are then amplified by the structure of the severance tax.
3. **High concentration of severance revenue in a few big producers –** Estimated to be around 24 producers.
4. **Accrual calculation for severance tax in the state accounting system:**
   At the end of each fiscal year the state is required by the accounting system to calculate severance taxes receivable and payable in the near future and add this to the calculation of fiscal year revenue.

Appendix B is explains DOLA’s methodology for forecasting which tends to be a little closer year over year. DOLA uses its forecasting model for grant and direct distribution planning purposes. DOLA staff has made themselves available to Legislative Council and OSPB as a sounding board and reasonableness test of projections.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. **What is the Department's entire Information Technology (IT) budget for FY 2011-12 and FY 2012-13? Does the Office of Information Technology (OIT) manage the Department's entire IT budget? If not, what IT activities is the Department managing separate from OIT and what percentage is that of the entire IT budget for the Department for FY 2011-12 and FY 2012-13? Of the IT activities the Department still manages outside of OIT, what could be moved to OIT?**

   Nearly all IT-related personnel appropriations have been consolidated into the Governor's Office of Information Technology. IT-related professional services and operating expense budgets continue to reside in departments' individual appropriations, and have not been consolidated into OIT. At this time, it is expected that budgets for IT professional services and operating expenses will remain in the departments' individual appropriations. However, during this fiscal year, all IT procurements will be centralized through the Office of Information Technology (the OIT Storefront). For FY 2012-13, the Executive Branch believes this represents the most efficient division of IT-related appropriations to ensure that departments maintain appropriate discretion in making technology and program decisions. The Executive Branch will consider further consolidation of IT appropriations in future fiscal years.

2. **What hardware/software systems, if any, is the Department purchasing independently of the Office of Information Technology (OIT)? If the Department is making such purchases, explain why these purchases are being made outside of OIT?**

   The department does not purchase hardware or software systems independent of OIT.

3. **With the Centura Health move, are they still getting a property tax exemption on the vacant property located on Conejos in Denver?**

   1. The Division of Property Taxation reviewed our records and those of the city and county of Denver. It appears as though the real property at 4200 W. Conejos Place has always been taxable. An application filed in 1991 was denied and no application has been made since. We do show an exemption for personal property owned by Inner City Health Center at this location. An adjoining vacant parcel at 4235 W. Colfax Avenue, which is also owned by Catholic Health Initiatives, has also been taxable.

   2. Exemptions granted by the Property Tax Administrator terminate either upon transfer of the property to a different owner or when the requirements for exemption are no longer met, such as the property becoming vacant. The process can take some time, but when a property is no longer owned and used solely and exclusively for a religious, charitable or private school purpose, or if the property is used for private gain or corporate profit, the property is returned to the tax roll retroactive to the date it no longer qualifies.

DEPARTMENT OF LOCAL AFFAIRS

John W. Hickenlooper
Governor

Reeves Brown
Executive Director

FY 2012-13 Balancing Request
November 1, 2011

Department Priority: BRI-1 of 1
Reduce General Fund Support for the Volunteer Firefighter Pension Plan

Summary of Balancing Proposal for FY 2012-13	Total Funds	General Fund	FTE
Reduce the General Fund support for those plans which do not need the State contribution in order to remain actuarially sound.	($1,519,047)	($1,519,047)	0.0

Request Summary:

This proposal will change current statute to eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than the $300 per eligible participant per month AND are determined to be actuarially sound at current benefit levels for the next 20 years. Those plans paying less than or equal to the benefit of $300 AND those paying more but determined to have a need at the state's $300 level based on an independent actuarial study, will continue to receive State support. As part of a comprehensive rewrite of the statute, this proposal would also include a provision to limit benefit levels for which the state would provide assistance.

This change will result in a General Fund savings of $1,519,047 in FY 2012-13 and FY 2013-14. This will reduce the State General Fund obligation for the program from FY 2011-12 appropriated levels of $4.3 million to $2.8 million in FY 2012-13.

The term "fully funded" is used here to denote those plans which, based on actuarial review, are determined sound for a 20 year period at the $300 state current benefit level.

DOLA currently has an appropriation for $4.3 million of General Fund Exempt used for distribution to 227 qualified plans. The Department is required by statute to conduct an application process through which local firefighting agencies (including fire protection districts, municipalities and special improvement districts) may apply for State assistance. In order to qualify for assistance, localities must submit to DOLA an actuarial review of their plans "soundness" over the next 20 years. DOLA uses these studies to determine how much assistance each locality will receive. Under current law, any locality which submits a request will be funded at some level, regardless of whether the plan requires such funding to meet its $300 contribution level.

The proposed change will impact approximately 25% of the 227 plans with applications for State assistance currently on file with the Department of Local Affairs (based on a four year average). Table 1 on the following page details how the different participants will be affected by the change.

Anticipated Outcomes:

These changes will result in fewer General Fund resources spent on volunteer firefighter retirement plans that have been independently verified as *not* requiring State assistance in order to meet their benefit obligations. The proposal will *not* impact those plans that do need state assistance in order to meet benefit obligations. It is anticipated that the proposed changes will *not* negatively impact actual pension benefits paid to any retired volunteer firefighter throughout the State.

Assumptions for Calculations:

The 57 plans assumed to be affected by this change would have received $1,519,047 General Fund support from the State in FY 2012-13. If statute is changed as proposed, these localities would no longer receive this assistance and the savings would be realized in the General Fund.

Consequences if not approved:

The State will continue to follow the statute as currently written and contribute unnecessarily to those plans that are determined to be "fully funded" and actuarially sound for the next 20 years. In a time of significant restriction on state revenue, it seems prudent to direct resources towards those plans which require state assistance to ensure their volunteers have adequate retirement coverage.

Impact to Other State Government Agency:

N/A – the proposal will not impact any other state agencies.

Relation to Performance Measures:

N/A – this is a budget efficiency measure for the purpose of reducing General Fund expenditures.

Current Statutory Authority or Needed Statutory Change:

C.R.S. (2011) 31-30-112 (2) (b) – Governing the State participation in volunteer firefighter pension plans – This proposal will require statutory change. Specifically, language in the referenced statute would need to be changed to eliminate the State obligation to subsidize those plans identified as actuarially sound and paying more than the $300 monthly benefit. Other changes may also be required.

Table 1: Proposed Statutory Changes Presented by Affected Plan Type

	New Statutory Provisions	**Number of Plans Impacted**
1	Continue State support for any plan paying $300 or less in benefits per month, per eligible retiree.	
2	Continue State support for any plan paying *more than* $300 in benefits per month per eligible retiree, BUT whose overall plan is NOT determined "fully funded" and actuarially sound per an independent review.	170
3	Discontinue State support for any plan paying *more than* $300 in benefits per month per eligible retiree, AND whose overall plan IS determined "fully funded" and actuarially sound per an independent review.	57
	Total Plans on file with Department of Local Affairs	**227**

Appendix B: DOLA's Forecast model

Severance forecast documentation

Documentation of the severance forecasting model is split in to several elements to address different levels of complexity. It provides an intuitive overview of the process (including data), select technical/statistical documentation, and the computer code used to implement the forecast.

The computer code itself, written in E-Views, contains extensive comments to document what processes are being performed.

There are several components of the severance revenue figure used by DOLA for budgeting. They are the following:

- Tax revenue from oil and gas extraction
- Tax revenue from coal, mineral, and metal extraction
- Interest income on loans and fund balance
- Accrual adjustment

Different natural resources are taxed differently and are thus treated differently in the model. Current (2010) taxes are as follows:

Oil, Natural Gas, CO_2, Methane:
Oil and gas are taxed on a sliding scale based on the value of production, although almost all production is either taxed at 5% of production value or exempt from severance tax.

The severance tax rate is applied to the value of production less costs for transportation, federal royalties, and other production costs. Producers can also claim against this tax 87.5% of their property taxes paid.

Coal:
Coal producers are allowed 300,000 tons per quarter of tax free production (1.2 million tons per year). As of 2010, only the following seven mines produced more than this:

Foidel Creek (Routt County/7.7 million tons)
West Elk (Gunnison County/4.8 million tons)
Elk Creek (Gunnison County/3.8 million tons)
Colowyo (Moffat County/2.6 million tons)
Trapper (Moffat County/2.2 million tons)
Deserado (Rio Blanco County/1.7 million tons)
Bowie/Orchard Valley (Delta County/1.3 million tons)

Beyond this tax free allowance, the coal tax fluctuates with the producer price index. Currently (2010) it is $0.78 per ton. It increases 1% for every 1.5% increase in the BLS producer price index for all commodities.

Molybdenum:

Currently the only active molybdenum mine in Colorado is the Henderson mine. The Climax mine is inactive, but will likely begin production in the near future. Molybdenum producers can extract 625,000 tons per quarter tax-free (2.5 million tons/year). Beyond this the tax is $.05 per ton.

Precious Metals:

Precious metals producers are allowed a certain amount of tax free production. Instead of being based on weight as with molybdenum and coal it is based on value: $19 million. This makes precious metals essentially gold extraction at the Victor Clear Creek Mine in Teller County. There are also small mines for uranium and nahcolite.

Precious metals are taxed at 2.5% of the value of production and can claim a credit against this of 100% of their property taxes paid up to 50% of severance tax owed.

There are two key elements for updating the model. The first is where the input data are stored, modelin.xls. The second is the e-views program, og-fcast.prg.

This paper has several parts:
1. The data
2. Methodology
3. Accuracy
4. Appendix A: Statistical model detail
5. Appendix B: E-Views program used

Data

The data file used is in g:\grp\fs\miner\dk-forecasting\ modelin.xls

Data are stored in different categorized worksheets. This goes through worksheets and lists sources.

annual

These are annual commodity prices specific to Colorado. The source for gas is COGCC (past) as well as the gas index in g:\grp\fs\miner\datasource\gaspriceindexcalc.xls. This also contains fiscal year net severance revenue data. Rigs come from rig reports as well as historical Baker Hughes data. Net withdrawals are from the EIA.

annualf

These are long term forecasts of several indicators: The Henry Hub (Louisiana) natural gas price, the Cushing (Oklahoma) West Texas Intermediate crude oil price, the national producer price index for oil and gas producers, the 12 month treasury bill yield rate, and the number of chapter 11 bankruptcies filed by businesses. Currently these come from Moody's economy.com. EIA also publishes gas price forecasts. It may be worthwhile to use their projections if they are better than Moody's. Currently (2011) they are more conservative.

Stateprod
This contains annual state production data for oil and gas. All data come from the EIA except for Colorado's production numbers. Colorado production comes from the COGCC.

Cntyconstants
These variables are more or less constant over time. The rural mill is from DPT's annual report. It's their total mill for each county minus the mill for municipalities. Gas and oil TPMR are calculated, per Steve Colby, by taking the value of production minus the assessed value. It's expressed as the percentage of the production value that isn't included in the assessed value. Gas and oilprime is the percentage of production in each county that is primary.

Cnty(oil/gas)tpmr
This contains a panel of TPMR data over time, and comes from DPT via Steve Colby/Jennifer Robinson's PPTY.xls spreadsheet. Essentially they are the actual values of production minus the assessed value of production divided by production value. Future values are the average of the last three year's values. Values for 1979 and 1980 are 1981 values.

Forecast Methodology

Prices
Oil and gas prices in Colorado are based on the Colorado composite of hub prices. Forecasts of Henry Hub (gas) or West Texas Intermediate (oil) are benchmarked to Colorado oil and gas indices.

Colorado Gas Production

Gas production in Colorado is estimated using what is known as a vector error correction model (details in appendix A) with a set of exogenous, or "outside" variables. These may change over time as certain factors become more or less relevant or new data sets are discovered.

County production also needs to be estimated in order to determine the amount of the ad velorem tax credit. Gas production in the larger Colorado counties (Garfield, Weld, Rio Blanco, La Plata, and Moffat) is assumed to follow a "flying geese" model of production[2]. Producers serve similar markets and face similar prices. Costs, efficiencies, and some price variations can differ from formation to formation, thus moving activity without impacting overall demand. Production in smaller Colorado counties is estimated using an ARIMA

[2] There is extensive academic literature about this model, especially relating to manufacturing in Asia. For more information on modeling this with a VECM see "Market Recycling in Labor-Intensive Goods, Flying-Geese Style: An Empirical Analysis of East Asian Exports to the U.S" Journal of Asian Economics Volume 14, Issue 1, (February 2003): 35-50 (co-authored with D. Berri and T. Ozawa).

model, which is essentially a type of trend.

For a more thorough explanation of an error correction model see Appendix A.

Once county production is estimated the production numbers are scaled down such that the sum of county production equals the state production projection. The county forecast is to know how to distribute the statewide number.

Colorado oil production

Oil production is estimated slightly differently than gas production, but only in which variables are used. Both utilize a vector error correction model.

County production

County production in Colorado is important because of the property tax exemption and because producers can deduct certain costs, which vary by county. In Colorado most gas production occurs in Garfield, Weld, Rio Blanco, Moffat, and La Plata counties. Garfield and Weld are the biggest producers. The same "flying geese" model used to estimate state gas production is applied to these counties. A simple autoregressive equation is used to estimate production in smaller counties.

All county oil production is estimated with simple autoregressive equations.

County production estimates are needed to get a distribution of activity, not for the levels of production themselves. Production is controlled to the state totals.

Each county has a value of production in a given production year. Costs are deducted based on data from DPT. In a given fiscal year t gross severance revenue is given as:

Sev: Net severance revenue
Costs: Percentage of production value that can be deducted as costs
Value: Volume of production subject to taxation (small wells are not taxed) times price

$Sev_t = 0.05*Value_{t-1}*(1-Costs_{t-1})$

Net severance is gross severance minus any property tax paid. This credit can be calculated as:

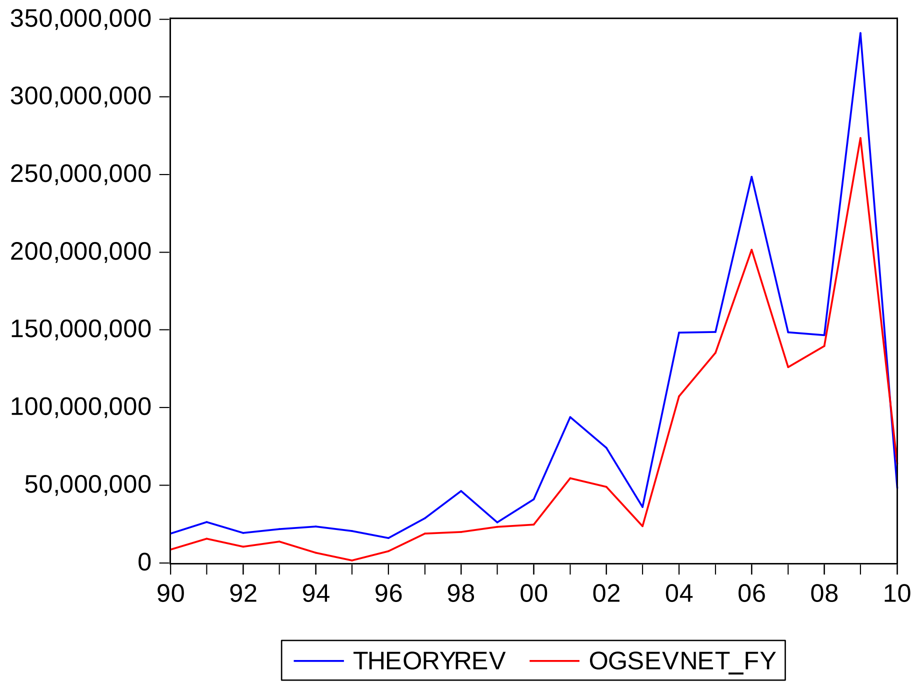
Prime: Portion of production that is primary (from DPT)
Second: Portion of production that is secondary (from DPT)
Mill: The mill levy at the site of production

$Credit_t = Mill_{t-2}*(1-Costs_{t-2})*(Value_{t-2})*(0.875*Prime_{t-2} + 0.75*Second_{t-2})$

An additional credit can be added if Sev_{t-1} was greater than $Credit_{t-1}$. The severance payment cannot be negative, and unused credits from the previous fiscal year may be carried forward.

Once data on the theoretical gross severance and credits have been generated, an estimate must be made to calculate net severance collections. Actual tax collections do not precisely match theoretical collections (chart 1). An equation is used to fit the theoretical components of severance collection to the actual net severance collected.

Chart 1: Theoretical and actual severance collection, 1990 to 2010



Accrual Adjustment

There is also an accrual adjustment, which can have a significant impact on severance tax revenue if there are large swings in production, either positive or negative. This adjustment is estimated by pulling apart theoretical severance tax revenue if all producers were using cash account or all producers were using accrual accounting.

<u>Accuracy</u>

The variability and volatility in severance tax collection as well as lack of timely production data make projections very far in to the future extremely difficult. Tests truncating and forecasting out from 2005 to 2009 yield the following results:

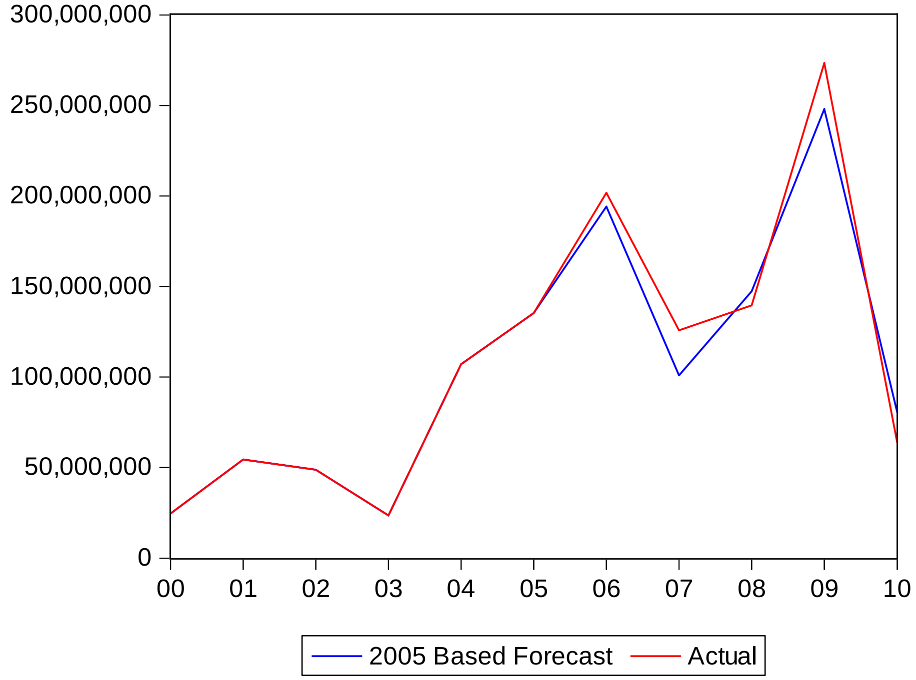
Actual	63,702,238	273,451,351	139,550,829	125,893,600	201,687,726
	2010	2009	2008	2007	2006
	Forecast	Forecast	Forecast	Forecast	Forecast

2009	63,072,669				
2008	69,317,245	283,423,001			
2007	56,519,791	282,122,743	132,740,736		
2006	67,352,866	268,487,168	167,534,325	129,891,665	
2005	82,937,189	241,502,254	152,821,238	105,360,534	194,107,346

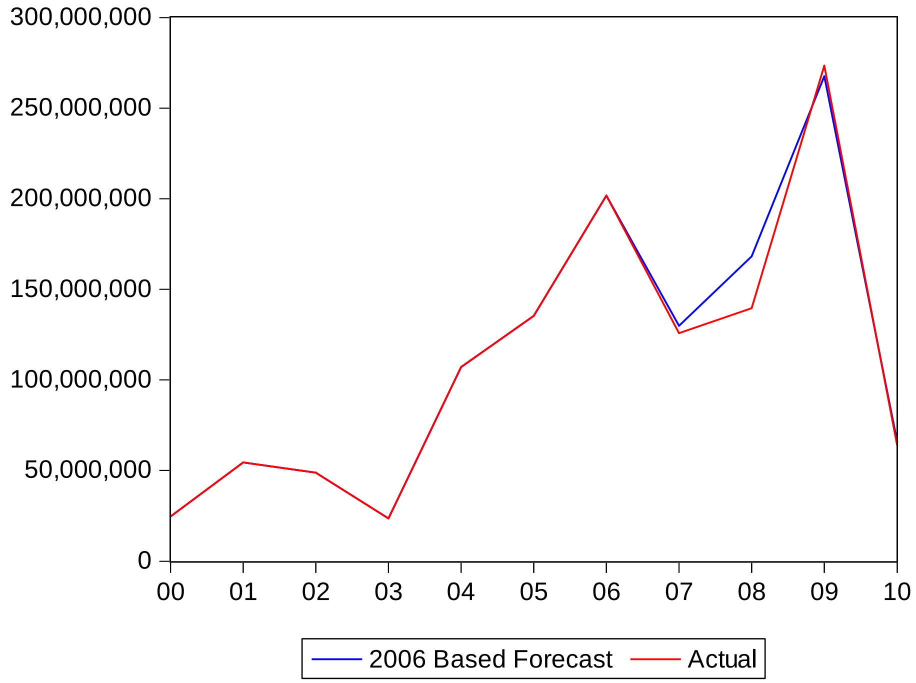
As can be seen, one year projections tend to be within three to four percent of actual. There is quite a bit more volatility in two year projections, increasing from three to 20 percent of actual. Interestingly, three and four year estimates performed better than two year estimates, falling within two to 12 percent of actual. This is due to sharp changes in production and revenue that spike up one year and then down the next.

It is likely that these can be improved, especially the two year projections, with more attention to modeling and better data over time to better predict rapid adjustments.

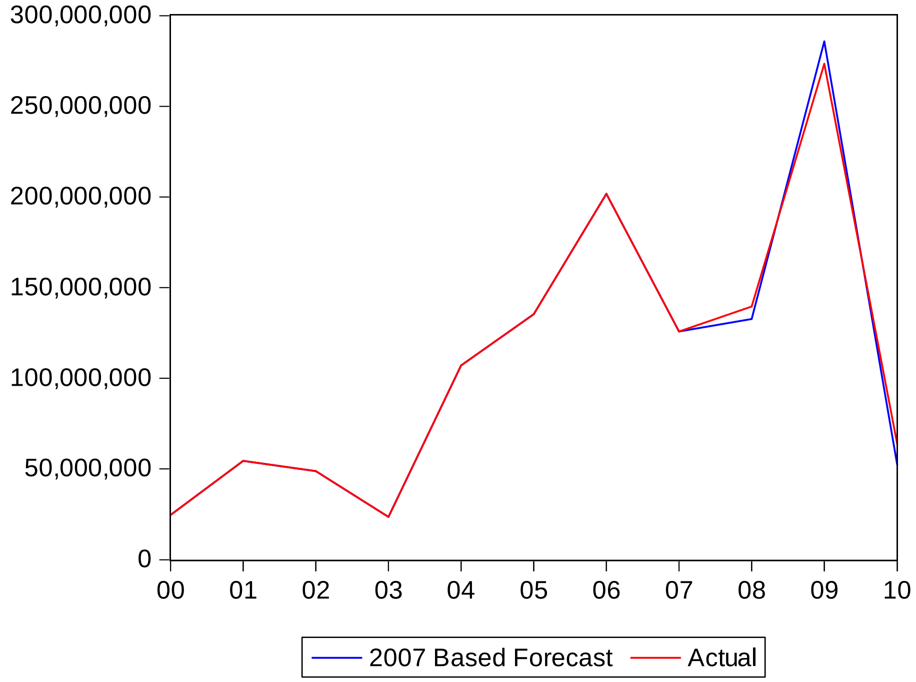
2005 Based Forecast



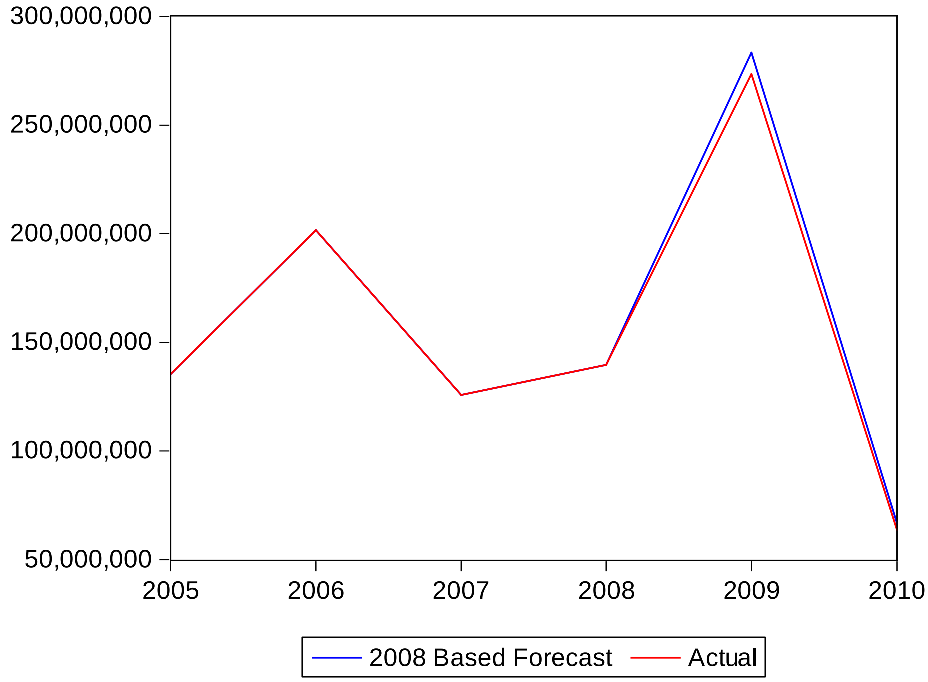
2006 Based Forecast



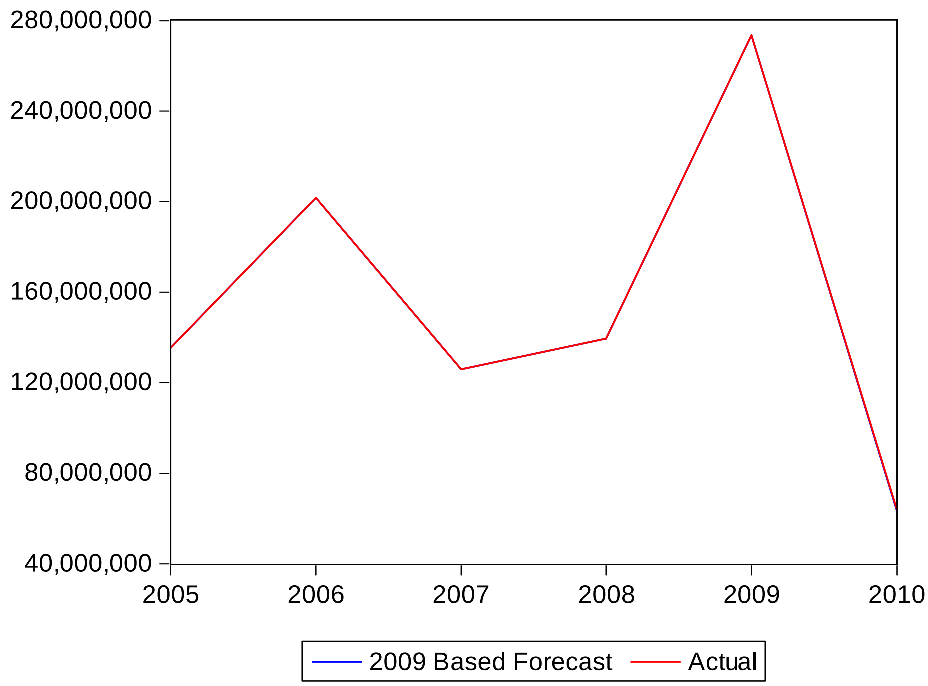
2007 Based Forecast



2008 Based Forecast



2009 Based Forecast



Appendix A: Error Correction Models

A cointegration error correction model (ECM) consists of a series of lagged n-element vectors along with a matrix of cointegrating vectors and a matrix representing their responsiveness. In equation form:

(1) $\Delta X_t = \Delta X_{t-1}\Gamma_1 + \Delta X_{t-2}\Gamma_2 + \ldots + \Delta X_{t-p+1}\Gamma_{p+1} + X_{t-p}\Pi + e_t$

In this case X_t is a $(1\cdot k)$ matrix, representing observations at time t of k series. Π is a $(k\cdot 1)$ matrix of the cointegrating relationships, and can also be written as $\Pi = \beta\alpha$. The responsiveness of the ECM to disequilibrium in the cointegrating vector is measured by α, an $(r\cdot 1)$ vector of coefficients, r being the cointegrating rank. β is a $(k\cdot r)$ matrix of cointegration coefficients within the cointegrating vector.

(2) $\alpha = \begin{bmatrix} \alpha_1 \\ \alpha_2 \end{bmatrix}$; $\beta = \begin{bmatrix} 1 & 0 \\ 0 & 1 \\ \lambda_1 & \lambda_2 \end{bmatrix}$; $X_t = \begin{bmatrix} w_t & z_t & y_t \end{bmatrix}$

(3) $X_t\beta = \begin{bmatrix} w_t + \lambda_1 y_t & z_t + \lambda_2 y_t \end{bmatrix}$; $E(X_t\beta) = 0$

(4) $X_t\beta\alpha = X_t\Pi = \alpha_1(w_t + \lambda_1 y_t) + \alpha_2(z_t + \lambda_2 y_t)$

The cointegrating relationships composing β function to make two non-stationary vectors stationary. For example, if x_1 and x_2 are both vectors integrated of order 1, then x_1 and x_2 are cointegrated if there exists β such that $\beta(x_1 + x_2) = 0$.

There are at least two nonstationary series that can be made stationary with a linear component. The expected values of (3) and (4) are both zero. Looking at the first element of equation (4), as y_t changes, w_t reacts.

State of Colorado
Community Services Block Grant (CSBG)
Application and Plan
For
FFY 2012 and 2013

SECTION 1-EXECUTIVE SUMMARY

(A) CSBG State Legislation: The State of Colorado has no State legislation that pertains specifically to the Community Services Block Grant (CSBG).

(B) Designation of Lead Agency to Administer the CSBG Grant: Colorado's Governor, John Hickenlooper, has designated the Department of Local Affairs as the lead State agency to administer the CSBG Grant.

Lead Agency: Colorado Department of Local Affairs
Division of Local Government
1313 Sherman Street, Room 521
Denver, CO 80203

Executive Director: Reeves Brown

(C) Public Hearing Requirements:

(1) Public Hearing: The CSBG public hearing will be held during the same date, time and location as the legislative hearing. The legislative hearing is typically held during January when our department is scheduled to appear before the Colorado Legislature, Joint Budget Committee. Once our department has held the CSBG hearing, we will forward supporting documents evidencing its occurrence. Please note that the Colorado Legislature regular session is January through May of each year.

The public will be notified of the public hearing as follows:

- Publish a notice in the Denver Post which has statewide circulation
- Post the Draft Plan a notice of the hearing on our department web page.
- The State Plan will be sent to all designated eligible entities
- Request that our eligible entities post the plan and a notice of the public hearing in their offices

.

(2) Legislative Hearing: The last legislative hearing was held in January 2010. The next scheduled legislative hearing will be conducted in January 2012 before the State Legislature's Joint Budget Committee regarding this Application and Plan.

(3) Public Inspection of the State Plan: The Department encourages public participation in the development of the Plan, including the opportunity to review and/or submit written comments. In order to facilitate the citizen participation requirements the Draft Plan was available on the DOLA website and a public notice was published in the Denver Post Newspaper, which has State-wide circulation, soliciting inspection and comment. Additionally, each eligible entity was provided a copy of the Plan and requested to post the Plan on their web site soliciting comment.

SECTION 2-STATEMENT OF FEDERAL AND CSBG ACT ASSURANCES

As part of the biannual Application and Plan required by Section 676 of the Community Services Block Grant Act, as amended, (42 U.S.C. 9901 et seq.), the designee of the chief executive of the State hereby agrees to the Assurances in Section 676 of the Act.

(A) Programmatic Assurances:

Assurance (676)(b)(1): The State assures that funds made available through this grant or allotment will be used:

(a) To support activities that are designed to assist low-income families and individuals, including families and individuals receiving assistance under part A of Title IV of the Social Security Act (42 U.S.C. 601 et seq.), homeless families and individuals, migrant or seasonal farm workers, and elderly low-income individuals and families, and a description of how such activities will enable the families and individuals to:

> **(i)** remove obstacles and solve problems that block the achievement of self-sufficiency (including self-sufficiency for families and individuals who are attempting to transition off a state program carried out under part A of Title IV of the Social Security Act);
>
> **(ii)** secure and retain meaningful employment;
>
> **(iii)** attain an adequate education, with particular attention toward improving literacy skills of the low-income families in the communities involved, which may include carrying out family literacy initiatives;
>
> **(iv)** make better use of available income;
>
> **(v)** obtain and maintain adequate housing and a suitable living environment;
>
> **(vi)** to obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs; and
>
> **(vii)** achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners to document best practices based on successful grassroots intervention in urban areas, to develop methodologies for widespread replication and strengthen and improve relationships with local law enforcement agencies, which may include participation in activities such as neighborhood or community policing efforts.

(b) To address the needs of youth in low-income communities through youth development programs that support the primary role of the family, give priority to the prevention of youth problems and crime, and promote increased community coordination and collaboration in meeting the needs of youth, and support development and expansion of innovative community-based youth development programs that have demonstrated success in preventing or reducing youth crime, such as:

> **(i)** programs for the establishment of violence-free zones that would involve youth development and intervention models (such as models involving youth mediation, youth mentoring, life skills training, job creation, and entrepreneurship programs);
>
> **(ii)** after-school child care programs; and
>
> **(iii)** to make more effective use of, and to coordinate with, other programs (including State welfare reform efforts).

Plan for Carrying out Assurance 676(b)(1): Each eligible entity is required to submit a comprehensive community needs assessment and an action plan to DOLA describing what activities are being proposed and how CSBG funds will be used to carry out the activity(s) in a ROMA format. Action plans and needs assessments will be evaluated by CSBG staff and must clearly demonstrate the manner in which the eligible entity determined the need and how the agency will use and account for CSBG funds. Eligible entities will be required to update their action plan and needs assessment every three (3) years. In addition, the action plan format requires eligible entities to:

- Describe the need, problem or situation;
- Identify the service, activity or intervention that will be provided to address the need, problem or situation;
- Describe the expected outcome for the client or community;
- Estimate the projected number of clients and percentage of success expected; and
- Describe the measurement tool that will be used to determine success.

The action plan format also requires eligible entities to provide the following information:

- A detailed budget to support each program activity;
- A needs assessment and description of the collection and analysis process;
- Tri-partite Board roster and a description of any training the Board have attended;
- Tri-partite Board meeting minutes from the previous 12 months;
- An agency audit;
- Tri-partite Board by-laws;
- CSBG staffing report;
- CSBG policies and procedures; and if applicable,
- Sub-grantee Agreements and a description of how program policy and procedures are communicated to subgrantees.

All CSBG funds distributed pursuant to a DOLA approved action plan will be awarded to an eligible entity under a contract with DOLA covering a 36-month period ending on September 30, 2014. Action plans must demonstrate how proposed activities and services will increase family self-sufficiency, provide other needed supportive services, and form partnerships to leverage additional community resources to address poverty. Eligible entities must fully account for the use and expenditure of all CSBG funds and are not required to secure a local match.

Assurance 676(b)(2): To describe how the State intends to use discretionary funds made available from the remainder of the grant or allotment described in section 675C(b) in accordance with the Community Services Block Grant program, including a description of how the State will support innovative community and neighborhood-based initiatives related to the purposes of the Community Services Block Grant program.

Plan for Carrying Out Assurance 676(b)(2): A maximum of 5% of Colorado's CSBG allocation will be used to support discretionary projects such as, but not limited to, supplemental funding for single-county eligible entities which receive less than $5,000 annually in their formula allocation, administrative costs for the Citizen Advocate Office and Workforce Development and the Colorado Community Action Association, or for any of the following purposes:

- Training and technical assistance needs;
- Coordination of State operated programs and services targeted to low-income households;
- Coordination and communication among eligible entities;
- Coordination of State initiatives to improve the efficiency of CSBG delivery Statewide;
- An analysis of the distribution of funds under the CSBG Act within the State to determine if such funds have been targeted to the areas of greatest need; and
- Support of innovative programs and activities conducted by community-based organizations to eliminate poverty, promote self-sufficiency, and promote community revitalization.

The criteria used to select activities for funding include: (1) activities that closely reflect DOLAs mission; (2) services to assist special or un-served populations; and (3) other initiatives that expeditiously respond to the needs of low-income people as determined by DOLA.

Assurance 676(b)(3): To provide information provided by eligible entities in the State, containing:

> **(a)** A description of the service delivery system, for services provided or coordinated with funds made available through grants made under section 675C(a), targeted to low-income individuals and families in communities within the State;
>
> **(b)** A description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and follow-up consultations;
>
> **(c)** A description of how funds made available through grants made under section 675C(a) will be coordinated with other public and private resources; and
>
> **(d)** A description of how the local entity will use the funds to support innovative community and neighborhood-based initiatives related to the purposes of this subtitle, which may include fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging effective parenting.

Plan for Carrying Out Assurance 676(b)(3): DOLA requires eligible entities to describe their service delivery system, provide a description of how linkages will be developed to fill identified gaps in services, and to provide a description of how the agency will use funds to support innovative initiatives as a part of their application and action plan submission.

(a) Service Delivery System: Colorado has 39 CSBG eligible entities; thirty-two (32) are county governments, three (3) are organized as a Council of Governments (COG), two (2) are non-profit organizations and two (2) are private community action agencies. The service delivery system consists of two basic parts: a broad range of services to families to assist them to achieve self-sufficiency and efforts to form partnerships with business, non-profit, and government entities to address community poverty issues. The scope of family services provided by each eligible entity varies greatly based on the size of the community and resources available to the agency. Most eligible entities manage other State, Federal and local funding sources in addition to CSBG. Many of these funding sources are used in coordination with one another to assist low-income families to link with community services and achieve greater self-sufficiency. In addition, eligible entities engage in partnerships with other local and state departments to identify priorities, develop collaborative strategies, and partner on service delivery.

(b) Linkages: CSBG eligible entities operate within a network of local service providers to reduce duplication of services and to coordinate resources to address various client circumstances. Eligible entities have developed extensive information and referral networks to meet the many needs of clients seeking assistance. Linkages are established within the service area and are utilized to connect individuals to an array of programs and services to meet the needs of low-income households. Eligible entities are also involved in coordination activities with other local service providers to maximize outcomes for low-income families. These types of partnerships are determined by local needs and resources. The majority of the CSBG funds that eligible entities receive are sub-awarded to area non profits which carry out activities that meet the intent of the CSBG Act.

(b) Coordination with Other Public and Private Resources: DOLA is a conduit for linking communities with planning and development resources, facilitating its mission to strengthen Colorado communities by providing technical assistance and training, and supporting local community development and capacity building activities. DOLA's interdisciplinary staff works across programs to enhance service delivery with a focus on housing production, community development, economic development, sustainable development and municipal governance in order to help communities effect change and better manage development.

Working in cooperation with the Federal government, other State agencies, local governments, local and regional non-profits, and the private sector, DOLA is responsible for planning, implementing and monitoring the delivery of Federal and State anti-poverty, neighborhood economic development, homeless prevention, community development and affordable housing programs across the state. The Department of Local Affairs administers and uses resources such as Community Services Block Grant (CSBG), Community Development Block Grant (CDBG), the Emergency Shelter Grant (ESG), the Neighborhood Stabilization Program (NSP), the Housing Choice Voucher Program and HOME funds and other State and Federal grants, as well as technical expertise of staff, to support a wide variety of community, housing, and economic development efforts.

At the local level, eligible entities work in partnership with a variety of groups, organizations, and institutions and local governments. To maximize outcomes for low-income families many eligible entities are involved in both broad human service coalitions as well as specialized coalitions focused on issues such as homelessness, housing, and mental health. These coalitions provide a forum for eligible entities to advocate for improved strategies for addressing poverty and also work to ensure there is greater coordination of the resources that are available at the community level to address the needs of low income residents. The most common services that are coordinated at the local level by an eligible entity and other public and non-profit organizations is employment, case management, housing, food assistance and information and referral. CSBG funding is the key source of funding that is used by an eligible entity to link sources of funding together to achieve greater levels of economic self-sufficiency.

(b) Innovative Community and Neighborhood-Based Initiatives: Eligible entities will work in concert with local service providers to develop a comprehensive approach to support innovative community and neighborhood based initiatives related to the purposes of the CSBG Act. As part of the application process, eligible entities provide information describing these innovative community and neighborhood-based initiatives, which may include fatherhood initiative and other initiatives with the goal of strengthening families and encouraging effective parenting.

Assurance 676(b)(4): To ensure that eligible entities in the state will provide, on an emergency basis, for the provision of such supplies and services, nutritious foods, and related services, as may be necessary to counteract conditions of starvation and malnutrition among low-income individuals.

Plan for Carrying Out Assurance 676(b)(4): The intake and referral process will include linking families in need of emergency services with resources in the community. Most eligible entities are involved in providing one or more emergency services to stabilize families in crisis. Emergency services are typically coordinated with other public and private resources in the community such as food banks, motels, and shelters, etc.

Assurance 676(b)(5): To ensure that the State and the eligible entities in the state will coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals, and to avoid duplication of such services, and to provide a description of how the State and the eligible entities will coordinate the provision of employment and training activities, as defined in section 101 of such Act, in the state and in communities with entities providing activities through statewide and local workforce investment systems under the Workforce Investment Act of 1998.

Plan for Carrying Out Assurance 676(b)(5): Eligible entities participate in community human service coalitions and specialized partnerships with other service organizations to address identified community needs such as unemployment, homelessness, mental health issues and drug abuse per the CSBG contract. DOLA will coordinate CSBG with other State programs and initiatives in an effort to further develop the service delivery system.

DOLA will also work with the Colorado Community Action Association (state CSBG association) to evaluate and expand the quality and quantity of state-wide collaborations.

Assurance 676(b)(6): To ensure that the State will ensure coordination between antipoverty programs in each community in the state, and ensure, where appropriate, that emergency energy crisis intervention programs under title XXVI (relating to low-income home energy assistance) are conducted in such community.

Plan for Carrying out Assurance 676(b)(6): The Low-Income Energy Assistance Program (LEAP) is a federally funded, State supervised, and county administered program. Many of the eligible entities are local governments which serve as the local intake site for LEAP. Eligible entities, who do not offer LEAP intake, refer households to the nearest LEAP office.

Assurance 676(b)(7): The State will permit and cooperate with Federal investigations undertaken in accordance with the CSBG Act.

Plan for Carrying out Assurance 676(b)(7): The State will retain records for the required period and will make those records available upon request.

Assurance 676(b)(8): To ensure that any eligible entity in the state that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the Secretary.

Plan for Carrying Out Assurance 676(b)(8): DOLA will adhere to the policy that any eligible entity that received CSBG funding in the previous fiscal year will not have its funding terminated, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that cause exists for such termination or such reduction, subject to review by the HHS through CSBG program policy and procedures.

Assurance 676(b)(9): To ensure that the State and eligible entities in the state will, to the maximum extent possible, coordinate programs with and form partnerships with other organizations serving low-income residents of the communities and members of the groups served by the State, including religious organizations, charitable groups, and community organizations.

Plan for Carrying out Assurance 676(b)(9): Partnership building is an ongoing activity and the linkage between community action agencies, the public, private and non-profit networks in across the state. DOLA will coordinate CSBG with other state programs and initiatives in an effort to further develop the service delivery system. DOLA will also work with the Colorado Community Action Association to evaluate and expand the quality and quantity of state-wide collaborations.

Assurance 676(b)(10): To require each eligible entity in the state to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low income individuals, to be adequately represented on the board (or other mechanism) of the eligible entity to petition for adequate representation.

Plan for Carrying out Assurance 676(b)(10): Eligible entities are required to describe their established procedure during the application process. CSBG staff review tri-partite board by-laws, which are also required to be submitted during the application process, for appropriate procedures. Eligible entities are required to have written procedures documenting how low-income individuals or representative can petition for representation. The procedure is verified through monitoring and during the application assessment review.

Assurance 676(b)(11): To ensure that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, an (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs**.**

Plan for Carrying out Assurance 676(b)(11): Each eligible entity is required to submit a comprehensive community needs assessment and an action plan to DOLA describing what activities are being proposed and how CSBG funds will be used to carry out the activity(s). Action plans and needs assessments will be evaluated by CSBG staff and must clearly demonstrate the manner in which the eligible entity determined the need and how the agency will use and account for CSBG funds. Eligible entities are required to update their action plan and needs assessment every three (3) years.

Assurance 676(b)(12): To ensure that the State and all eligible entities in the state will, not later than fiscal year 2001, participate in the Results Oriented Management and Accountability System, another performance measure system for which the Secretary facilitated development pursuant to section 678E(b), or an alternative system for measuring performance and results that meets the requirements of that section, and a description of outcome measures to be used to measure eligible entity performance in promoting self-sufficiency, family stability, and community revitalization.

Plan for Carrying out Assurance 676(b)(12): DOLA CSBG staff has worked extensively with all eligible entities to implement and carry-out Results-Oriented Management and Accountability (ROMA) Act requirements in their CSBG program. ROMA outcome based management is required of all eligible entities receiving CSBG funds. ROMA mandates are included in the CSBG contract with eligible entities and application and final reports require ROMA based outcomes.

676(b)(13): To provide information describing how the State will carry out the assurances[676(b)(13). (**Narrative State Plan).**

Plan for Carrying out Assurance 676(b)(13): DOLA will provide a narrative description of how Colorado plans to carry out their assurances bi-annually in the State application and action plan.

(B) Administrative Assurances:

The State further agrees to the following administrative assurances, as required under the Community Services Block Grant Act:

675A(b): To submit an application to the Secretary containing information and provisions that describe the programs for which assistance is sought under the Community Services Block Grant program prepared in accordance with and containing the information described in Section 676 of the Act.

675C(a)(1) and (2): To use not less than 90 percent of the CSBG funds made available to the State to make grants to eligible entities for the stated purposes of the Community Services Block Grant program and to make such funds available to eligible entities for obligation during the fiscal year and the succeeding fiscal year, subject to the provisions regarding recapture and redistribution of unobligated funds outlined below.

675C(a)(3): That in the event the State elects to recapture and redistribute funds to an eligible entity through a grant made under Section 675C(a)(1) when unobligated funds exceed 20 percent of the amount so distributed to such eligible entity for such fiscal year, the State agrees to redistribute recaptured funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of the Community Services Block Grant program.

675C(b)(2): To spend no more than the greater of $55,000 or 5 % of its grant received under Section 675A or the State allotment received under section 675B for administrative expenses, including monitoring activities.

675(c): To comply with the requirements and limitations specified in Section 675(c) regarding use of funds for statewide activities to provide charity tax credits to qualified charities whose predominant activity is the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185% of the poverty line in order to prevent or alleviate poverty among such individuals and families.

676(a)(2)(b): That DOLA will hold at least one hearing in the State with sufficient time and statewide distribution of notice of such hearing, to provide to the public an opportunity to comment on the proposed use and distribution of funds to be provided through the grant or allotment under Section 675A or ‘675B for the period covered by the State Plan.

676(a)(1): That the chief executive officer of the State will designate an appropriate State agency for purposes of carrying out State Community Services Block Grant program activities.

676(a)(3): To hold as least one legislative hearing every three years in conjunction with the development of the State action plan.

676(e)(2): To make available for public inspection each action plan or revised State action plan in such a manner as will facilitate review of and comment on the plan.

678(b)(a): To conduct the following reviews of eligible entities:

- **i.** A full onsite review of each such entity at least once during each three-year period;
- **ii.** An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the Community Services Block Grant program;
- **iii.** Follow-up reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State; and
- **iv.** Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State or local grants (other than assistance provided under the Community Services Block Grant program) terminated for cause.

678(c)(a): In the event that the State determines that an eligible entity fails to comply with the terms of an agreement or the State Plan, to provide services under the Community Services Block Grant program or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State will comply with the requirements outlined in Section 678C of the Act, to:

- **i.** Inform the entity of the deficiency to be corrected;
- **ii.** Require the entity to correct the deficiency;
- **iii.** Offer training and technical assistance as appropriate to help correct the deficiency, and submit to the Secretary a report describing the training and technical assistance offered or stating the reasons for determining that training and technical assistance are not appropriate;
- **iv.** At the discretion of the State, offer the eligible entity an opportunity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan and to either approve the proposed plan or specify reasons why the proposed plan cannot be approved; and
- **v.** After providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding to the eligible entity unless the entity corrects the deficiency.

678D(a)(1) and 678D(a)(2): To establish fiscal controls, procedures, audits and inspections, as required under Sections 678D(a)(1) and 678D(a)(2) of the Act.

678D(a)(3): To repay to the United States amounts found not to have been expended in accordance with the Act, or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under the Community Services Block Grant program.

678E(a)(1): To participate, by October 1, 2001, and ensure that all-eligible entities in the state participate in the Results-Oriented Management and Accountability (ROMA) System.

678E(a)(2): To prepare and submit to the Secretary an annual report on the measured performance of the State and its eligible entities, as described under 678E(a)(2) of the Act.

678F(a): To comply with the prohibition against use of Community Services Block Grant funds for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility, as described in Section 678F(a) of the Act.

678F(b): To ensure that programs assisted by Community Services Block Grant funds shall not be carried out in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office; any activity to provide voters or prospective voters with transportation to the polls or similar assistance with any such election, or any voter registration activity.

678FC: To ensure that no person shall, on the basis of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Community program funds. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in Section 504 of the Rehabilitation Act of 19734 (29 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

679: To consider religious organizations on the same basis as other non-governmental organizations to provide assistance under the program so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution; not to discriminate against an organization that provides assistance under, or applies to provide assistance under the Community Services Block Grant program on the basis that the organization has a religious character; and not to require a religious organization.

Other Administrative Certifications: The State also certifies the following:

(1) To provide assurances that cost and accounting standards of the Office of Management and Budget (OMB Circular A-110 and A-122) shall apply to a recipient of Community Services Block Grant program funds; and

(2) To comply with the requirements of Public Law 103-227, Part C Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18 if the services are funded by a Federal grant, contract, loan or loan guarantee.. The State further agrees that it will require the language of this certification be included in any sub-awards, which contain provisions for children's services and that all sub-grantees shall certify accordingly.

SECTION 3 -STATE PLAN NARRATIVE

A. Administrative Structure

(1) State Administrative Agency: The Department of Local Affairs (DOLA) is the State's principal agency for housing and community development concerns that affect the State's sixty-four (64) counties.

(a) Mission and Responsibilities: DOLA administers the Community Services Block Grant, the Community Development Block Grant, the Neighborhood Stabilization Program, the Housing Choice Voucher Program, the HOME Program, and the Emergency Shelter Program which serve low-income households. The mission of the Department is to "Strengthen Colorado Communities. To accomplish this mission, DOLA provides leadership, professional assistance, and Federal and State financial resources to address affordable housing development, economic development, neighborhood revitalization, and services to meet the needs of low-income residents in Colorado communities. By partnering with the community services network, Federal, State and local governments, service providers and community based organizations DOLA is able to assist Colorado communities achieve their goals and strengthen their communities.

Adherence to the mission and responsibility is addressed in a variety of ways, including program and fiscal monitoring; certification of eligible entities' capacity to meet legislative requirements; provision of training and technical assistance to ensure agencies that require additional assistance are provided assistance; coordinating with and forming partnerships with other organizations serving low-income residents; and coordinating and establishing linkages between governmental and other social services programs to assure effective service delivery.

(b) Department Goals and Objectives: The following is an outline of the goals and objectives of the Department of Local Affairs for administration of the State's CSBG program:

Goal: Programs will be administered in accordance with the CSBG statutory purposes and in compliance with all other applicable State and Federal statutes, rules, regulations, policies and procedures.

Objective 1: Funds will be distributed in a timely manner and in accordance with applicable Federal and State statutes.

Objective 2: The CSBG application and action plan will be distributed for public review and comment and will be submitted to the Department of Health and Human Services.

Objective 3: A comprehensive onsite review of each eligible entity will be conducted at least once every three years in accordance with Section 678B of the CSBG Act. Priority assistance will be given to grantees designated as vulnerable or at risk.

Objective 4: CSBG funds will be administered in coordination with governmental and other social services program to assure effective delivery of services and to avoid duplication.

Objective 5: A comprehensive report (CSBG IS) will be prepared documenting the use and outcomes of CSBG funds annually and will be submitted to the Department of Health and Human Services.

(2) Eligible Entities: The following chart provides a list of eligible entities, county areas served, the FY 2011 funding level and the projected funding for FFY 2012 and FFY 2013 eligible entity distribution with proposed base funding changes. See Table 1.

(3a) Distribution and Allocation of Funds: See Table 1.

TABLE 1

Eligible Entities (Grantees)	Current Allocation	Proposed Allocation	
	FFY 2011	FFY 2012	FFY 2013
ADAMS COUNTY	$416,133	$416,133	$416,133
ARAPAHOE COUNTY	$369,760	$369,760	$369,760
BACA COUNTY	$9,896	$9,896	$9,896
BENT COUNTY	$13,053	$13,053	$13,053
BOULDER COUNTY	$340,707	$340,707	$340,707

Table 1

Eligible Entities (Grantees)	FY 2011 Allocation	Proposed FFY 2012 Allocation	Proposed FFY 2013 Allocation
BROOMFIELD CITY AND COUNTY	$20,980	$20,980	$20,980
CLEAR CREEK COUNTY	$8,999.80	$8,999.80	$8,999.80
COLORADO EAST COMMUNITY ACTION AGENCY (MCSA) (Serves Cheyenne, Elbert, Kit Carson, and Lincoln Counties)	$78,554	$73,554	$73,554
SAN LUIS VALLEY COMMUNITY ACTION AGENCY (MCSA) (Serves Alamosa, Conejos, Costilla, Mineral, Rio Grande, and Saguache Counties)	$139,411	$162,718	$162,718
CROWLEY COUNTY	$8,627	$8,627	$8,627
DELTA COUNTY	$43,229	$43,229	$43,229
DENVER CITY AND COUNTY	$1,028,053	$1,028,053	$1,028,053
DOUGLAS COUNTY	$48,963	$48,963	$48,963
EAGLE COUNTY	$42,555	$42,555	$42,555
EL PASO COUNTY	$532,675	$532,675	$532,675
GARFIELD COUNTY	$42,357	$42,357	$42,357
GILPIN COUNTY	$4,903.80	$4,903.80	$4,903.80
GUNNISON COUNTY (also serves Hinsdale County)	$26,503	$26,503	$26,503
SOUTH CENTRAL COUNCIL OF GOVERNMENTS (Serves a two County area of Huerfano and Las Animas Counties)	$49,869	$49,869	$49,869
JACKSON COUNTY	$5,287.80	$5,287.80	$5,287.80
JEFFERSON COUNTY	$354,104	$354,104	$354,104
KIOWA COUNTY	$4,956.80	$4,956.80	$4,956.80
LARIMER COUNTY	$298,588	$298,588	$298,588
MEXICAN AMERICAN DEVELOPMENT ASSN (MCSA) (Serves Montrose, Ouray and San Miguel Counties)	$88,860	$86,975	$86,975
MESA COUNTY	$153,931	$153,931	$153,931
MOFFAT COUNTY	$14,348	$14,348	$14,348
NORTHEAST CO ASSN of LOCAL GOVTS (MCSA) (Serves Logan, Morgan, Phillips, Sedgwick, Washington, and Yuma Counties)	$130,502	$153,459	$153,459
OTERO COUNTY	$49,056	$49,056	$49,056
PARK COUNTY	$10,609	$10,609	$10,609
PITKIN COUNTY	$12,115	$12,115	$12,115
PROWERS COUNTY	$36,399	$36,399	$36,399
PUEBLO COUNTY	$270,169	$270,169	$270,169
RIO BLANCO COUNTY	$9,726.80	$9,726.80	$9,726.80
ROUTT COUNTY	$15,630	$15,630	$15,630
HOUSING SOLUTIONS FOR THE SOUTHWEST (MCSA) Serves Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties	$150,713	$161,962	$161,962
SUMMIT COUNTY	$27,718	$27,718	$27,718
TELLER COUNTY	$14,480	$14,480	$14,480
UPPER ARKANSAS AREA COUNCIL OF GOVTS (MCSA) Serves Chaffee, Custer, Fremont and Lake Counties	$124,841	$122,577	$122,577
WELD COUNTY	$290,912	$290,912	$290,912

Distribution amounts are estimates based on the previous year's CSBG allocation from HHS.

(B) Description of Criteria and Distribution Formula: All eligible entities in good standing will receive an allocation in FFY 2012 and FFY 2013. The basic criterion of CSBG fund distribution will be the number of people below poverty in each County based on the most recent U.S. Census or American Community Survey estimates. Allocations to eligible entities will be made available annually.

(C) Description of Distribution and Use of Restricted Funds: DOLA anticipates that Colorado may receive approximately $5,876,415 in CSBG funding from the U.S. Department of Health and Human Services during fiscal years 2012 and 2013 of which 90% will be awarded to its network of eligible entities based on a funding formula. Colorado has 39 CSBG eligible entities, thirty-two are county governments, three are organized as Council of Governments (COG), two are non-profit organizations and two are private community action agencies. In most cases an eligible entity serves a single county, but in a few cases an eligible entity also serves a contiguous county or multiple counties.

Sixty-three of Colorado's sixty-four counties will be served with CSBG funds. Grand County is the only county not served with CSBG. In 2011, Grand County notified DOLA they were relinquishing their CSBG allocation due to the administrative and reporting burden of the program. Grand County's allocation of $11,904 was therefore divided among the five (5) single-county eligible entities which receive the least amount of CSBG allocation. This increase equated to an additional $2,380.80 per eligible entity. DOLA will continue to distribute the funds in the same manner until an eligible entity is identified and designated in Grand County.

Proposed FFY 2012 and 2013 CSBG Budget:

State Administration (5%)	$ 293,820
State Discretionary (5%)	$ 293,820
Eligible entity Distribution (90%)	$5,288,775
TOTAL	**$5,876,415.00**

The State has determined that eligible entities which join together to form a multi-county service approach (MCSA), with a designated lead agency is efficient and reduces the State's and an eligible entities contract management over-site duties. The multi-county concept is encouraged where possible and the concept of a base allocation is used as an incentive for the creation of a new MCSA. Therefore, a "base funding" formula was developed by which groups of at least three (3) eligible entities who engage in a multi-county service approach will receive $12,500 for each eligible entity in the MCSA in addition to their CSBG formula allocation. CSBG base funding will be distributed from the 90% eligible entity allocation and then each eligible entity's proportional poverty-based allocation is added. If an eligible entity opts not to remain within a specific MCSA, and wishes to continue a multi-county service approach, the eligible entity may, after consultation and approval of the State, maintain the base funding provided a new MCSA is formed with a minimum of three (3) eligible entities. However, should an eligible entity withdraw from a MCSA and become a single eligible entity their base funding would be terminated. If an MCSA is reduced to less than three eligible entities base funding will be discontinued for all eligible entities within the MCSA. If this occurs, the base funding would be returned to the CSBG budget available for eligible entity distribution. Eligible entities opting not to form an MCSA will be funded as a single county service area.

In the event that CSBG appropriation for FFY 2012 and FFY 2013 is less than the amount received in FFY 2011, DOLA shall allocate funding to eligible entities based on a distribution formula that reduces each eligible entities allocation and base funding, if applicable, by the percentage reduced in the State's allocation, or in any manner which is consistent with the requirement of the CSBG Act.

The State will not require eligible entities to return funds until such time as the two year grant period has expired. Eligible entities will not be allowed to draw down on new funds until prior year funds are expended or obligated. If the amount of carry over funding exceeds 20%, the State may either require the eligible entity to follow the procedure for carry over balances, or require the eligible entity to redistribute the funds. CSBG funds that are redistributed will be granted to a private, nonprofit organization, located within the community served by the original recipient of the funds for activities consistent with the intent of the CSBG Act.

(D) Description of Use of Administrative Funds: DOLA proposes to use approximately 5% of the State's CSBG allocation for administrative costs. Admin dollars partially fund ten (10) positions or two (2.6) FTEs at the Department of Local Affairs for administration, monitoring and planning related to carrying-out the CSBG program. Administrative funds may also be used to support indirect costs related to the CSBG program.

SECTION 4-PROGRAM IMPLEMENTATION

Program Overview

Community Needs Assessment: Beginning with the 2013 eligible entity application and plan submission time frame each eligible entity will be required to conduct a community needs assessment every three years that describes local poverty related needs, and identifies and prioritizes eligible activities to be funded by CSBG. Each agency must also describe the process the agency used to gather relevant information, involve its board and community, and ensure that the needs assessment reflects the current priorities of low-income residents. Because the range of CSBG funding can be anywhere from a few hundred dollars to over a million dollar for an eligible entity, the State has determined that the quality of a needs assessments can also range from a basic agency survey to a more comprehensive community-wide needs assessment due to the cost.

Tripartite Boards: DOLA requires each eligible entity to submit with their action plan a Tri-partite Board member roster and the previous 12 months of Tri-partite Board meeting minutes. Meeting minutes are reviewed and evaluated by CSBG staff to determine whether and how board members have been involved in the development, planning, implementation and evaluation of the program to serve low-income people. The Board roster is reviewed to assure that not fewer that 1/3 of its members is representative of low-income individuals and families in the neighborhood served. DOLA requires eligible entities to conduct a minimum of two Tri-partite Board meetings per program year contractually.

Compliance with the Tri-partite Board requirements may be verified by several means to include, but not limited to, the review of Board by-laws and meeting minutes as well as on-site monitoring. DOLA has entered into a partnership with the Colorado Community Action Association (State CSBG association) for the provision of training and technical assistance services for the CSBG network with an initial emphasis on Board development and ROMA.

A description of the method of selection for low-income community representatives is also required to ensure that a democratic selection process is taking place for targeted communities, and that Board members reside in the neighborhood they represent. Technical assistance on Board development will be a priority for the State and the Colorado Community Action Association during the 2012 and 2013 program years.

State Charity Tax Program: The State of Colorado does not have a charity tax program.

SECTION 5-FISCAL CONTROLS

(1) State Program Monitoring: DOLA has implemented a monitoring process consisting of four components: 1) Pre-assessment, 2) Desk monitoring, 3) On-site monitoring, and 4) On-going training and technical assistance.

In addition to this monitoring process, DOLA monitors the progress of projects and administrative initiatives against the goals and objectives stated in each eligible entity's action plan. To the extent possible, DOLA utilizes a proactive approach in identifying and addressing programmatic and organizational deficiencies and provides assistance to eligible entities to implement measures to avoid non-compliance.

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Pre-assessment review-during the application process, eligible entities are evaluated on the capacity of the organization to complete the project as described. The evaluation includes, but is not limited to, a review of the following:

- A detailed budget to support each program activity;
- A needs assessment and description of the collection and analysis process;
- Tri-partite board roster and a description of any training the Board have attended;
- Tri-partite board minutes from the previous 12 months;
- An agency audit;
- Tri-partite board by-laws;
- CSBG staffing report;
- CSBG policies and procedures; and if applicable,
- Sub-grantee agreements and a description of how program policy and procedures are communicated to sub-grantees.

Desk monitoring review-CSBG contract administrators are responsible to review quarterly performance and financial reports, year end reports, payment requests, requests for information, and any other relevant information to identify problem areas or technical assistance needs.

On-site monitoring review-DOLA will monitor eligible entities at least once every three years. An eligible entity may be monitored more frequently if they receive a large amount of funds, are experiencing problems, or who have turnover in experienced key positions. Each newly designated agency will receive a site visit within three months following their first year of operation.

DOLA is in the process of improving the CSBG monitoring tool which includes changes which will provide a more comprehensive review to ensure eligible entities are meeting Federal and State requirements. DOLA will implement the monitoring tool no later than the beginning of the 2012 State CSBG Program Year.

During an on-site monitoring review with the eligible entity, CSBG monitors may review various documents such as bylaws, articles of incorporation, program policies, client files, financial statements, sub-grantee agreements, financial reports, audits and interviews with key management and program staff and Board members. The Action plan plays a fundamental role in the monitoring process. In order to determine whether an eligible entity is meeting the goals of the CSBG Act, DOLA reviews the link between the goals that eligible entities establish in their Plan to what is corroborated later in progress and year-end (IS) reports submitted to DOLA.

Once the monitoring review is completed a written monitoring report will be sent to the eligible entity within 45 days of the review. The monitoring report may include any concerns or deficiencies noted during the review, provide recommendations for continuous improvement, and identify if a corrective action is required and a time schedule for correction or implementation. Eligible entities are required to respond in writing to monitoring reports that contain concerns or deficiencies. The response must include corrective actions that have been taken to address the deficiency or concern. These actions must be approved by DOLA and will be later verified through progress reports or on-site monitoring. If corrective actions are not conducted as required, CSBG funds may be withheld.
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On-going technical assistance-The monitoring process is further enhanced by regular communication and technical assistance between DOLA CSBG contract managers and the eligible entity at all stages from application to close-out. DOLA has entered into a partnership with the Colorado Community Action Association for the provision of technical assistance for eligible entities which initially will focus on ROMA and Board recruitment and development. DOLA may also institute a requirement of quarterly phone calls between DOLA CSBG contract managers and all eligible entities to facilitate a forum for information exchange and discussions and questions related to the CSBG program.

(2) Corrective Action, Termination and Reduction of Funding: The monitoring system strengthens the possibility for corrective action by increasing the opportunities to identify deficiencies in an eligible entities program or organization. Corrective actions may be established whenever an eligible entity is not meeting a performance standard or receives a finding as a result of a monitoring review by DOLA. If DOLA determines that an eligible entity has failed to comply with the corrective action plan or the agency does not meet appropriate standards, goals, and other requirements established by the State (including performance objectives), DOLA will follow a process consistent with Section 678C of the CSBG Act.

A public hearing will be held prior to reducing the proportional share of funding to any eligible entity. Circumstances under which a public hearing will be held to reduce an entity's proportional share of funding include restructuring the formula to better address the needs of the State, updates based on poverty statistics, and the termination of an eligible entity due to poor performance.

(3) Fiscal Controls, Audits, and Withholding: Fund accounting procedures are established by the State of Colorado State Controller. Each grant award to the State is segregated into its various components. These funds are set up in appropriate sub-funds and cost centers to report expenditures for various purposes. Eligible entities are required to submit budgets detailing the proposed use of CSBG funds and are subject the cost and accounting standards of applicable Federal Office of Management and Budget (OMB) Circulars.

Grantees are not eligible to receive advances. Payments are authorized on a reimbursement basis only and must include cost documentation to support the payment request. In addition, eligible entities are required to submit quarterly financial reports which are approved and tracked by CSBG staff. CSBG funds may be withheld if an eligible entity's reports are past due, if corrective action plans have not been addressed to the satisfaction of the State, or if renewal applications are not submitted in a timely manner. Funds will be released as soon as the past due item is submitted and approved.

SECTION 6-ACCOUNTABILITY AND REPORTING REQUIREMENTS

(A) Results Oriented Management and Accountability: DOLA has been working with eligible entities since the Government Performance and Results Act (GPRA) passed in 1993 to facilitate a transition from service-based to outcome-based approaches using guidelines available mainly due to the implementation of the Results-Oriented Management and Accountability (ROMA) Act in 1998. DOLA will continue its on-going effort of ROMA implementation during this Plan period.

Financial and program progress reports will be required quarterly in accordance with the procedures established by the Department of Local Affairs. Quarterly reports must be submitted within thirty (30) days after the end of each calendar quarter. A financial audit report is due within 180 days of the end of the calendar year.

(B) Annual Report: Section 678E(a)(2) The annual report for 2011/2012 Colorado CSBG/IS report will be submitted to the U.S. Department of Human Services by March 31, 2012.

SECTION 7-APPENDICES

(A) Documentation of Legislative and Public Hearings:

Department of Local Affairs

Strategic Plan for FY2012-13

Introduction

The Department of Local Affairs (DOLA) serves as the primary interface between the State and local communities. The department provides financial support to local communities and training and technical assistance to elected community leaders in the areas of governance, housing, property tax administration, and emergency management. While all state governments provide such services through various departmental structures, Colorado's approach is unique in that these local community services are gathered into one department of "Local Affairs" which has a central focus on strengthening those communities and enhancing livability. In this role, DOLA serves as the portal through which most communities access state government services.

DOLA makes financial resources available to support community infrastructure (i.e. water, sewer, road and bridge projects) and services (i.e. housing and emergency management) either through statutory formula distributions of state and federal funds (i.e. energy impact, gaming impact, Community Service Block Grants) or through state and federal grants at the discretion of the Executive Director with guidance from citizen boards. Roughly 95 percent of the monies for which the department is responsible returns to the citizens to improve communities and individual lives. These investments in local communities not only improve the quality of life for citizens, but they also put people to work; every $1 million invested in these communities creates 17 jobs (direct, indirect and induced).

DOLA is perhaps most known for distributing the state's energy impact funds (severance taxes and federal mineral lease revenues) to local governments throughout the state to mitigate the adverse impacts of the development of the state's abundant energy reserves. While the approximately 40% of formulaic funds which goes directly back to energy impacted communities remains in place, the remaining 60% of these funds which are typically made available through competitive grants has been swept into the state's General Fund for the last two years to help balance the state's budget. This diversion of energy impact funds has caused serious hardship on local governments which are already struggling with significantly reduced local property tax revenues, and has resulted in a huge backlog of much-needed community infrastructure projects. Consequently, local governments are increasingly utilizing DOLA's technical assistance services to improve efficiencies in performance, plan for the future, and leverage the limited resources which they have available.

DOLA has established a culture within the department that encourages collaboration and efficiency. When administrative functions and programmatic tasks are shared across the organization, our customers at the local level, including local elected and appointed officials, receive more integrated services. This sharing of expertise and function, along with workload, provides considerable administrative efficiency. Cross-training and teamwork among our divisions creates the conditions for better service to local communities.

Statutory Authority

The statutory authority is found in Title 24, Article 32, Colorado Revised Statutes (2011). Division of Property Taxation (DPT) authority can be found in Article X, Colorado Constitution; Title 39, Article 2.

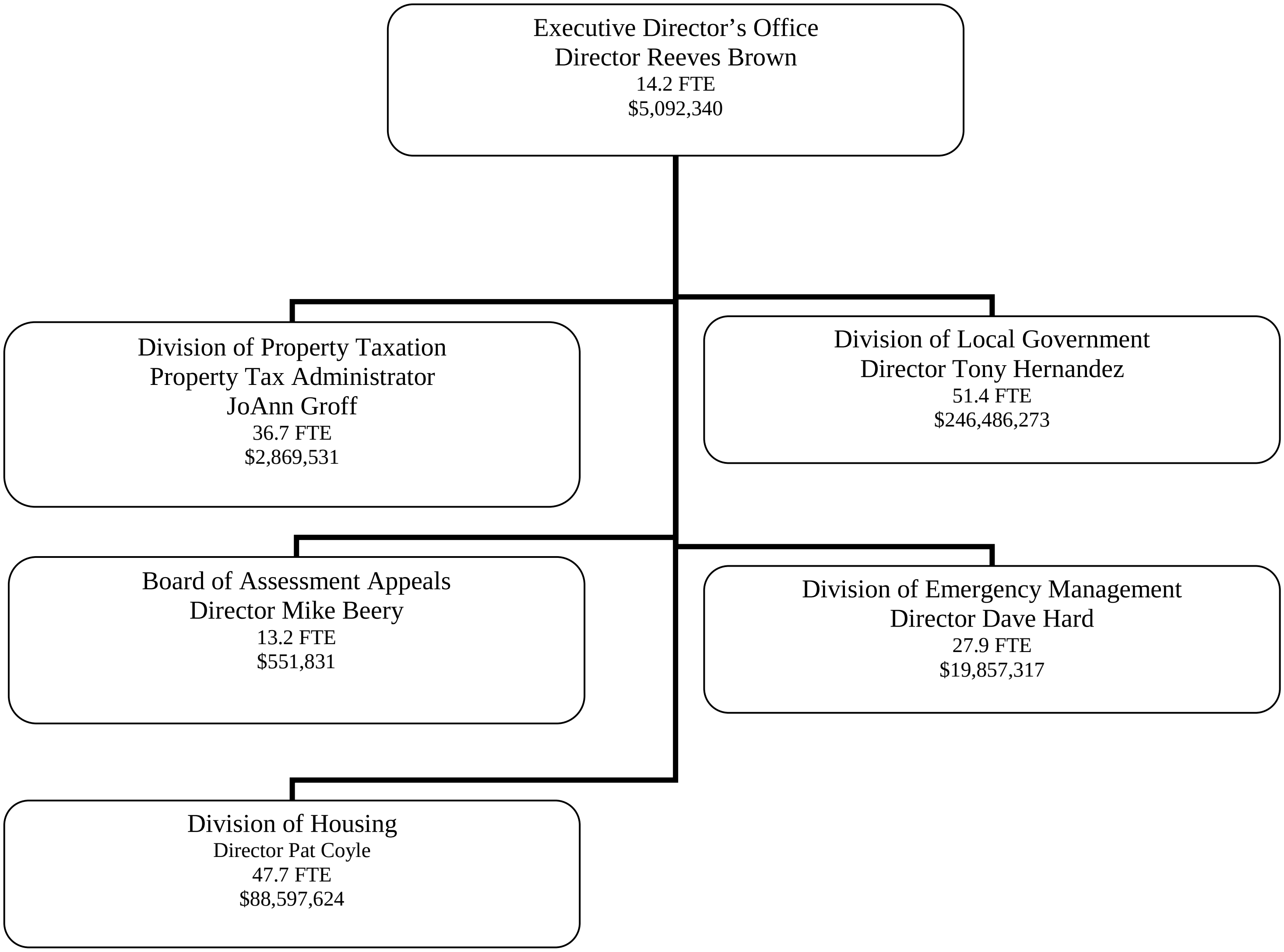
Board of Assessment Appeals (BAA) authority can be found in Article II, Title 39 of the Colorado Constitution.

Division of Housing authority can be found in Title 24, Article 32, Section 702, Colorado Revised Statutes (2011).

Division of Local Government authority can be found in Title 24, Article 32, Section 102, Colorado Revised Statutes (2011).

Division of Emergency Management authority can be found in Title 24, Article 32, Section 2105, Colorado Revised Statutes (2011).

Organizational Chart



191.1 FTE $363,437,279

$6,089,213 GF $4,294,753 GFX $228,629,982 CF $7,104,146 RF $117,319,185 FF

November 2011

Mission Statement

DOLA strengthens communities and enhances livability in Colorado by providing accessible assistance in the following areas:

- *Equitable and consistent implementation of property tax laws*
- *Community development that is revitalizing and sustainable*
- *Financial support for community needs*
- *Safe, affordable housing*
- *Emergency preparation, prevention, response and recovery*

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

DOLA's tag line to its mission statement has been: *"Strengthening Colorado's Communities."* DOLA remains committed to this tag line.

Vision Statement

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

DOLA structures its budget with this vision statement in mind. DOLA views itself as a partner to local governments to enhance the livability of Colorado communities through strategic investments using various financial tools and with technical support provided by the department's staff.

Objectives

1. Improve the efficiency of programmatic systems across the department to support the pursuit of division-specific goals. Automate systems where most appropriate and cost-effective.

   The Department of Local Affairs (DOLA) is pursuing programmatic systems efficiencies throughout the department as a way to help enhance service levels to customers. One of the programmatic systems areas DOLA is targeting is in the Division of Housing. Legislative action last year, HB 11-1230, transferred the Supportive Housing and Homeless Program (SHHP) program for the Department of Human Services to DOLA's Division of Housing (DOH). DOH already processes approximately 2,543 housing choice vouchers monthly as part if its Section 8 program and SHHP processes an additional approximately 3,200 housing choice vouchers monthly. With the assimilation of the two programs into one department, DOH now processes approximately 5,743 housing choice vouchers monthly using two distinctly different computerized programs and processes. DOLA feels it would be more effective and efficient to integrate these two systems into one process and achieve some greater economies of scale, reduction in errors processing payments and increasing customer satisfaction.

Performance Measure	Outcome	FY 12-13	FY 13-14	FY 14-15
Reduce processing errors to under 2%	**Benchmark**	New - TBD		
	Actual			
Increase customer satisfaction	**Benchmark**	New - TBD		
	Actual			

2. Coordinate financial and programmatic approaches across divisions within the Department to improve the quality of life in communities throughout the state

   The Department of Local Affairs (DOLA) administers the State's Community Development Block Grant (CDBG) Program to non-entitlement communities. The State's CDBG allocation is divided equally in thirds between the Division of Housing, Division of Local Government and the Office of International Trade and Economic Development for consideration of projects that meet the Federal and State objectives. The Federal allocation for this program has been declining over the past few years and this trend will likely continue. With fewer of these program funds available to the State, DOLA will begin to look at more strategic ways to invest the respective CDBG funds in local community projects. DOLA will begin to evaluate the leverage of these grant funds with other funds and local match in order to maximize the impact of these funds. CDBG funds can be used as a way to augment other investments or to help mitigate and offset other social and economic costs.

Performance Measure	**Outcome**	**FY 12-13**	**FY 13-14**	**FY 14-15**
Increase the leverage of other funds and local match to the investment of CDBG funds in projects.	**Benchmark**	New - TBD		
	Actual			
Increase the mitigation or offset of other social costs.	**Benchmark**	New - TBD		
	Actual			

3. Identify and pursue strategic community engagements which promote community stability and sustainability, and encourage local economic development opportunities.

Performance Measure	**Outcome**	**FY 12-13**	**FY 13-14**	**FY 14-15**
Identify and map (by county) the number of community engagement actions	**Benchmark**	New - TBD		
	Actual			

Community engagements are intentional processes that mobilize financial and/or intellectual resources to solve a common challenge.

4. Identify strategic employee engagement and demand for DOLA services beyond funding grant requests in order to serve our customers more effectively.

Performance Measure	**Outcome**	**FY 12-13**	**FY 13-14**	**FY 14-15**
Identify the number of employee engagements with local government officials regarding compliance and local government general governance technical assistance	**Benchmark**	New - TBD		
	Actual			

The Department of Local Affairs is the state's conduit for providing coordination of state services and information to assist local governments in effectively meeting the needs of Colorado citizens.

Program Objectives and Performance Measures

Division of Property Taxation (DPT)

Constitutional and Statutory Reference:
Pursuant to Article X, Section 15 of the Colorado Constitution, it is the duty of the Property Tax Administrator to administer the property tax laws set forth in Title 39, Articles 1 – 14, C.R.S.

Under the general laws of Colorado, the Property Tax Administrator heads the Division of Property Taxation. Their charge is to administer the implementation of property tax law throughout Colorado's 64 counties to ensure that valuations are uniform and that each property class contributes only its fair share of the total property tax revenue.

Vision Statement
The Division is committed to the fair, accurate and consistent application of property tax law for the benefit of all residents and property owners of this state.

Mission Statement
The Division staff strives for excellence in all it does to ensure the fairness and equalization of property taxation for all Colorado taxpayers.

Division-wide Goal
Coordinate and administer the implementation of property tax law throughout the 64 counties of this state to ensure that valuations are uniform. This includes the granting of exemptions, valuation of state assessed companies for ad valorem taxation, providing technical assessment assistance, and promoting the equalization of property valuation.

Appraisal Standards Section

Description:
Appraisal Standards prepares and publishes appraisal manuals, procedures and instructions. It holds schools and seminars regarding all areas of appraisal. It conducts field studies and provides statewide assistance in agricultural land classification, natural resources and personal property valuation, as well as assistance in the valuation of residential, commercial and industrial properties. The section assists in reappraisal efforts, reviews internal appraisal forms used by assessors, and investigates and responds to taxpayer complaints.

The Division offers a wide variety of courses and workshops throughout the year. The Appraisal Standards section conducts three tested courses: Basic Appraisal Principles, Basic Appraisal Procedures, and Uniform Standards of Professional Appraisal Practice (USPAP).

Goal:
Assist county appraisal staff and the public with ad valorem valuation issues. This includes the application of sound appraisal principles, compliance with statutory and constitutional mandates and interpretation of applicable court decisions.

Budget measurement standard: Education – achieve 95% student pass rate. Attain 80% rate of student satisfaction. Attain 80% rate of assessor satisfaction with student skill transfer back to the job.

Administrative Resources and Appraisal Standards Performance Measures	**Outcome**	**FY 09-10 Actual**	**FY 10-11 Actual**	**FY 11-12 Estimate**	**FY 12-13 Request**
Education – Achieve 95% student pass rate. Attain 80% rate of student satisfaction. Attain 80% rate of assessor satisfaction with student skill transfer back to the job.	**Benchmark**				
	No. of Students in Tested Courses	225	225	225	225
	Pass Rate	95%	95%	95%	95%
	Student Satisfaction	80%	80%	80%	80%
	Assessor Satisfaction	80%	80%	80%	80%
	Actual				
	No. of Students in Tested Courses	138*	204		
	Pass Rate	97.90%	97.44		
	Student Satisfaction	90.00%	92.00%		
	Assessor Satisfaction	80.00%	87.98%		

Evaluations will be based on a scale of 1 to 5, with “1” reflecting a response of **very poor** (20%), “2” reflecting a response of **poor** (40%), “3” reflecting a response of **fair** (60%), “4” reflecting a response of **good** (80%)**,** and “5” reflecting a response of **very good** (100%).

<u>Administrative Resources Section</u>

Description:
Administrative Resources prepares and publishes administrative manuals, procedures and instructions. It conducts classes and seminars regarding the administrative functions of the assessors’ offices. It performs field studies and provides statewide assistance with issues such as, tax increment financing, the administration and valuation of manufactured homes, feasibility studies, senior and disabled veteran exemptions, classification of property, title conveyance, mapping,

production of the Abstract of Assessment, certification of values to taxing entities, and the tax warrant. . The section also investigates taxpayer complaints. It is responsible for various studies and reports such as fiscal impacts for Legislative Council, the residential assessment rate study and the Property Tax Administrator's Annual Report to the General Assembly and State Board of Equalization. It also coordinates with agencies having an interest in property taxation. In addition, the field staff works closely with assessors in all areas of property taxation. Administrative Resources is also responsible for approving or disapproving all petitions for refund or abatement of taxes in excess of $1,000.

If taxes have been levied erroneously or illegally, county treasurers are to abate such taxes and interest accrued thereon. The Property Tax Administrator shall approve or disapprove any abatement or refund in excess of $1,000, § 39-2-116, C.R.S.

Goal:
Increase the knowledge, competency and effectiveness of Colorado assessors and their staff in the fulfillment of their duty to complete the tasks necessary to produce the tax warrant. Spearhead and execute numerous statutory undertakings assigned to the Property Tax Administrator, such as special requests from Legislative Council or legislators. Improve the efficiency of internal processes for the benefit of the counties, the taxpayers and all other affected parties.

Budget measurement standard 1*:* Same as above for Appraisal Standards

Budget measurement standard 2*:* Reduce refund interest accruals at the county level by maintaining average age of abatements pending review to 30 days or less.

Performance Measure	Outcome	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estimate	FY 12-13 Request
Reduce refund interest accruals at the county level by maintaining average age of abatements pending review to 30 days or less.	**Benchmark** Days to Process	30.0	30.0	30.0	30.0
	Actual Days to Process	18.5	14.9	15	

Exemptions Section

Description:
The Exemptions section is responsible for determining qualification for exemption from property taxation for properties that are owned and used for religious, charitable and private school purposes. Exempt property owners are required to file annual reports with DPT to continue with the exemption status. This section provides assistance to counties and taxpayers with inquiries about exempt properties, conducts hearings on denied exemption applications and revocations of exemptions, and defends appeals of such denials and revocations.

Goal:
Thoroughly, accurately and promptly evaluate all new requests for exemptions from charitable, religious, and private school organizations, review all annual reports from granted exempt organizations in a similar manner, and enhance property owner convenience.

Budget measurement standard: Process 100% of applications for exemption within 12 months of receipt.

Performance Measure	Outcome	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estimate	FY 12-13 Request
Exemptions – Process 100% of applications for exemption within 12 months of receipt.	**Benchmark**	100%	100%	100%	100%
	Actual	93.65%	93.40%		

State Assessed Section

Description:
The State Assessed section is the only area of the DPT which regularly performs original valuation of property on an annual basis. The section values all public utilities, rail transportation companies, airlines and renewable energy facilities doing business in Colorado. The company valuations are then apportioned to the counties for collection of local property tax. Both county commissioners and public utilities may protest the value assigned to state assessed property, and both may appeal to the Board of Assessment Appeals (BAA) if the protest is not resolved at the Division level. The statutorily set deadlines and nature of this work concentrates much of the specific activity of the section into a seven month time frame from approximately February 1 through the end of August, the deadline by which any appeal of value must be filed at the BAA.

The remaining five months are dedicated to preparation and presentation of information as necessary for any values that have been appealed to the BAA by either the public utility or the county commissioners. Additionally, there is extensive "clean up" after the valuation season: documenting information to files; destroying old files; ensuring all references to companies are appropriately updated and information for all companies are current in preparation for the next appraisal season; et al. This time is also used for state assessed staff to research information and attend specifically targeted classes or conferences to stay current with general industry trends, and become familiar with any new industry assignments. Additionally, the state assessed staff assist in projects of other DPT sections as appropriate.

Goal:
Produce accurate, equitable and defensible values for property tax purposes of public utility companies operating in Colorado in compliance with statutorily set deadlines. This requires staff to stay current with industry trends and provide timely response to any appeal of the values they establish.

- ***Budget measurement standard:*** Provide accurate, uniform and defensible valuation of state assessed companies measured by the number of appealed values upheld by the BAA.

Performance Measure	Outcome	FY 09-10 Actual	FY 10-11 Actual	FY 11-12 Estimate	FY 12-13 Request
State Assessed – Provide accurate, uniform, and defensible valuation of state assessed companies.	**Benchmark**				
	Companies Valued	570	570	580	590
	Protests Filed	85	85	85	85
	BAA Appeals	2	2	2	2
	Value Upheld*	2	2	2	2
	Value Adjusted*	0	0	0	0
	Actual				
	Companies Valued	565	526		
	Protests Filed	69	73		
	BAA Appeals	19	na		
	Value Upheld*	na	na		
	Value Adjusted*	na	na		

*Due to the BAA's workload, appeals may not be heard for up to 18 months after the protest to the Division of Property Taxation. For this reason, the BAA outcomes pertain to appeals filed in prior tax years.

Board of Assessment Appeals

Introduction

The Board of Assessment Appeals (BAA) hears appeals filed by real and personal property owners regarding the valuation placed on their property for property tax purposes.

County Assessors are responsible for valuing all property in their county except for exempt property and state assessed properties. Taxpayers may appeal the assigned value to the Assessor and the County Board of Equalization (valuation appeal) or to the Board of County Commissioners (abatement). These cases may then be appealed to the BAA.

State assessed properties and exemptions are appealed to the property tax administrator. These cases may then be appealed to the BAA.

Appeals may also be filed with the BAA when a County Board of Commissioners or a County Board of Equalization has failed to make a timely decision on a matter properly presented.

Appeals to the BAA must be made in writing to the Board within 30 days from the date of the decision that is being appealed. After the appeal is docketed, a receipt of appeal is sent to the Petitioner. A notice of hearing is mailed to all parties at least 30 days prior to the scheduled hearing. The Board's decision is transmitted in a written order and mailed to all parties. Board decisions are also posted on the Board's website. Board decisions may be appealed to the Colorado Court of Appeals.

Members of the Board are appointed by the Governor and confirmed by the State Senate. By statute, the Governor may appoint from three to nine appraisers to the Board. At this time, there are nine members of the Board to allow cases to be heard on a timely basis.

Statutory Authority

The statutory authority for the Board of Assessment Appeals (BAA) can be found in Article X of the Colorado Constitution and Title 39, Article 2 of the Colorado Revised Statutes.

BAA Mission Statement

The Board of Assessment Appeals exists to strengthen Colorado communities by providing a fair and impartial forum for taxpayers to appeal real and personal property valuations or exemptions.

The Board of Assessment Appeals strives to be:

- Responsive to the needs of taxpayers and counties.
- Careful with resources.
- Solutions-oriented in our approach to problems.
- Respectful of the people with whom we work both inside and outside the Division.

BAA Vision Statement

The Board of Assessment Appeals is recognized for providing an accessible forum for resolving taxpayer valuation and exemption appeals in a fair, impartial and timely manner. In order to achieve this vision, the Board of Assessment Appeals will focus on: (1) reducing the time it takes for a taxpayer's appeal to be resolved; and (2) improving accessibility to a fair and impartial hearing process for taxpayers.

BAA Objectives

Objective 1: Ensure taxpayer appeals are resolved on timely basis through the efficient use of available resources.

Objective 2: Improve accessibility to a fair and impartial hearing process for taxpayers.

BAA Performance Measures and Benchmarks

Performance Measure	Outcome	FYE 6/30/08	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12
Number of Petitions Resolved	**Benchmark**	None	1,775	2,100*	2,750**	3,340***
	Actual	1,750	1,993	2,680	3,340	unknown

Performance Measure	Outcome	FYE 6/30/08	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12
Number of Educational and Outreach Activities	**Benchmark**	None	10	11	12	12
	Actual	9	10	11	12	unknown

* The benchmark for FYE 6/30/10 was increased in July 2009 after taking into account the Division's success in resolving significantly more cases in FYE 6/30/09 than originally planned.

** The benchmark for FYE 6/30/11 was increased in July 2010 after taking into account the Division's success in resolving significantly more cases in FYE 6/30/10 than originally planned.

*** The benchmark for FYE 6/30/12 was increased in July 2011 after taking into account the Division's success in resolving significantly more cases in FYE 6/30/11 than originally planned.

BAA Strategies

Strategy 1: Background

The Board of Assessment Appeals receives and processes a large number of appeal petitions each year. In FYE 6/30/10, the Board received 3,945 appeal petitions. This represented a 65% increase in the number of appeal petitions filed with the Board over the comparable filing period for FYE 6/30/08. In FYE 6/30/11, the Board received 2,111 appeal petitions. This represented a 61% increase in the number of appeal petitions filed with the Board over the comparable filing period for FYE 6/30/09. Most appeal petitions are filed during the months of August through December. BAA staff does an excellent job receiving and processing the high volume of petitions received.

After a petition has been received and processed, it is set for hearing. Prior to FYE 6/30/09 and the implementation of this strategic plan, BAA staff sent out about 150 notices of hearing per month (about 1,800 per year). This was thought to be the maximum number of hearing notices that could be issued given existing resource limitations. BAA only has two hearing rooms to hear petitions.

Strategy 1 was implemented to reduce the amount of time it takes for a petition to be resolved with existing resources.

Strategy 1: Implementation

During the fiscal year ending June 30, 2009, the Board of Assessment Appeals implemented a new process for setting cases for hearing. This new process is known as a trailing docket. Under the trailing docket, BAA staff issues notices of hearing approximately 90 days in advance of hearing dates. All hearings scheduled for a particular day are set at 8:30 am in the BAA's offices. Multiple hearings are scheduled at the same time. Approximately ten (10) days prior to the hearing date and after many cases have been resolved through settlement or petition withdrawal, the parties in the remaining cases are informed of the exact time for their hearing. This process allows significantly more cases to be set for hearing and results in the resolution of more cases each month. This new process has been very successful. In FYE 6/30/09, 14% more cases were resolved at the BAA than in FYE 6/30/08. In FYE 6/30/10, 54% more cases were resolved at the BAA than in FYE 6/30/08. In FYE 6/30/11, 91% more cases were resolved at the BAA than in FYE 6/30/08.

Strategy 2: Background

The Board of Assessment Appeals provides a cost-effective forum for taxpayers to appeal real and personal property valuation and exemption decisions rendered by counties. In many of these cases, taxpayers appear pro-se (without representation). Hearings before the Board are similar to trials held in non-jury civil courts. The process can be intimidating for unrepresented taxpayers who are not familiar with the court process.

In order to make the process more accessible to taxpayers from counties outside of the Denver-metro area, the Board has held hearings in recent years in Alamosa and Grand Junction. These remote hearings have been well-received by taxpayers, who might not otherwise be able to exercise their right to challenge the county's valuation and exemption decisions. The remote hearings are also well-received by counties, who are able to allow more of their staff to attend the hearings and learn about the appeal process.

The Board of Assessment Appeals is committed to improving accessibility to a fair and impartial hearing process for taxpayers through the increased use of educational and outreach activities. Strategy 2 is being implemented to better inform taxpayers of the appeals process and to improve accessibility to the process.

Strategy 2: Implementation

In order to assist taxpayers and counties in better understanding the appeal process, the Board provides educational opportunities about the process. This includes web-based and DVD-based educational materials, which are accessible by visiting the Board's web page or by mail for taxpayers who do not have internet access. The educational materials help taxpayers and counties be better prepared for their hearing and result in more efficient hearings. The Board and its staff also engage in other outreach activities, such as speaking engagements which offer opportunities to learn about the appeal process.

The Board will continue to engage in outreach activities designed to provide accessibility to the hearing process. These activities may include remote hearing locations, telephone hearings, video conference hearings and other outreach designed to improve accessibility to the appeal process. The opportunity for partnering with State colleges and other governmental agencies for video conference hearings will be explored.

Division of Housing

Introduction

The Department of Local Affairs, Division of Housing (DOLA Housing Division) works with a variety of partners to increase the availability of affordable housing to residents of Colorado. DOLA Housing Division provides grants, loans, rental subsidies and bond authority to local governments, housing authorities, non-profit organizations, for-profit and non-profit developers, private landlords and other organizations to create, preserve and rehabilitate housing for Colorado's workers, families, seniors and those with special needs. DOLA Housing Division also certifies all factory/manufactured structures built in or shipped to Colorado and approves multifamily construction in counties with no construction codes.

To assist in meeting the affordable housing needs within the DOLA Housing Division administers the following grant, loan, bond authority and manufactured housing programs:

- HOME Investment Partnership Grant/Loan Program
- Community Development Block Grant Program
- Emergency Shelter Grant Program
- Housing Opportunities for People with AIDS Grant Program
- HOME Investment Trust Fund Loan Program
- Private Activity Bonds (balance of State) Program
- Housing Choice Voucher, Homeownership and Family Self-Sufficiency Program
- Manufactured Housing Dealer Registration Program
- Inspection and certification programs for all factory-built (modular) housing, commercial structures, and manufactured homes.
- Consumer complaint service program for factory/manufactured structures
- Manufactured Home Installation Program

Colorado State Housing Board

The Colorado State Housing Board (the Board) was created in 1970 to advise the General Assembly, the Governor, and the DOLA Housing Division on Colorado housing needs. The seven member Board reviews financing requests and adopts policies to assist in the development of affordable housing. The Board also adopts regulations governing factory built structures and multifamily housing in counties with no codes.

Statutory Authority

The statutory authority for the Colorado Division of Housing can be found within the Colorado Housing Act of 1970, Colorado Revised Statutes Title 24, Article 32, 701 - 718.

DOLA Housing Division Mission Statement

The mission of the DOLA Housing Division is to ensure that Coloradans live in safe, decent, and affordable housing. We do this by helping communities meet their housing goals.

DOLA Housing Division Vision Statement
With stakeholders, create a strategic direction for the DOLA Housing Division to improve the state's impact on affordable housing.

Preparation of the DOLA Housing Division Strategic Plan

DOLA Housing Division develops two housing plans annually that assist in setting the strategic plan for the Division. The State Consolidated Plan and the Housing Choice Voucher Annual Plan identify DOLA Housing Division strategies and goals to address affordable housing needs in Colorado communities. DOLA Housing Division relies on a number of resources and publications to identify the greatest needs for affordable housing in Colorado. These sources include a quarterly vacancy survey report, foreclosure report, household income report, housing needs assessments, US census building permits, unemployment reports, economic growth report and public housing waiting lists. Information from these reports is supplemented by data from the DOLA demography section and outside sources. All the information referenced above is utilized in preparing the DOLA Housing Division Strategic Plan.

DOLA Housing Division also has a Community Housing Assistance Team, or "CHATS" staff that works one-on-one with local communities throughout Colorado to identify housing needs, prepare housing strategies, identify potential housing projects and create financing packages for new housing and to preserve existing housing. The team has staff in Denver and in two field offices in Colorado. The CHATS work with other affordable housing funders (Colorado Housing Finance Authority, Department of Housing and Urban Development, Rural Development, Mercy Housing, Enterprise Foundation, etc.) to identify and maintain a pipeline of potential affordable housing projects.

Livability Focus
DOLA, in partnership with local governments, the public and private sector, is strategically linking each of its programs to improve peoples' lives in five areas: jobs, housing, transportation, education and environment. This is accomplished by leveraging program dollars and staff consultation within DOLA for our partners and stakeholders as well as strengthening coordination of services and funding resources from other state agencies. DOLA Housing Division's leadership and participation in this effort is essential.

Because safe and affordable housing is fundamental to the ultimate success of all Colorado communities, DOLA Housing Division will target the following objectives with the greatest emphasis of providing housing to those earning less than 50% of the Area Median Income.

DOLA Housing Objectives

Objective 1: Preserve the existing statewide supply of affordable rental or home-ownership housing.

Objective 2: Increase the statewide supply of affordable "workforce" rental housing and home-ownership opportunities.

Objective 3: Increase the capacity and stability of local housing and housing service providers statewide.

Objective 4: Increase statewide pre-purchase homeownership counseling for low/moderate income and minority households.

Objective 5: Meet community needs for the homeless statewide by providing supportive services and increasing the number of shelter beds available.

Objective 6: Increase statewide supply of housing for persons with special needs coupled with services that increase or maintain independence.

Objective 7: Provide rental subsidies statewide for low-income households who would otherwise have to pay more than 30% of their household income for housing.

Objective 8: Ensure the statewide safety and habitability of factory/manufactured structures through program services that are efficient and effective.

DOLA Housing Performance Measures and Benchmarks

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Preservation of affordable rental and homeownership housing	**Benchmark**	910	910	910	910	910
	Actual	509	774	257	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Increase supply of workforce rental and homeownership housing.	**Benchmark**	550	550	550	550	550
	Actual	887	519	559	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Provide Community Housing Development Organization operating funding equal to 5% of HOME allocation	**Benchmark**	100%	100%	100%	100%	100%
	Actual	90%	100%	84%	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Fund pre-purchase housing training programs for a minimum of 1,000 potential homebuyers	**Benchmark**	1,000	1,000*	1,000	1,000	1,000
	Actual	110	5,000	4,800	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Increase the number of shelter beds or the number of homeless service agencies funded	**Benchmark**	115	115	115	115	115
	Actual	56	264	66	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Sustain and increase the number of educational activities (Sec. 8 training, Developer's Tool Kit, Advanced Financing etc.)	**Benchmark**	5	6	7	7	7
	Actual	6	10	13	unknown	unknown
Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Fund 50 units of special needs housing.	**Benchmark**	50	50	50	50	50
	Actual	292	307	372	unknown	unknown
Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Increase and sustain the number of households receiving rental assistance	**Benchmark**	2,600	2,600	2,600	2,600	2,600
	Actual	2,552	2,445	2,693	unknown	unknown
Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Reduce residential plan review turn-around time (days)	**Benchmark**	15	10	5	5	5
	Actual	9	4	14	unknown	unknown
Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Reduce commercial plan review turn-around time (days)	**Benchmark**	20	15	10	5	5
	Actual	15	12	22	unknown	unknown

Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Meet manufacturer plant inspection request dates	**Benchmark**	100%	100%	100%	100%	100%
	Actual	100%	100%	98%	unknown	unknown
Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Reduce average field inspection turn-around time (days)	**Benchmark**	20	18	18	18	18
	Actual	10	22	15	unknown	unknown

DOLA Housing Division Strategies to obtain Objectives

Objective 1,

Strategy #1

To preserve existing statewide affordable housing, DOLA Housing Division will fund projects that involve acquisition and/or rehabilitation of affordable rental properties or rehabilitation of owner-occupied housing.

Objective 2,

Strategy #1

To increase the supply of statewide workforce housing, DOLA Housing Division will fund new rental and single-family construction projects aimed at households whose income is at or below 80% of Area Median Income.

Objective 3,

Strategy #1

To increase the stability and capacity of local housing and housing service providers statewide, DOLA Housing Division will fund as many CHDO Operating applications as possible with the 5% of HOME funds available for that purpose.

Strategy #2

To increase the stability and capacity of local housing and housing service providers statewide, DOLA Housing Division will sustain and increase the number of educational activities it sponsors.

Objective 4

Strategy # 1

To increase and maintain responsible home ownership for low/moderate-income minority households statewide, DOLA Housing Division will fund pre-purchase homeownership counseling efforts through the NSP and CDBG programs as opportunities arise.

Strategy #2

To increase and maintain responsible home ownership for low/moderate-income minority households statewide, DOLA Housing Division will support Down Payment and Closing Cost assistance efforts with HOME and CDBG funds.

Objective 5,

Strategy #1

To meet community needs for homeless shelters and services statewide, DOLA Housing Division will use ESG and CDBG funds to support homeless shelter operations and services, and CDBG funds to increase shelter capacity in non-entitlement areas of the state.

Objective #6,

Strategy #1

To increase the statewide supply of housing for persons with special needs coupled with services that increase or maintain independence, DOLA Housing Division will fund permanent supportive housing for seniors, the disabled, the chronically homeless and victims of domestic violence using HOME, CDBG, HDG and RLF funds.

Objective #7,

Strategy #1

DOLA Housing Division will apply for at least 50 additional rental vouchers annually (when incremental vouchers are available through HUD) to give additional families in the State the opportunity to receive rental assistance.

Objective #8,

Strategy #1

To increase efficient and effective service statewide by reducing plan review and inspection response times DOLA Housing Division will utilize third party plan review and inspection agencies.

Division of Local Government

Introduction
The Division of Local Government (DLG) achieves the mission and vision of the Colorado Department of Local Affairs by partnering with local units of government to foster sustainable community development and improve quality of life for citizens across the state. Utilizing a comprehensive approach, DLG bolsters the resources and capabilities of local communities. With a complement of technical and financial assistance programs and services, DLG's toolbox serves Colorado in vital ways. Communities with engaged leadership and accessible high quality public services are vital and sustainable.

Statutory Authority
The Statutory Authority for the Division of Local Government can be found in Title 24, Article 32, Section 103, Colorado Revised Statutes.

The Division of Local Government Mission Statement
The Division of Local Government provides high quality technical and financial assistance services to local governments and communities throughout Colorado to enable them to achieve sustainable community development.

The Division of Local Government Vision Statement
The Division of Local Government strengthens Colorado communities by assuring that local governments and their citizens receive the resources they need to achieve their goals.

Financial Assistance
DLG administers an array of federal and state financial assistance programs specifically designed to address public facility and service needs. Through coordination and outreach with the department's field offices, grant and loan resources are distributed on both a formula and discretionary basis depending upon applicable state statutory provisions, federal requirements and/or program guidelines. The Financial Services section coordinates applications and contract and payment distribution processes, develops and maintains partnerships with federal funding agencies and conducts training sessions for local government grantees in project administration activities.

Technical Assistance
DLG's Local Government Services (LGS) section provides technical assistance to local officials and staff in the day-to-day operation of government and with understanding and complying with statutory requirements. LGS delivers assistance through workshops, publications, individual consultations and on-line resources. Technical assistance topics include: budgeting and financial management, land use planning, elections, general government administration, procurement, personnel and water and wastewater management.

The State Demography Office is the primary state agency for population and demographic information. Its data are used by state agencies, local governments, private citizens and businesses to forecast demand for facilities and services. The Demography Office makes the data publicly available on the department's website, answers requests for economic and demographic data and provides training workshops on accessing and using the data. The State Demography Office also serves as the state liaison to the federal government for Census 2010. The Census results direct allocation of billions of dollars of federal funds, determines political districting and other boundary districting, creates temporary jobs and provides actionable information about Colorado communities.

Field Services
In order to provide the best possible service throughout the state, DLG has eight regional offices throughout Colorado, including Denver. Regional managers and field staff help local elected and appointed officials and community agencies define concerns and opportunities, evaluate options, identify solutions and achieve results. These skilled staff members, most with local government administration backgrounds, also offer management, planning, community development and technical assistance.

Sustainability Initiative
DOLA, in partnership with local governments, and public and private sector organizations, is strategically linking each of its programs to improve peoples' lives by utilizing seven sustainability principles: increase economic competitiveness; promote equitable, affordable housing; support existing communities; provide more transportation choices; conserve, responsibly utilize and protect valuable natural resources; value healthy communities and neighborhoods; and enhance integrated planning and investment. This is accomplished by leveraging program dollars and staff consultation within DOLA for our partners and stakeholders as well as strengthening coordination of services and funding resources from other state agencies. DLG's leadership and participation in this effort is essential.

Boards, Commissions and Advisory Groups
DLG utilizes the guidance and recommendations of several advisory committees. Among them:

- State Energy and Mineral Impact Assistance Advisory Committee
- Local Government Limited Gaming Impact Advisory Committee
- County Elected Officials Salary Commission
- Volunteer Firefighter Pension Advisory Committee
- Severance and Federal Mineral Lease Direct Distribution Advisory Committee

Division of Local Government Objectives

Objective 1: Increase the effectiveness and accountability of municipalities, counties and special districts by ensuring compliance with statutory requirements in the following areas:

- Budget preparation assistance of local governments
- Property Tax Revenue limitations (CRS 29-1-301)

Objective 2: Promote increased regional collaboration among local governments through strategic grant investments. With local partners, identify multi-jurisdictional projects that improve efficiencies in public services such as health services, water and wastewater treatment and emergency preparedness.

Objective 3: Enhance accessibility of and satisfaction with technical services statewide through webinars, teleconferences and other outreach services. Providing cost-effective alternatives to “must-have” information will touch outlying areas and engage our customers.

Objective 4: Report the number of jobs created or retained through DLG programs. This can be achieved, in part, by marketing financial assistance services through every available channel to key stakeholders to improve systems and accessibility in times of limited funds, and publishing the results to convey division effectiveness.

Objective 5: Improve internal and statewide external customer relations. Doing so will support DOLA’s vision of responsive action, flexibility and unparalleled customer service.

Division of Local Government Performance Measures and Benchmarks

Objective 1 Performance Measure	**Outcome**	**FYE 6/30/09**	**FYE 6/30/10**	**FYE 6/30/11**	**FYE 6/30/12**	**FYE 6/30/13**
Assist to ensure local government compliance with Annual Levy Law (CRS 29-1-301) Monitor local governments and Order mill levy reduction for those found in violation.	Benchmark	100%	100%	100%		
	Total Orders/ Total Violations	39/39	39/39	33/33		
	Actual	100%	100%	100%		
Assist to ensure local government compliance with completing and filing Annual Budget (CRS 29-1-113) Monitor local governments, provide late notification, and direct county Treasurer to withhold funds.	Benchmark	95%	95%	95%		
	Total to be filed/ Total Withheld	2,868/128	2,946/120	3,000/149		
	Actual	95.5%	95.9%	95.1%		

Objective 2 Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Promote increased regional collaboration among local governments through strategic grant investments. With local partners, identify multi-jurisdictional projects that improve efficiencies in public services such as health services, water and wastewater treatment and emergency preparedness.	Increase the number of multi-jurisdictional projects funded per year	10%	12%	14%	16%	16%
	Actual	19.4% of projects funded were multi-jurisdictional	18 % projects funded were multi-jurisdictional	16.9% projects funded Less grant dollars were available reallocation of Energy Impact dollars to General Fund	unknown	unknown

Objective 3 Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Earn an 95% Customer satisfaction rate on webinar and other trainings on budgets, governance, planning, elections (elections training is in 2012)	Benchmark	New	85% Approval rate	85% Approval rate	90% Approval Rate	95% Approval Rate
	Actual	New	97%	100%	unknown	unknown

Objective 4 Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Report the number of jobs generated/retained through strategic investment of DLG financial resources	Jobs generated/ retained per DLG dollar invested	4000	1500	1500	1500*	1500
	Actual	4,113	3,471	1,335	unknown	unknown

* The Energy and Mineral Impact Assistance fund represents approximately 60% of DLG grant funding. When EIAF funds are redirected to the General Fund, jobs generated will decline proportionately.

Objective 5 Performance Measure	Outcome	FYE 6/30/09	FYE 6/30/10	FYE 6/30/11	FYE 6/30/12	FYE 6/30/13
Achieve 95% local government customer satisfaction with DLG services	Benchmark	92 responses 87% overall approval	200 responses, 85% good and/or very good approval	300 responses 90% good and/or very good approval	300 responses 90% good and/or very good approval	300 responses 95% good and/or very good approval
	Actual	92 responses 87% overall approval	363 responses 87.27% good and/or very good approval	*No results this year Working with private sector to survey customers Prior year done internally	unknown	unknown

* DLG is working with a private company to implement an enhanced customer survey. As of July 1 the survey had not been completed.

STRATEGIES

Objective 1: Increase the effectiveness and accountability of municipalities, counties and special districts by ensuring compliance with statutory requirements in the following areas:

- **Budget preparation assistance of local governments**
- **Property Tax Revenue limitations (CRS 29-1-301)**

Background:

The Division of Local Government currently administers several local government statutory compliance enforcement responsibilities with the Annual Levy Law and Annual Budget Filing programs being two of the more broadly applicable among the more than 70 types of local governments in Colorado. In addition, enforcement of these two requirements has significant impacts on the financial resources of these local governments.

Objective 1 Implementation:

Most of Colorado’s 3,300 local governments voluntarily comply with these statutory requirements; however, due to the many small local governments with volunteer staff and the transitional nature of these officials, the Division proactively provides reminders and information to these governments to help ensure timely and accurate compliance with statutory requirements. In addition, because of the technical nature of these requirements, the Division provides training materials, workshops, worksheets, and individual consultations with representatives of the many small local governments that lack technically proficient staff.

While currently meeting program benchmarks, the Division is continuing to work to reduce the number of governments requiring enforcement actions. During the fiscal year ending June 30, 2011, the Division began developing a structured web application to allow local governments to obtain an online account with the Division to receive electronically filed documents that are statutorily required to be filed with the division such as annual budgets. This ability to receive and publicly access electronic documents will increase the local government’s ease of filing. In addition, the availability of information will further allow interested local governments officials to determine if they are compliant with these two programs before statutory deadlines.

Objective 2: Promote increased regional collaboration among local governments through strategic grant investments. With local partners, identify multi-jurisdictional projects that improve efficiencies in public services such as health services, water and wastewater treatment and emergency preparedness.

Background

The Division of Local Government administers several grant programs which provide a variety of assistance to local governments primarily in the areas of planning, construction and maintenance of public facilities and the provision of public services. Examples of public facilities include water and sewer infrastructure, town/city halls, county courthouses, community centers, health clinics, public roads, and emergency medical and fire protection facilities. Examples of public services include community development assistance to local governments, internship programs and community revitalization assistance. As grant funds tend to be volatile, particularly during this time of economic recovery, it is important to maximize the use of these funds through strategic grant investments that support collaboration and cooperation among local governments.

The division has eight regional managers located throughout the state. Two of their responsibilities are to help Colorado communities identify, prioritize and address their capital improvements needs, and assist them in improving and enhancing their community’s livability and sustainability.

Objective 2 Implementation

The division’s regional managers work with communities to identify projects that can benefit from collaboration with other entities to further enhance the services being provided. Review of applications include as part of the rating criteria, an evaluation of the applicant's efforts to enhance services through collaboration.

Three examples of successful regional efforts are the Colorado Sustainable Main Streets and New Energy Communities and the Water Treatment Facility for Sliver Plume and Georgetown.

The **Colorado Sustainable Main Streets** Initiative is a tremendous success story of an outcome-based approach focused on collaboration, which has allowed the communities of Five Points in Denver, the Town of Fowler, and the Cities of Monte Vista and Rifle to make remarkable progress toward downtown main streets revitalization. In only eight months, the four pilot communities were able to accomplish several projects ranging from historic preservation and façade improvements to conceptual design and financial strategy building for major redevelopment sites. These catalyst projects helped the pilot communities achieve imminent goals while bridging sustainable community development to the future.

Due to the success of the initiative, the Department of Local Affairs, along with the four pilot communities, received over $1.2 million in US Department of Housing & Urban Development (HUD) Challenge and US Department of Transportation (DOT) TIGER II grant funds. These funds will allow the four pilot communities to complete several projects conceived during the Sustainable Main Streets Initiative.

The New Energy Communities

Fourteen communities were selected as part of this initiative. One example of regional effort is in Garfield County. In addition to education projects for all municipalities, a program was implemented that enables local governments to track their utility costs and compare year over year expenses before and after installation of solar panels at major facilities. These solar panel improvements were implemented at town halls, libraries and county facilities. There have also been major benefits to home business in Garfield County.

Water Treatment Facility for the towns of Silver Plume and Georgetown

For many years the two towns in Clear Creek County have jointly paid for the operation of the Georgetown wastewater treatment plant. An Intergovernmental Agreement (IGA) created a Joint Wastewater Commission to oversee the operations of the treatment plant that is wholly owned by Georgetown. Although revised several times, the existing agreement was not working and the Joint Commission constantly fought over the cost allocation structure. The existing plant was 30 years old and in need of a major upgrade to meet Colorado Department of Public Health and Environment (CDPHE) requirements. DOLA assisted the towns by financing the upgrades in a phased project. With the completion of the first two phases, the cost allocation formula caused major problems for the Town of Silver Plume. Silver Plume could not make the required payments and fell into arrears further exacerbating the tension between the towns. The DOLA Regional Manager assisted the two towns to revise their IGA which would help them compete for American Recovery and Reinvestment Act dollars. Their application was successful and the 2010 task to revise the cost allocation between the two towns was successful. Denver staff was brought in to complete a 30-year operating and debt analysis for the treatment plant.

DLG also provided technical assistance in developing a new common rate structure for both towns. The Regional Manager assisted Silver Plume in obtaining funding to pay the money owed to Georgetown. The two towns are cooperating very well and are on track for the adoption of a new rate structure in early 2011. Denver staff and the Regional Manager are helping with policy formation to guide the implementation of the new financial structure. The new IGA also will have the towns exploring the inclusion of the two collection systems into a joint system and are also exploring the creation of an authority to operate both the plant and the collection systems

Objective 3: Enhance accessibility of and satisfaction with technical services statewide through webinars, teleconferences and other outreach services. Providing cost-effective alternatives to “must-have” information will touch outlying areas and engage our customers.

Background

The Division of Local Government currently provides training to local governments in workshop and webinar settings usually in association with local government or professional associations. The two most attended training programs involve the special district election and local government budget processes. Recent efforts have shifted to providing training via electronic forums with the first occurring in the fiscal year just ending. As efforts in these two training programs are now provided electronically, previous performance measurement is not related and therefore not presented here.

Objective 3 Implementation

While currently meeting program benchmarks, the Division is continuing to work to improve the selection and quality of our live and recorded web based trainings. During the fiscal year ending June 30, 2010, the Division created on-line courses and presented these to local election officials and budget officers. Such increased availability of training allowed interested local government officials to attend such training without incurring the costs of travel in time and money. The Division is continuing to refine the presentation of this training to make it more readily accessible to local governments.

Objective 4: Increase the number of jobs created or retained through DLG programs. This can be achieved, in part, by marketing financial assistance services through every available channel to key stakeholders to improve systems and accessibility in times of limited funds, and publishing the results to convey division effectiveness.

Background

The Division of Local Governments historically has provided the largest grant dollar investment for the department. This large grant award was because of the amount of revenue from the Energy Impact Fund. As the General Assembly reallocates more Energy Impact dollars to the General Fund, grant dollars have been reduced to zero. Without the Energy Impact dollars, state investment in local government community development projects decreases. The average ratio of state energy impact dollars to local government dollars is 1:3. This means for every one state energy impact dollar granted, it is leveraged by three local government dollars. These energy impact dollars are used for capital improvements such as: water projects, waste water, sewer, public facilities, and public safety and small capital projects.

Objective 4 Implementation

Community development projects generate direct and indirect jobs in the local economy. For the fiscal year 2010-2011, 1,335 direct and indirect jobs were generated. This is a significant reduction from the prior fiscal year because of significant reduction of grant dollars available due to the reallocation to the General Fund. The division will continue to make strategic investments in community development through its financial assistance programs. Community applicants for funds are encouraged and assisted to leverage local government, private sector, non-profit and foundation resources to maximize community investments. We will continue to analyze and document the generation and retention of jobs attributable to our financial assistance programs.

Objective 5: Improve internal and statewide external customer relations. Doing so will support DOLA's vision of responsive action, flexibility and unparalleled customer service.

Background

DLG began to measure customer satisfaction through an on-line survey. Based upon analysis of last year's results, the survey instrument and methodology were refined to secure more usable results.

Objective 5 Implementation

DLG is contracting with a professional survey research consulting firm to achieve more accurate measures of customer satisfaction through the use of random sampling, focus groups and related techniques. No survey was conducted for 2011. However, a new survey will be sent to our customers in the near future. We will continue efforts to encourage higher participation in the customer satisfaction survey by using email, mail and notices in local government association newsletters.

Survey results, particularly customers' comments, will be analyzed to identify strategies on how delivery of services to customers can be improved. Analysis of quantitative data will inform decisions regarding areas of service delivery requiring focused efforts to improve satisfaction.

DIVISION OF EMERGENCY MANAGEMENT (DEM)

INTRODUCTION

The Division of Emergency Management (DEM) is responsible for the State's comprehensive emergency management program which supports local and State agencies. Activities and services cover all phases of emergency management: Preparedness, Mitigation, Response, and Recovery for the hazards that may be encountered by the residents of the State. These hazards include natural, technological, and human caused. To legally address this comprehensive emergency management program, in 1992 the State Legislature enacted the State Disaster Emergency Act which assigns the following responsibilities to the Division:

1. Reduce vulnerability of People and Communities of this State to damage, injury, and loss of life and property resulting from natural catastrophes or catastrophes of human origin, civil disturbance, or hostile military or paramilitary action;
2. Prepare for prompt and efficient search, rescue, recovery, care, and treatment of persons lost, entrapped, victimized, or threatened by disasters or emergencies;
3. Provide a setting conducive to the rapid and orderly start of restoration and rehabilitation of persons and property affected by disasters;
4. Clarify and strengthen the roles of the Governor, State Agencies, and Local Governments in prevention of, preparation for, response to, and recovery from disasters;
5. Authorize and provide for cooperation in disaster prevention, preparedness, response, and recovery;
6. Authorize and provide for coordination of activities relating to disaster prevention, preparedness, response, and recovery by agencies and officers of this State and similar State-Local, Interstate, Federal-State, and Foreign activities in which the State and its political subdivisions may participate;
7. Provide a disaster and emergency management system embodying all aspects of pre-disaster and pre-emergency preparedness and post-disaster and post-emergency response;
8. Assist in prevention of disasters caused or aggravated by inadequate planning for regulation of public and private facilities and land use.

DEM's activities are primarily funneled through local emergency managers. This takes the form of technical assistance in such areas as developing pre-disaster mitigation plans, developing emergency operation plans, sponsoring training courses, evaluating exercises, providing financial documentation requirements during disasters or emergencies, and providing liaison staff to local disasters in an effort to identify potential areas where State assistance can be requested.

During a State declared disaster or emergency, DEM coordinates the State response and recovery program in support of local governments. DEM maintains the State's Emergency Operations Center (SEOC) where representatives from other State departments and agencies come together to coordinate the State response to the situation.

STATUTORY AUTHORITY

The statutory authority for the Colorado Division of Emergency Management (DEM) is found in Title 24, Section 32-2105, Colorado Revised Statutes (2008).

MISSION STATEMENT

The mission for the Division is: *DEM leads, manages and coordinates state level actions for all hazards preparedness, natural hazards mitigation, emergency response, and disaster recovery in support of local governments within Colorado.*

The operational aspects of this mission are founded statutorily in the State's Disaster Emergency Act and are specified in the department's mission statement. The actions of preparedness, mitigation, response and recovery set the purpose for the Division. They also directly support the state's Homeland Security Strategy and its goals to: Protect Colorado's Communities, Critical Infrastructure, And Key Resources Against All-Hazards; Respond To All Incidents; and Recover From All Incidents. The accomplishment of the Division's mission serves as an enabler for the department to achieve its vision of "Strengthening Colorado Communities".

A NARRATIVE ON THE DIVISION'S VISION

The vision of the Division is: *DEM is Colorado's leader in emergency management, reducing risk to Colorado communities, better preparing for our next disaster/emergency and strengthening relations with our customers, partners and employees*.

This vision sets the strategic direction for how DEM applies its efforts and limited resources to improve the safety of Colorado residents. Of important note regarding resources, the state depends heavily on federal funding to meet its statutory emergency management responsibilities. All of the state general funds provided to DEM are leveraged as match to receive federal funding. The state's funds are dedicated to salary and benefits for 9.2 of the Division's 30.1 full-time employees (FTE). The federal government funds the remaining 20.9 of the Division's FTE along with nearly its entire annual operating budget. Fortunately, federal requirements for this funding (risk reduction and preparedness) complements the state's statutory requirements and the visions of the Division and Department. The following funding sources provide the annual operating budget to support the Division's vision:

- State General and Re-appropriated Funds appropriated in FY 2012 Long Bill – $639,923[i]
- Federal Chemical Stockpile Emergency Preparedness Program Grant (CSEPP) – $988,371[ii]
- Federal Emergency Management Program Grant (EMPG) – $1,632,815
- Federal Pre-Disaster Mitigation Grant (PDM) – $407,894

The Division also helps strengthen Colorado communities by serving as the administrator for federal emergency management grants. In FY11-12, DEM will provide an estimated $12,010,988 in federal grants to support local emergency management programs and projects, and, mitigation plans and projects throughout Colorado.

[i] Based upon a January 2009 National Emergency Management Association survey, the State of Colorado is ranked 49th out of 50 States and territories that participated in the survey in receiving State funding for its operations.
[ii] By 2021, all mustard agent and its associated equipment are scheduled to be destroyed. Once that occurs, CSEPP funding will no longer be provided to the State, resulting in the loss of approximately 20% of the division's funding for personnel and operations costs.

OBJECTIVES

DEM has identified four objectives which correspond to the Division's vision:

- Objective 1: Increase the number of Colorado counties that have a federally approved hazard mitigation plan.
- Objective 2: Identify, mitigate, and measure risk reduction for state high risk hazards (those hazards to communities which, if realized, would threaten public safety beyond the response capacity of local government).
- Objective 3: Improve state level incident response and recovery capability through scheduled training and exercises based on written plans, procedures and measured performance standards.
- Objective 4: Improve the delivery of emergency management services to local government.

These objectives support the department's vision of "strengthening communities and enhancing livability in Colorado" while also supporting the state's homeland security vision of, "Colorado communities working together for a safer tomorrow."

PERFORMANCE MEASURES

The Division vision identifies three focus areas for the future: Reducing risk to Colorado communities; better preparing for the next disaster/emergency; and strengthening relationships. The Division will measure progress in these focus areas with five outcome based performance measures.

Performance Measure	Outcome	**FY 09-10 Actual**	**FY 10-11 Actual**	**FY 11-12 Estimate**	**FY 12-13 Request**
Percent of counties that have a federally approved hazard mitigation plan	Benchmark	75%	75%	75%	75%
	Actual	42%	59%	70%	unknown
Percent of state high risk hazards that have a current risk management and response plan	Benchmark	5%	15%	25%	75%*
	Actual	7%	30%	50%	unknown
Number of exercises conducted annually to improve state government response capability in accordance with the State Emergency Operations Plan	Benchmark	6	6	6	6
	Actual	6	8	6	unknown
Number of state incident and capability annexes of the State Emergency Operations Plan that are updated and validated annually	Benchmark	2	6	6	6
	Actual	1	9	6	unknown
Percentage of positive responses from customers surveys regarding the satisfaction with DEM's services	Benchmark	90%	90%	90%	90%
	Actual	86%	85%	TBD**	unknown

*This is 75% of the original twenty identified high risk hazards; there may be new high risk hazards added to the list in FY11-12 and/or FY12-13.
**The survey for FY11–12 is delayed due to the transition to a new DEM Director and the transfer of the Division PIO.

STRATEGIES

DEM began laying the foundation for this strategy and its associated performance measures early in calendar year 2008. The first action was the transfer of homeland security grant management from DEM to the Governor's Office of Homeland Security. This opened the door for the second key action, which was an internal reorganization. DEM reorganized functionally to meet its statutory responsibilities and fall in line with the federal programs which provide the majority of the Division's fiscal resources. The Division's Mitigation Section receives the majority of its funding from the Federal Pre-Disaster Mitigation Grant and leads the Division's responsibility for reducing risk to Colorado communities. The Preparedness Section receives most of its funding from the Federal Chemical Stockpile Emergency Preparedness Program and provides the planning, training and exercise support for the state's emergency preparedness program. The Response Section receives its funding from the Federal Emergency Management Performance Grant and serves as the driver for the state's response actions and assistance to the local partners for preparedness and response. The reorganization of DEM in 2008 created a corresponding change in strategy. As a result, the past performance measures from FY 07-08 were no longer applicable and new measures had to be established.

In most cases, data collection and divisional processes were not in place for the new performance measures and their benchmarks. With the completed reorganization, DEM put in place the processes to track these new performance measures and to validate the established benchmarks. The paragraphs that follow provide the details on how the Division achieves its benchmarks.

DEM's strategy for reducing risk to Colorado communities focuses efforts on increasing the number of counties that have a federally approved hazard mitigation plan and on managing known community high hazard risks. The resources for this strategy are mainly staff effort. Historically, the Division has been unable to meet the hazard mitigation planning benchmark. The reason for this has been a lack of Mitigation staff to do the work. In 2008, the Department submitted a change request for an additional FTE which would serve as match to receive federal funding for an additional three FTE. The state legislature approved this request in June 2009. By March 2010, the Division had the new staff in place and began actions to assist counties with their hazard mitigation plans. In addition to hazard mitigation planning, DEM staff is assisting communities with managing known high hazard risks. In 2008, the Division appointed a senior staff member in its Response Section with the additional duty as the state hazards risk manager. This position, along with DEM's Regional Field Managers, works with local emergency managers to identify known hazards, assess the risk they pose to their communities, identify and implement risk mitigation and management actions, and develop state response plans to support local government in the event the hazard occurs. The efforts of DEM's Mitigation and Response Staff combined with limited federal grant resources are the strategy the Division implements to achieve its benchmarks for reducing risk in Colorado communities.

The Division's strategy for better preparing Colorado for the next emergency focuses on developing and validating the state's ability to implement incident and capability based action plans. This strategy also involves a re-focusing of DEM's staff effort and the targeted application of federal grant resources. In the Division's recent reorganization, it added an Operations Officer to its Response section. This position is responsible for the state's response readiness. In the reorganization, DEM also created its Preparedness section. The Preparedness section supports the Operations Officer with developing preparedness oriented plans, training and exercises. The requirement for thorough preparedness planning is a critical component of this strategy. In order to meet the established planning benchmark, DEM applied for a federal Homeland Security grant to supplement its current emergency planner. The combined efforts of the Preparedness and Response staff, augmented with federal grant resources allow the Division to execute an annual series of six exercise events to assess state response capability, validate incident action plans and improve the state's ability to respond to the next disaster emergency. DEM also recognizes the value of private sector resources in the overall preparedness mission. With this in mind, DEM is working with private sector partners for participation in response planning and exercises. These regularly scheduled exercises, with measured outcomes and implemented improvement plans will better prepare Colorado for the next emergency.

DEM depends on its relationships with local emergency managers and supporting state agencies to meet its statutory responsibilities. The Division's strategy for strengthening and maintaining these relationships involves a combination of customer satisfaction surveys and targeted action plans to improve satisfaction.
In July 2008, DEM conducted its first survey of local emergency managers to measure customer satisfaction. The survey asked questions to measure customer satisfaction with Division staff's accessibility, professionalism, responsiveness, knowledge, helpfulness, customer service and whether the Division was meeting the local emergency manager's expectations. This survey established the baseline for measuring the Division' customer satisfaction and also provided the information needed to target improvement plans.

Additionally, the Division recognizes that its employees are the asset that builds the relationships and ultimately delivers the services to DEM's customers. With this in mind, DEM leaders previously surveyed employees and implemented steps to improve employee satisfaction. DEM will perform these actions again during FY11-12 and FY12-13. This combination of surveying customers and employees combined with targeted actions plans strengthen the Division's key relationships.

EVALUATION OF SUCCESS IN MEETING BENCHMARKS

At the close of Fiscal Year 10-11, the Division exceeded three of the five established performance measures. This performance fell short of meeting all of the established benchmarks but was well within expectations and in line with the Division's implementing strategies.

DEM had determined that it would require an additional 4 FTE in order provide local governments with the necessary technical services to meet the hazard mitigation planning benchmark. For FY 09-10, DEM submitted a budget change request for additional general fund to support 1 FTE as leverage for federal match dollars (25% state/75% federal cost share). The change request was approved and the Division hired the additional staff needed to support the required mitigation planning. Currently thirty-eight counties have a federally approved hazard mitigation plan. This equates to 59% of Colorado's counties compared to the established benchmark of 75% (or 48 counties) with approved plans. Note that these thirty-eight counties comprise 92% of the State's population. There are currently seventeen counties that have plans in progress and one county with a previously approved plan that is undergoing required revision. It is projected that DEM will meet the 75% benchmark during FY11-12 and/or FY12-13 as these progressing plans gain approval. This is a reflection of the success of adding the four additional FTE.

The Division exceeded its objective in the area of identifying and planning for high risk hazards. This was a new objective after the Division's reorganization in 2008. To this date, the Division has identified twenty high risk hazards in the state and validated the risk management / response planning process for six of the hazards. This equated to thirty percent of the known sites verses the fifteen percent established performance measure. The metrics for this measure will vary as new sites are identified however; the Division is on track to continue meeting the ramped performance measure through FY12-13.

The Division exceeded its exercise and planning preparedness objectives. The Division has established an operational business cycle which includes bi-monthly exercises to update and validate state plans and state staff training for the state emergency operations center. During FY11-12 and/or FY12-13, DEM aims to expand its exercise program to allow and encourage local participation. This business process is working well with current resources so we anticipate no issues with meeting established performance measures in FY11-12 and beyond.

In July 2010, DEM conducted its third annual survey of local emergency managers to measure customer satisfaction. While the individual questions demonstrate a slight decline (-1% to -7%); the final question demonstrates a 14% improvement in DEM meeting the expectations of a state emergency management office. DEM chose to delay the July 2011 survey due to the transition in the Division Director position and the July 5, 2011 transfer of the Division Public Information Officer to another State Department. DEM will complete this survey by December 31, 2011.

Questions	July 2009	July 2010	Difference
DEM staff is accessible. You are able to reach the DEM staff you need to when you need to.	90%	85%	-5%
DEM staff is professional and courteous.	96%	89%	-7%
DEM staff is responsive. We return your emails and phone calls providing the information requested.	85%	83%	-2%
DEM staff is knowledgeable. We have the necessary expertise to provide the services you need.	87%	80%	-7%
DEM staff is helpful. Our assistance is valuable to your emergency management program.	87%	86%	-1%
Overall customer service experience with DEM.	91%	87%	-4%
DEM meets my expectations of a state emergency management office.	70%	84%	+14%