



MEMORANDUM

To: Scott Grosscup
From: Erika Gibson
Date: December 2, 2019
Re: Yellow Jacket Water Conservancy District Reduction in Service Area

The following outlines the steps and considerations for reducing the District's service area as well as alternative solutions for the undesired area.

A. Excluding property pursuant to C.R.S. § 37-45-137(a):

1. The property owners must petition the Board requesting that their property be excluded from the District. The petition must state the legal address of the property and that the property owners assent to the exclusion of their property, and must be acknowledge in the same manner as a land conveyance.

2. The Board must then set and publish notice of a hearing on the petition using the notice requirements of C.R.S. § 37-45-137(b).

3. At the hearing, the Board will make a finding whether it is in the best interest of the District to grant or deny the petition. The Board may only grant the petition if there are no outstanding bonds.

4. The Board must then file a certified copy of the order making the change in the District's boundaries with the district court. The court will enter an order granting the exclusion.

B. Alternative solutions:

1. *Mill levy:* The District may be able to lower the mill levy, so long as the rate does not exceed the limit set forth in C.R.S. 37-45-122(1). A public hearing or voter approval process does not appear to be required for lowering the mill levy (as compared to an increase) whether the District collects taxes under class A, B, C, or D. *See* C.R.S. §§ 37-45-122 to -125. Mill levies for general-obligation debt must be certified by the Board of County Commissioners per C.R.S. §§ 37-45-122(3), 32-1-1603, and 39-1-111.5. The certification requirements of C.R.S. § 39-1-111.5 may only apply to temporary reductions in mill levy for the purpose of a refund; more research may be required for what a sustained reduction entails.

2. *Contract out District services:* The District could contract with another conservancy district to provide the same District services to the unwanted territory.

Such a contract is authorized pursuant to C.R.S. § 29-1-203. However, there may be TABOR restrictions on shared services depending on the District's budget size. More research may be required.