

**A
RESOLUTION
OF THE CITY COUNCIL
SUPPORTING AND ENCOURAGING A "YES" VOTE
ON BALLOT ISSUE 2A
RELATED TO THE CITY'S TRANSFER OF EXISTING TAXES
FOLLOWING EXCLUSION OF THE CITY OF CHERRY HILLS VILLAGE FROM
THE SOUTH SUBURBAN PARKS AND RECREATION DISTRICT**

WHEREAS, by Resolution No. 12, Series 2002, the City Council referred a ballot issue to the residents of Cherry Hills Village that is designated as "Ballot Issue 2A" for the upcoming November 5, 2002, election.

WHEREAS, if approved, Ballot Issue 2A would authorize the City to effectively implement a transfer of taxes from the South Suburban Park and Recreation District (the "District") to the City, such transfer to be in the form of a property tax rate increase that would be effective only upon the District's decrease of its property tax rate by a corresponding and equal amount; and

WHEREAS, Ballot Issue 2A will not result in an increase in the existing tax rate for residents within the City of Cherry Hills Village; and

WHEREAS, there are important reasons underlying and supporting approval of Ballot Issue 2A; and

WHEREAS, the City Council desires to inform the voters of the reasons supporting a "yes" vote on Ballot Issue 2A and encourage the voters to vote "yes" on Ballot Issue 2A.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CHERRY HILLS VILLAGE:

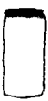
The City Council unanimously supports and encourages the registered electors of the City of Cherry Hills Village to vote **YES** on Ballot Issue 2A at the November 5, 2002, election for the following reasons:

- A. For more than 20 years, various City Councils for the City of Cherry Hills Village have questioned the relative value received by the City's inclusion in the South Suburban Parks and Recreation District (the "District").
- B. Following repeated requests for improvements in the level of service provided by the District for park, trail, and open space assets within the City, the City has not received an improvement in services commensurate with the relative revenue contributed to the District by property owners within the City of Cherry Hills Village.
- C. In 1999, the City Council commissioned a report by BBC Research and Consulting (the "BBC Report") to evaluate the financial benefits derived from excluding (withdrawing) the City of Cherry Hills Village from the South Suburban Parks and Recreation District.
- D. The BBC Report is available, and has been made available, to the public at the Cherry Hills Village Center, 2450 East Quincy Avenue, Cherry Hills Village, Colorado 80110. The BBC Report concludes that:
 - City residents pay nearly 3 times more per capita in South Suburban Parks and Recreation District property taxes than non-City residents



for the same District services; and

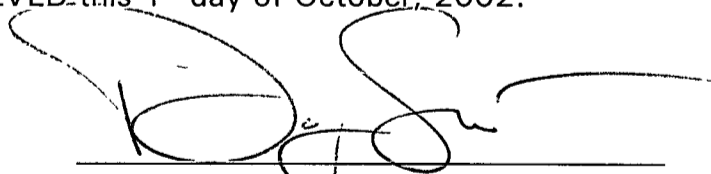
- The City is capable of creating a recreational program that would provide or make available to City residents the same general recreational services as those services currently available from the District; and
 - If the City implements a program to provide or make available to its residents the same general recreational services that are available from the District, the City can expect to save a total of \$27.0 million over the next 20 years (a net present value of \$13.0 million) from the amount of taxes that are currently imposed in the City by the District; and
 - The City's financial savings can be applied toward a variety of public purposes, including capital improvement and rehabilitation of new and existing trails, parks, and open space within the City, the purchase of additional open space and parks within the City, or a reduction in the property tax mill levy rate for Cherry Hills Village property owners.
- E. In 2002, residents of Cherry Hills Village paid \$1.88 million in property taxes to the District.
- F. Cherry Hills Village residents comprise only 4% of the District's total residents but Cherry Hills Village residents pay 12% of the total District property taxes.
- G. The City thoroughly researched the effect of exclusion upon the City residents' opportunities for recreational activities.
- H. The City developed a preliminary plan that would ensure, *following exclusion*, that the City's residents could continue to generally enjoy the same recreational services available from the District at the same basic cost the residents currently pay. A copy of the preliminary plan is available at the Cherry Hills Village Center, 2450 East Quincy Avenue, Cherry Hills Village, Colorado 80110.
- I. The City Council sent a questionnaire to households in the City to assess whether the residents valued their participation in the District or whether residents desired to seek exclusion from the District. More than thirty-one percent (31%) of the questionnaires were returned to the City by the residents.
- J. Approximately sixty-seven percent (67%) of the residents responding to the questionnaire expressed their desire to seek exclusion from the District.
- K. The City Council postponed its plans to commence the exclusion process in 2001 in order that the City, through an appointed subcommittee and its elected and appointed officials, could enter into good faith negotiations with the District regarding the terms and conditions for a future contractual relationship between the parties which would address the City's concerns.
- L. After more than eight (8) months of negotiations, the preparation of a detailed term sheet outlining the City's goals and requirements for an intergovernmental agreement, and a full discussion of the issues, the District declared that it was unable to accede to the reasonable requests of the City and declared negotiations closed.
- M. The City requested that the District enter into negotiations for the terms and conditions of exclusion as contemplated by state law when municipalities



seek exclusion from special districts.

- N. The District, by letter to the City Council, expressly rejected the City's invitation to further negotiate the terms and conditions of possible exclusion.
- O. In order that the City will have sufficient funds to create, operate, and provide park and recreation services to City residents, the City must secure funding.
- P. The funding would be obtained by increasing the City's property tax rate while reducing in an equal amount the District's property tax rate applied to property within the City (effectively a transfer of the tax rate imposed by the District to the City).
- Q. Due to limitations imposed by the Taxpayers Bill of Rights (TABOR), the City must submit a ballot question to the voters to approve any increase in taxes.
- R. TABOR requires that the ballot question ask the voters to increase taxes, even though the net effect of the ballot question would be to maintain the same tax rate as that currently imposed by the District upon the City's residents.
- S. Approval of the ballot question to transfer taxes from the District to the City would be conditioned upon the City's successful exclusion of the City from the District.
- T. The City Council deemed it in the best interests of the City to submit to the registered electors Ballot Issue 2A to authorize the transfer of taxes from the District to the City in order to permit the City Council to proceed with the exclusion of the City from the District.
- U. A "YES" vote on Ballot Issue 2A will have the following effect:
- Provide for local control and accountability of the taxes paid by City residents.
 - Provide for greater recreational opportunities than currently provided by the District.
 - Permit open space acquisitions and park and trail enhancements.
 - Provide for better maintenance and service of the City's park and trail amenities.
 - Keep City residents' tax dollars in the City.

DONE AND RESOLVED this 1st day of October, 2002.



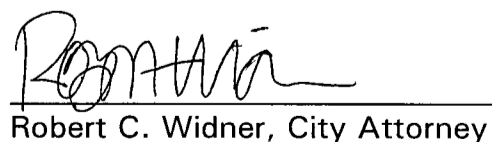
Douglas Scott, Mayor

ATTEST:



Jennifer Pettinger, City Clerk

APPROVED AS TO FORM:



Robert C. Widner, City Attorney

