

District Formation and County Government

What types of districts may county governments form? County governments may form: 1) Special Districts, 2) Public Improvement Districts, and 3) Local Improvement Districts. How are districts formed, and what are the financing mechanisms? The answers to these questions are listed below in the three district sections.

Special District:

Special districts require an election and consist of a Board of Directors. Formation of a special district is done through a petition and election process (C.R.S., 2004, Title 32, Article 1). Permitted activities under a special district are street improvements, water, sewer, parks and recreation, fire protection, mosquito control, ambulance, etc. Financing mechanisms under a special district include: 1) ad valorem tax, 2) general obligation bonds, 3) revenue bonds, and 4) tolls, fees, and charges for services. Special districts can be organized in one county, several counties, municipalities, or in a county and municipality.

Of significant importance when forming a special district is the development of a district service plan. The governing body of the county must review and approve the district service plan by resolution at a noticed public hearing. This process is very time consuming and requires the advice of legal counsel. Upon approval of the service plan by the Board, it must be filed for organization with the District Court (DOLA, 2003).

Public Improvement District (PID):

A Public Improvement District may be formed by the Board of County Commissioners to provide public improvements and services in unincorporated areas of a county. Formation of a PID is done by petition and taken to the vote of the people (C.R.S., 2004, 30-20-501). The Board may serve as the Board of Directors. Permitted activities under a PID include acquiring, constructing, installing, operating or maintaining any public improvement, and providing service that the county is authorized to provide. The exceptions to these permitted activities are solid waste facilities and sites, transfer stations, trash and garbage facilities, and transportation of related waste products.

It is important to note that a PID may not duplicate a preexisting service already provided by a special district. Financing mechanisms for a PID include: 1) ad valorem tax, 2) general obligation bonds, 3) revenue bonds, 4) tolls, fees, and charges for services, and 5) sales tax and special assessment bonds if a local improvement district is formed within its boundaries. A PID may include noncontiguous tracts, and their boundaries may overlap the property of other jurisdictions with approval from that jurisdiction. (DOLA, 2003).

Local Improvement District (LID):

Local Improvement Districts are administrative subdivisions of the county. They may be formed by petition or by adoption of a resolution or ordinance (C.R.S, 2004, 30-20-601). Permitted activities under an LID include various public improvement projects such as construction of roads and adjacent road improvements (i.e. sidewalks, lighting, drainage, etc.). Financing mechanisms under an LID include: 1) assessment, 2) special assessment bonds, 3) general obligation bonds (for county-wide improvements), and 4) for counties over 100,000, a sales tax to be used for operation and maintenance. It is important to note that if debt is a considered method of financing, the Board must place the question on the ballot to ask for voter approval. Local Improvement districts may be organized within the boundaries of a PID (DOLA, 2003).

Listed below is a table displaying the pros and cons of forming a PID.

PID Pros	PID Cons
It is much simpler and less expensive to create than a special district and does not require a service plan.	It is added responsibility to counties that may already be overloaded and that have limited staff.
It can be used for maintenance of assets (in this case, roads).	Depending upon the financing mechanism chosen, a PID could be administratively intensive.
It is managed by the county governing body.	
A PID may form an LID or multiple LID's within its boundaries.	
If an LID or multiple LID's are formed within a PID boundary, they may implement a sales tax or assessment.	

Entity Type	"Special District"	PID	LID	GID	SID
Statute (C.R.S.)	Title 32, Article 1	30-20-501	30-20-601	31-25-601	31-25-501
Governing Board/Status	Board of Directors-elected directly	Board of County Commissioners <i>ex officio</i>	Administrative subdivision of County	City or Town Board <i>ex officio</i>	Administrative subdivision of a municipality
Formation Petition Resolution/Ordinance Election	X X	X X*	X X	X X*	X X
Permitted Activities	Streets improvement, water, sewer (inc. drainage), parks and recreation, fire protection, TV relay, mosquito control, phone line extension, public transportation systems, health services, ambulance, solid waste, transportation, tunnels. Cannot construct electric or gas systems or provide police protection.	Acquire, construct, install, operate or maintain any public improvement and provide any service that the county is authorized to provide, except solid waste facilities/sites or transfer stations or transportation of other types of trash, industrial waste, garbage, etc. No such improvement or service shall duplicate same already provided by special district.	Construct, grade, pave, pour, gutter, line streets; sidewalks adjacent to such streets; street lighting; drainage; maintenance roads adjacent to such drainage facilities. Water transmission/distribution and sewage collection/transmission systems. Transportation service authorized for specific city and county entity. Can be organized within the boundaries of a PID to defray costs of PID improvements or services which specially benefit properties.	Acquire, construct, install, operate or maintain any public improvement and provide any service the municipality is authorized to provide except solid waste facilities/sites or transfer stations or transportation of other types of trash, industrial waste, etc. No such improvement or service shall duplicate or interfere with any municipal improvement or service already provided.	Grade, pave, curb, gutter, parking, or otherwise improve streets and alleys; street lighting, drainage, sidewalks. Also renewals and extensions which benefit the land abutting such improvements, such as water mains, heating and cooling mains, lighting systems. Also construction of sewers, sewage disposal works, renewals/extensions thereof, and such other public works authorized by the governing body.
Powers Construction Operation/Maintenance Condemn Property	X X X	X X X	X X**	X X X	X
Finance Mechanism Ad Valorem Tax Assessment Bonds G.O. Revenue Special Assessment Sales Tax Charge rates, tolls, fees	X X X X X	X X X X** X** X	X X* X X**	X X X X	X X* X
Comments		* If 100% of the owners of real property sign the petition, the governing body may waive the notice publication, hearing, and election, if requested. ** PID may form a LID within its boundaries to use sales tax or assessment.	* for county wide improvements ** for counties over 100,000 population and a city that has been authorized to become a city and county, for ongoing street, street lighting, drainage facilities improvements or transportation services. Tax revenue may also be used for operation and maintenance of same.	* If 100% of the owners of real property sign the petition, the governing body may waive the notice publication, hearing, and election, if requested.	* for municipal-wide improvements