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**Town of New Castle**  
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## **Agenda**

### **New Castle Town Council Work Session**

**Tuesday, February 21, 2023, 6:15 PM**

Virtual Meetings are subject to internet and technical capabilities.

[To join by computer, smart phone or tablet click HERE](#)

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Please call: 1-346-248-7799

Meeting ID: 709 658 8400

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a. Discussion: Joint Parks and Recreation District



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**Memorandum**

**To:** Mayor & Council  
**From:** David Reynolds  
**Re:** Workshop Item – Discussion of Joint Recreational Offerings  
**Date:** 02/21/2023

**Purpose:**

The purpose of this workshop is to revisit and discuss the idea developing joint Recreational Programming between the Towns of Silt and New Castle. Please see attached memo containing an outline of research that staff has completed following our last joint meeting with the Silt Board of Trustees.



## MEMORANDUM

To: Town of New Castle Town Council  
Town of Silt Board of Trustees

From: Dave Reynolds, New Castle Town Manager  
Jeff Layman, Silt Town Administrator

Date: February 16, 2023

Re: Providing Joint Recreation Services and Facilities

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**Background:** During the process to develop the 2022 Town of Silt budget and in their review of the Parks, Recreation and Culture Master Plan, the Silt Board of Trustees expressed a desire to meet with the New Castle Town Council to discuss items of mutual interest, including recreation, marketing, economic development, etc. The New Castle Town Council agreed that this may be of mutual benefit and the town's governing boards and staffs met together on Tuesday, March 15, 2022.

Back on their home turfs, both boards directed staff members to explore working together to enhance the recreation services and facilities for the benefit of both communities. We have met together and with others to develop a draft plan for doing so.

### **Goals of Providing Joint Recreation:**

**Recreation programming:** Both Towns currently provide a level of youth and adult recreation offerings. These offerings are financed through the Towns' respective General Funds. Although there may be some modest benefits in combining our current town recreational efforts, most would agree that, due to the lack of common recreational facilities, doing so is not likely to make a significant improvement to recreational offerings in either town.

**Facilities:** Both Towns use RE-2 school district facilities. It has been observed that this is becoming more of a challenge as schools reach capacity, and have their own programs, rules and regulations related to facility use

**Opportunity:** As both towns have proven track records of providing outstanding recreational opportunities to their residents, and as both towns recognize that facility limitations may hamper their ability to serve a growing population, it seems that working together to provide

for common central Recreational Facility could be beneficial to residents throughout the Silt and New Castle area.

**Efforts to Date:** We met with Janet Bartnik, Executive Director of the Mountain Recreation District (MRD). MRD is an Eagle County, Colorado metro recreation district that primarily serves area residents. Founded in 1980, the MRD has outdoor activity areas, plus a variety of recreational programs and services. MRD operates, among other facilities, a recreation center and outdoor pool in Gypsum, an ice rink and outdoor pool in Eagle and a field house in Edwards.

We chose to take a look at MRD because they are close by, in the mountains, span more than one town and are utilizing a special district approach to financing their operations and facilities. We came away impressed with their rec center and of the operation as a whole. It has challenges, one of which is in serving communities of diverse resources, i.e., Edwards, with a higher than average assessed value and Gypsum-Eagle, with an average assessed valuation. This leads to some conflicts among taxpayers. Despite this challenge, they are operating successfully and providing rec services to the communities.

We also met with Ken Marchetti, a CPA based in Edwards. He is an expert in special district financing and services many special and metro districts as an accountant and financial advisor. Our conversation with him focused on the various ways to finance and operate a shared recreation organization.

As we continued to look into the idea of a joint venture between the Towns, we spent about an hour consulting with Jim Collins of Collins, Cole, Flynn, Winn, Ulmer, a Lakewood based law firm specializing in Special District legal issues. Mr. Collins literally wrote the book on Special Districts in Colorado and was instrumental in founding the Colorado Special District Association. He works with special districts and authorities statewide. Specifically discussed in our meeting with Mr. Collins was how to combine town efforts in order to bring about a common recreational program including new facilities that would benefit both the Towns of Silt and New Castle possibly including the surrounding areas.

The notes below will discuss the forming of a **Recreational Special District** compared to the forming of a **Recreational Authority**. This summary is not meant to be all inclusive and we suggest inviting Jim, Ken and/or other experts to present and discuss at a joint work session of the New Castle Town Council and the Silt Board of Trustees.

#### **Form of Organization:**

- **“Recreation Special District”**
  - “Special District”—The towns could establish a “*Recreation Special District*” pursuant to CRS 32-1-102. A “special district” is generally thought of as offering **one** of the services allowed by law (Fire Protection, Parks and Recreation, Water, etc.). Combining **two or more** of these

services would become known as a “metropolitan district” as provided for in CRS 32-1-103(10).

- A “*special district*” is generally thought of as being a specific geographical area, in which all residents and/or properties are included, i.e., all of the Towns of New Castle and Silt, as well as identified surrounding county properties
- While the forming of “*Special Districts*” may be initiated by municipalities, it is important to understand that, once formed they become stand-alone organizations that are run by elected boards and are not funded, managed, or operated by the towns. Our mutual fire protection district, Colorado River Fire Rescue, may be a good example of this.
- The inclusion of county management and residents of rural county areas throughout the discussion and planning process is considered a best practice that will lead to better overall acceptance of the forming of a “*Special Recreation District*.”
- The process of developing a “*Special Recreation District*” includes at minimum the following steps:
  - Municipalities work with the aid of an expert to create what is known as a “Service Plan.”
  - The Service Plan works to specify the following: district operation, debt structure, 10-year budget projections, assets owned, boundaries, funding sources such as a mill levy, and more.
  - The completed Service Plan is filed with the county for review and approval.
  - Residents in the plan area are served notice of a Public Hearing.
  - Board of County Commissioners hold a Public Hearing.
  - Following final approval by the Board of County Commissioners the Service Plan goes to District Court for review and approval.
  - Funding methods within the Service Plan go before voters within the plan area for vote during an upcoming election cycle.
- Additional *Special District* Notes:
  - Certain agriculturally zoned properties may be excluded from the district unless they specifically agree to participate.
  - Subdivided agricultural properties may be subject to automatic participation.
  - Intergovernmental Agreements (IGA) are not generally needed between the towns, but may be useful as a tool between the newly formed *Special District* and partner districts such as the school, fire, and others.

- Costs to establish a *Special Recreational District* may include public surveys, writing of the *Service Plan*, attorney fees, and other miscellaneous expenses. Staff's best estimate of these expenses is in the \$50,000 to \$60,000 range, but could vary.
  - Special Recreation Districts may not be funded by sales tax revenues.
- **"Recreation Authority"**
  - The Towns could, between themselves and by way of an Intergovernmental Agreement (IGA), establish a "recreation authority". The law would allow the towns to create a separate legal entity and to enter into contracts and agreements for the purpose of delivering recreation services.
  - The Towns would install members to the Authority Board or operate it amongst themselves.
  - An Authority would not include any unincorporated areas around or between the Towns.
  - The establishment of an IGA between the Towns would need only Town Board approval, but increasing taxes to support the Authority would require voter approval.
  - The establishment of the Authority would not require County Commission or Court approval.
  - The establishment of an Authority is easier than a Special District, but harder to finance.
  - Cost to Establish: \$10-15,000

#### **Financing a Recreation Authority:**

- There are many ways to finance the authority's activities, but all rely on the Towns providing General Fund dollars in agreed upon proportionality. Each Town could decide on its own how to raise those funds, for example sales or property tax and then contribute it to the Recreation Authority.
- Tax increase to support the Authority would require voter approval.
- Decisions must be made regarding current Town-owned rolling stock and facilities: Transfer to the Authority or maintain as Town-owned with Authority leases.
- Special districts may issue tax-exempt bond, which can result in lower financing costs than private financing, in some case between 20% to 30%.
- Future development will add to the revenue and additionally won't burden existing homeowners.
- The Authority would allow the Towns to provide enhancements that they may not otherwise be able to afford.

- In case of default, the bondholders assume the risk, although the Town's would sustain a black eye.
- If successful, and our pricing is structured appropriately, folks who live outside of the boundaries of the Towns may petition later to join the Authority, thereby providing additional stable financial resources.

**Perceived Negative Impressions of Special Recreation Districts and Recreational Authorities:**

- A Recreational Authority establishes an additional layer of government. This may appear to some to be a "fragmentation" of government services and create confusion.
- Buyers of real estate in Towns may not be aware of the additional tax burdens, imposed by a Special Recreation District or Recreational Authorities if any.
- Buyers of real estate may not be aware of the nature of tax support and believe that the Towns have control that they do not, depending on structure.
- Financing of amenities in both models is generally shouldered by additional property tax, sales tax or other payers.
- In the case a Special Recreational District, the default on debt that may have been issued for the development of facilities, infrastructure and services may allowed the facilities to deteriorate. The Towns may be asked to rehabilitate either the bonds or the facilities and services.
- Use and sales taxes due to the Town on normal construction projects would not likely be owed by the Recreation Authority, due to its tax-exempt nature.
- The Towns' future ability to increase taxes and/or fees in other areas, i.e., water/wastewater, may be difficult if citizens believe they are already paying high enough taxes. The limit to which residents can contribute to new programs may be limited for many.
- If incurred debt for facilities is too high, operating revenue maybe constrained. Finding the proper mix of reasonable revenue sources vs. the needed operational expenses may be a challenging balance.
- The added costs to local homeowners of supporting either a Special Recreation District or a Recreation Authority may discourage some from buying in the district, thereby slowing entry into the local real-estate market and possibly depressing real estate values.

**Conclusion:**

Originally, we had discussed "starting slow" and simply combining our recreation offerings. As we have further contemplated this concept and consulted with various subject matter experts, staff has concluded that, while continued partnerships in various types of recreational programming is helpful, the real game changer would be combining the efforts of Silt, New Castle, and Garfield County in the creation of a **Special Recreation District** whose goal is to provide for a centrally located **Recreational Facility**.

One thought is to work with RE2 Schools to build a facility (rec center with gym, pool and other amenities) adjacent to Coal Ridge High School so that it would be accessible to area youth both as customers and potential employees (lifeguards, front desk, custodians, etc.). An appropriate pool would also make it possible for Coal Ridge/Rifle to add interscholastic swim teams. Additional gym space and field space might be handy for overflow activities from the school.

Staff Recommendation:

After much discussion staff recommends that should the New Castle Town Council and the Silt Board of Trustees wish to continue to consider working together to provide recreation programming AND recreational facilities, staff should be directed to further pursue the establishment of a **Special Recreation District** whose purpose would be to provide for a centralized **Recreation Facility** as described above.