



LOCAL GOVERNMENT LIMITED GAMING IMPACT PROGRAM

The Local Government Limited Gaming Impact (LGLGI) Program was created in statute in 1997 to provide financial assistance to local governments in addressing documented gaming impacts stemming from limited stakes gaming in the communities of Cripple Creek, Black Hawk and Central City. Limited stakes gaming has been in existence in these communities since 1990, when voters approved a constitutional amendment at the ballot. The LGLGI program is administered by the Colorado Department of Local Affairs.

Grant funds are provided to eligible local governments through a competitive application process to finance planning, construction and maintenance of public facilities and the provision of public services related to documented gaming impacts. Successful applicants must be able to quantify gaming impacts and to identify the public service and facility needs associated with those impacts. One funding cycle is conducted each year beginning with an application deadline in late spring, staff and advisory committee reviews and recommendations in late summer/early fall, and a funding award decision soon thereafter.

Eligibility

The geographic eligibility area for the LGLGI Program includes the counties of Gilpin and Teller as well as the eight counties contiguous to these two counties: Boulder, Clear Creek, Douglas, El Paso, Fremont, Grand, Jefferson, and Park. In addition, counties that contain tribal lands where limited stakes gaming occurs are also included within the geographic eligibility area. Tribal gaming counties include: Archuleta, La Plata, and Montezuma.

The types of local governments eligible to receive assistance include: counties, municipalities (with the exception of the three gaming cities: Black Hawk, Central City and Cripple Creek) and special districts that provide emergency services. In addition, eligible local governments may apply on behalf of private nonprofit agencies that are impacted by gaming.

Statutory Authority

Statutory authority for the LGLGI program is found in C.R.S. 12-47.1-1601 and 1602. The statutory authority creates the Local Government Limited Gaming Fund in the office of the state treasurer, sets forth which local governments are eligible for funding, creates the Local Government Limited Gaming Impact Advisory Committee and authorizes the executive director of DOLA to make funding awards.

The legislation establishing the program initially required that at least 11 percent of the gaming tax revenues that accrue to the state general fund be distributed into the Local Government Limited Gaming Impact Fund. On July 1, 2002, this minimum percentage increased to 13 percent with the repeal of the Municipal Limited Gaming Impact fund and the inclusion of the Cities of Woodland Park and Victor in the LGLGI Program.

Application Process

In order to be considered for a limited gaming grant, eligible applicants must submit three separate forms to the department: an application form, a cost recovery form and a service delivery report (SDR). It is important to remember that the data for the SDR reflects gaming impacts throughout the year in a given jurisdiction or service area, and diligent tracking of these impacts is necessary to ensure accurate reporting. Department field staff and program staff is available to assist applicants in completing these forms.

Application Review

Upon receipt of an application, a specific DOLA field representative is assigned to be the primary contact during the review period. The field representative contacts applicants, reviews all applications and prepares a project summary and analysis for each project. A preliminary meeting is then held with grant program administrators and field staff to discuss the projects. Following that meeting, a copy of the project summary and analysis is sent to each applicant for review.

Following staff review, a formal application hearing is convened by the chair of the Local Government Limited Gaming Impact Advisory Committee. By statute, the advisory committee consists of the following thirteen members:

- The executive director of the Department of Local Affairs;
- Two members representing the Departments of Revenue and Public Safety;
- Three members representing county government;
- Two members representing municipal government;
- One member representing special districts;
- One member of the Colorado House of Representatives;
- One member of the Colorado Senate; and
- Two members appointed by the Governor.

During the application hearing, applicants have the opportunity to present their application, respond to the project summary and analysis, and respond to questions from the advisory committee. Following the hearing, the committee makes its recommendation to the executive director of the Department of Local Affairs. The advisory committee may suggest full awards, partial awards, or no funding. While committee recommendations are given careful consideration by the executive director, the applicant should not assume a grant is awarded or denied solely on the basis of the committee's recommendation.

In reviewing applications, the advisory committee considers the following criteria:

- The project's feasibility and ability to resolve documented gaming impacts;
- The efforts of the applicant to obtain other funding and raise local fees, rates and taxes where appropriate and feasible;
- The dollar value of the participation, contribution, commitments or other funds to leverage state grant funds especially in cases where full funding is not awarded;
- The applicant's fiscal capacity and ability to pay;
- The level of quantifiable benefits realized by the applicant from property tax and/or sales tax associated with the gaming industry and, if applicable, any state gaming funds provided by the state constitution to affected counties;

- The extent that the gaming industry has increased operating expenses for public services including but not limited to: administration, district courts, district attorney operations, emergency service facilities, law enforcement, human services, roads and bridges, and maintenance attributable to gaming activity; and
- The project's local ranking against other projects submitted within the same county. Participating local governments may establish a ranking process deemed most appropriate for their county.

Process for Awarding, Contracting and Paying Funds

Following the advisory committee hearing, the executive director advises each applicant of his decision to award or deny a grant via letter to the applicant and/or sponsor who submitted the application. Decision letters are mailed within thirty days following the committee meeting.

A letter from the executive director announcing a decision to provide project funding is not a formal obligation of funds by the state, but rather an offer to enter into a grant contract for a specific amount of funds to support the project. Conditions for the grant award, such as requiring an increase in the local share contribution or considering the feasibility of forming a special tax district, may be stated in the letter. Such conditions must be met either prior to or during the time of performance of the contract.

Successful applicants may have to seek voter approval if grant funds trigger a local election in accordance with the state constitutional provisions of the TABOR Amendment. Applicants should take election requirements into account when planning a project.

Contracting

An award letter will advise the grantee to contact a specific staff member who will assist with the state's contracting process. In order to stay within state spending authority limits, contracts must be negotiated in a timely manner. A Department of Local Affairs staff member will inform the grantee of specific time requirements to achieve this task. Failure to proceed with a contract within a reasonable period may result in a withdrawal of the offer to contract by the state. Following receipt of an award letter, staff and the grantee negotiate a contract.

After any necessary revision and approval by the parties, the contract is routed for signature beginning with the grant recipient and/or sponsoring jurisdiction. The contract is then routed to the executive director (to ensure the contract agrees with the intent of the grant offer) and finally to the Department of Local Affairs controller who confirms the availability of funds, conformance with state law and fiscal rules and other requirements. The grantee will receive a copy of the contract when it has been fully executed.

The contracting procedure generally takes from two to three weeks from the time the contract is returned by the grantee to the Department of Local Affairs. Grantees should not encumber or expend any grant funds before they receive a fully executed contract from the state. Expenses incurred prior to the execution date of a contract are the responsibility of the grantee and cannot be reimbursed by the state.

The content of the contract includes, but is not limited to the following:

- A. Scope of Work. Each contract contains a "Scope of Services," which describes the project to be performed using state gaming funds. These contract

provisions detail the project's work items, payment process, performance schedule and other operational details.

- B. Payment Schedule. Upon receipt of proper documentation and approval of actual expenditures made during the course of a project, interim payments are issued reimbursing the contractor for incurred expenses. The particular payment schedule and grantee performance requirements are described in the contract. The grantee initiates the request by submitting documentation of project expenditures and project status to the assigned state staff monitor. Upon review and approval of the request, the project monitor requests an interim payment be issued to the grantee. It generally takes ten to thirty days from the time a request for funds is received by staff for the payment to be issued.

The state retains a specified amount of the grant funds until such time as the project is completed and the grantee has fulfilled all contractual obligations as contractor. The retainage is released upon satisfactory project completion and receipt and approval of the final project report. Grantees may have to cover some project costs with local funds near the end of the project pending the release of the state's final payment.

- C. Monitoring. During the course of the contract, a specific staff member will periodically review project progress. The assigned state staff person will be the grantee's primary contact for the duration of the project and will be responsible for review of reports and payment requests as specified in the grant contract. Specific details as to the frequency and form of monitoring will vary depending upon the nature and scope of the project. In some cases, other state agencies will assist the Department of Local Affairs with technical monitoring of projects.

- D. Contract Amendment. In the event revision of an existing contract is necessary, the grantee should immediately contract the specific state staff member responsible for the project. The grantee will be asked to submit to the executive director a written request justifying an amendment and specifying the desired changes. A staff review of the request will be conducted and the results provided to the executive director for a decision. The executive director may ask for a recommendation from the advisory committee before making a decision. Generally, all requests for grant funding increases due to cost overruns will be referred to the committee. Time extensions, exclusive of any other modification, may be approved if adequate justification exists for the extension and state spending authority is available. However, requests for additional time to complete the project must be submitted to the state at least 30 days prior to the completion date specified in the contract.