

DISTRICT COURT, OURAY COUNTY, STATE OF COLORADO

Case No. 00 CV 12

REPORT OF ORGANIZATIONAL COMMISSION

IN THE MATTER OF:

THE ORGANIZATION OF THE
OURAY COUNTY REGIONAL SERVICE AUTHORITY

The Organizational Commission for the proposed Ouray County Regional Service Authority (Organizational Commission) submits the following report pursuant to section 32-7-108, C.R.S.:

I. INTRODUCTION

The County of Ouray, the City of Ouray, and the Town of Ridgway adopted resolutions (Resolutions) calling for initiation of the formation of the Ouray County Regional Service Authority by submitting the questions of such formation and level of tax support to the voters of Ouray County, State of Colorado. The proposed territory for the Ouray County Regional Service Authority is all of Ouray County. The initial services to be provided by the Ouray County Regional Service Authority, if approved by the voters, is a health care facility and any other service deemed appropriate by the Organizational Commission.

Following a hearing held July 10, 2000, the Court appointed the Organizational Commission, consisting of members of the governing boards of the County, City and Town.

At its first meeting held on July 17, 2000, the Organizational Commission elected Alan Staehle as Chairman and Art Fox as Vice Chairman of the Organizational Commission. The Organizational Commission also met on July 31, 2000.

II. ELECTION

The election regarding formation of the Ouray County Regional Service Authority shall be held November 7, 2000, concurrently with the general election held on such date, pursuant to section 32-7-108(3)(c), C.R.S.

III. DISTRICTS

The Ouray County Regional Service Authority shall consist of five (5) districts in accordance with section 32-7-110(1), C.R.S. The districts shall cover the same geographic territory as the five (5) voting precincts currently established in Ouray County. A map of the precincts is attached as Exhibit A. Each district shall have the same number designation as the corresponding precinct.

IV. INITIAL SERVICES OF THE OURAY COUNTY REGIONAL SERVICE AUTHORITY

As stated in the Resolutions, the initial service to be provided by the Ouray County Regional Service Authority, if approved by the voters, is a health care facility. In addition, the Resolutions provide that any other service deemed appropriate by the Organizational Commission shall also be an initial service of the Ouray County Regional Service Authority, if approved by the voters. Although not expressly stated in the Resolutions, the Organizational Commission finds that the intent of the Resolutions is that the Ouray County Regional Service Authority contract with appropriate health care providers rather than providing services directly.

The Organizational Commission was presented with evidence that the current Ridgway Clinic operates at a loss of approximately Eighty Thousand Dollars (\$80,000.00) per year. This amount is approximately the cost of the building lease, building expenses and equipment expenses. The Ouray County Regional Service Authority may incur additional operating expenses, such as, but not limited to, insurance premiums, legal and accounting fees, direct expenses and other administrative expenses allowed by law. Further, based on information provided by Judy Wolford, Deputy County Clerk, a countywide mill levy of one (1) mill, based on the 1999 assessed evaluation for the County, would provide a projected revenue of Ninety-Four Thousand Thirty-Five and 70/100 Dollars (\$94,035.70). The Organizational Commission finds that a one (1) mill tax levy shall be the maximum ad valorem mill levy (other than for debt purposes) necessary to support the designated services provided by the proposed Ouray County Regional Service Authority upon formation. The Organizational Commission finds that ten (10) years is sufficient to either establish a means of paying for the health care facility without tax support or determine that a different level of tax support may be needed, and finds that the one (1) mill tax levy should be in effect for ten (10) years. The Organizational Commission finds that the Ouray County Regional Service Authority shall develop a long-term plan for a self-sufficient health care facility.

Because the Ridgway Clinic is currently being leased, and that the Board of Directors of the Ouray County Regional Service Authority, if approved by the voters, must have flexibility in making arrangements for the lease and/or purchase of a health care facility, the Organizational

5 questions?
two board members

Commission finds that the Ouray County Regional Service Authority, upon its formation, should be authorized to enter into multi-year fiscal obligations, which require approval of the voters pursuant to the TABOR Amendment. In addition, the Organizational Commission finds that it would be beneficial to the taxpayers of Ouray County for the Ouray County Regional Service Authority to be able to obtain grants and other forms of funding where available without decreasing the amount of its tax revenues. Accordingly, the Organizational Commission finds that the Ouray County Regional Service Authority should be authorized by the voters to obtain grants and other funding for the purposes of general operations expenses without requiring a reduction in its tax revenues as required by the TABOR Amendment.

V. PROPOSED BALLOT QUESTIONS

The Organizational Commission submits the following proposed ballot questions on the matters set forth in this report:

A. Formation of the Ouray County Regional Service Authority:

SHALL THE OURAY COUNTY REGIONAL SERVICE AUTHORITY BE ESTABLISHED AS A REGIONAL SERVICE AUTHORITY UNDER THE LAWS OF THE STATE OF COLORADO, WITH A TERRITORY OF THE COUNTY OF OURAY?

B. Services:

SHALL THE OURAY COUNTY REGIONAL SERVICE AUTHORITY, IF ESTABLISHED, PROVIDE A HEALTH CARE FACILITY AND CONTRACT WITH APPROPRIATE HEALTH CARE PROVIDERS?

C. Tax Levy:

SHALL OURAY COUNTY REGIONAL SERVICE AUTHORITY TAXES BE INCREASED BY \$94,035 ANNUALLY, BASED ON THE 1999 ASSESSED VALUATION FOR OURAY COUNTY, BY A MAXIMUM AD VALOREM MILL LEVY OF ONE (1) MILL EACH YEAR FOR TEN (10) YEARS, COMMENCING IN THE YEAR 2000, TO SUPPORT A HEALTH CARE FACILITY?

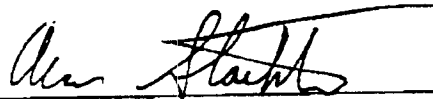
D. Fiscal Year Spending:

SHALL THE OURAY COUNTY REGIONAL SERVICE AUTHORITY, IF ESTABLISHED, AND FOR THE PURPOSE OF GENERAL OPERATIONS EXPENSES OF THE OURAY COUNTY REGIONAL SERVICE AUTHORITY, BE AUTHORIZED TO RECEIVE, RETAIN AND SPEND THE FULL REVENUES GENERATED DURING 2000 AND EACH SUBSEQUENT YEAR BY (1) ITS PROPOSED REAL PROPERTY TAXES, (2) GRANTS FROM THE STATE OF COLORADO AND STATE INTERGOVERNMENTAL TRANSFERS OF FUNDS, (3) RENTAL INCOME FROM LEASING ALL OR A PORTION OF A HEALTH CARE FACILITY, OR ANY OTHER REVENUES FROM A HEALTH CARE FACILITY, ALL WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUES THAT MAY BE COLLECTED AND SPENT BY THE OURAY COUNTY REGIONAL SERVICE AUTHORITY UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION (SOMETIMES REFERRED TO AS THE TABOR AMENDMENT), OR ANY OTHER LAW?

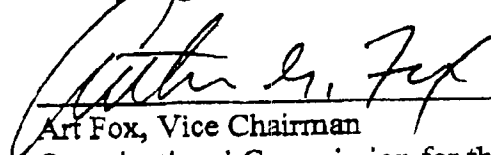
E. Multi-Year Fiscal Obligation:

SHALL THE OURAY COUNTY REGIONAL SERVICE AUTHORITY, IF ESTABLISHED, BE AUTHORIZED TO ENTER INTO A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR FINANCIAL OBLIGATION FOR THE LEASE, ACQUISITION, RENTAL, PURCHASE AND/OR LEASE PURCHASE OF A HEALTH CARE FACILITY AND EQUIPMENT?

THIS REPORT was duly adopted by the Organizational Commission of the Ouray County Regional Service Authority on July 31, 2000.



Alan Staehle, Chairman
Organizational Commission for the Ouray
County Regional Service Authority



Art Fox, Vice Chairman
Organizational Commission for the Ouray
County Regional Service Authority