

FINAL APPROVED PLAN OF ORGANIZATION

Concerning the detachment of Rico Area from the
Dolores County School District RE-2J and annexation into
the Telluride School District R-1

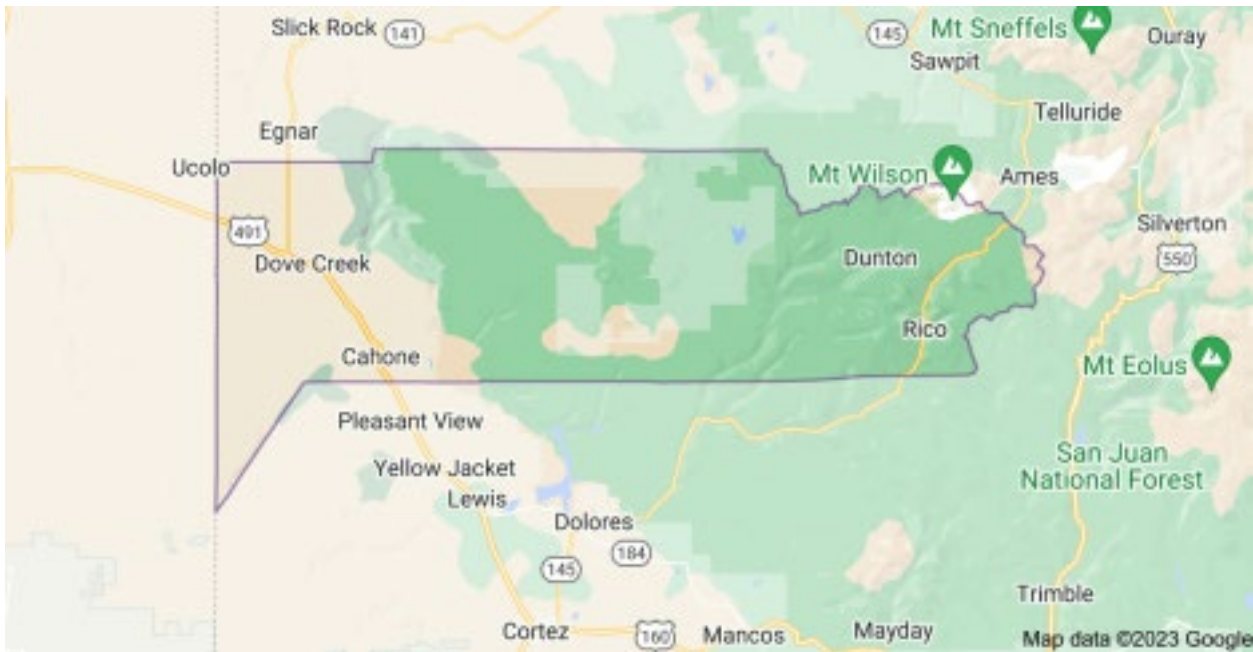
Prepared by the Rico Reorganization Planning Committee

Approved by the Colorado Commissioner of Education
June 26, 2023

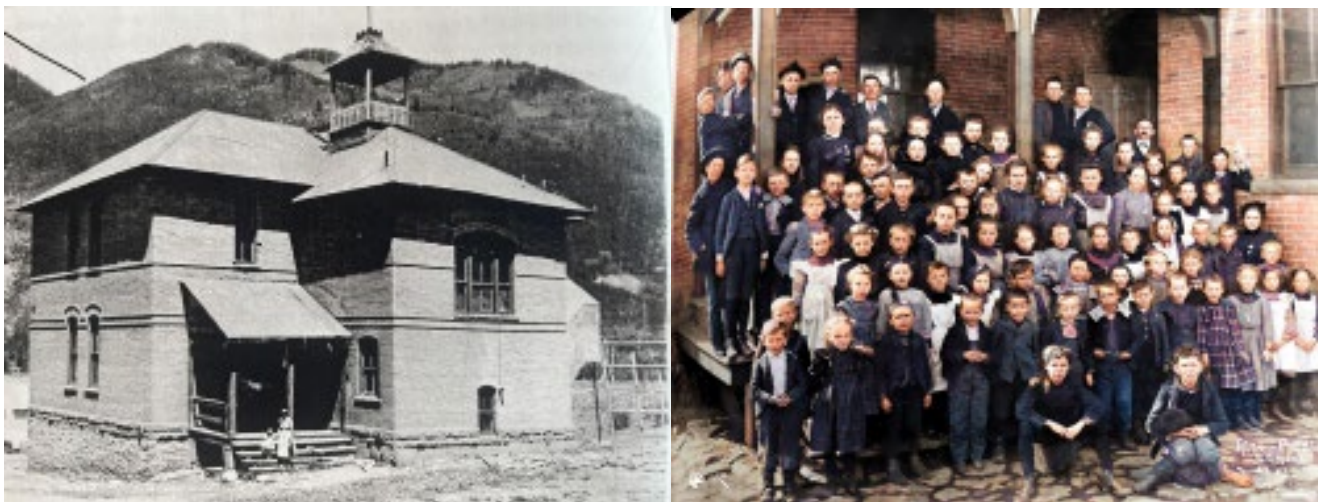
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Introduction



The Town of Rico is located in the east end of the Dolores County School District RE 2(J) approximately 28 miles south of Telluride (San Miguel County), 40 miles north of the Town of Dolores (Montezuma County), and approximately 75 miles from Dove Creek (Dolores County seat). The Rico area currently has a small but growing population of 397¹ with approximately 25 school aged kids.



Rico School (1892-1948)

In the 1970's, the Rico area experienced economic and population decline after the closure of the last mining operation. The Rico Elementary School closed in 1986. During the 1990's population began to increase primarily due to the growth and development of the Telluride resort area and associated increased jobs and housing costs. During the last generation Rico children attended the Rico Elementary School (when open) and the high school in the Town of Dolores (located in the

¹ 2020 Census figure for Rico, CCD, Dolores County, Colorado

Dolores School District RE-4A, Montezuma County). At that time, many Rico parents either worked in Rico, worked south of Rico (in the Town of Dolores or beyond), or were not employed outside the home. Transportation for students was also provided for a short time from Rico to the Town of Dolores. Since the late-1990's, the majority of school age children have attended the Telluride School District.

A community survey of Rico voters conducted in spring of 2000 concerning governmental services demonstrated a significant interest by the Rico community to pursue joining the Telluride School District. A Rico petition committee was formed in fall of 2000 pursuant to **C.R.S §22-30-105(1)(b)** to initiate the process of the Rico area joining the Telluride School District. A [plan of organization](#) was created and received final approval from CDE on September 11, 2002 and brought to the voters of Dolores County School District as well as Telluride School District on January 14, 2003. The ballot measure did not pass. The Rico Elementary school was re-opened by Dolores County Schools in



2003 (K-6) to accommodate the increasing number of elementary school students as well as preschool students in the area. The school was closed due to low enrollment in 2018. At this time, most students residing within the Rico area are attending Telluride School District through Colorado [school of choice](#) statute. Many of the students' families work in Telluride due to its proximity to Rico. Today, limitations in number and the cost of housing in the Telluride area makes Rico an affordable bedroom community to the Town of Telluride.

This 2023 Rico Reorganization Plan seeks to meet the education needs and goals of the Rico area in a financially equitable manner to Dolores County School District property owners and residents, Telluride School District property owners and residents, and Rico area property owners and residents. This Rico Reorganization Plan includes the following five main proposals.

- (1) Detach the Rico Area from the Dolores County School District RE-2(J) and annex to the Telluride School District R-1; and
- (2) Transfer Block 2 Lots 1 through 8 (Elementary School Building) to the Telluride School District R-1; and
- (3) Transfer Block 27 Lots 1 through 3 and Block 2 Lots 28 through 35 (Park and Playground) including improvements, held by the Dolores County School District RE-2(J) in the Rico area to the Town of Rico for educational, recreational, or community use for the benefit of the Rico area; and
- (4) Transfer lots 36 through 40 (trailer and former teacherage property) to the Telluride School District R-1; and
- (5) Have residents of the detached and annexed area continue to pay the property tax mill levy supporting the Dolores County RE 2(J) Elementary School bond which was passed by ballot measure in November, 2022 when the Rico Area was part of the Dolores County School District, and assume the existing property tax mill levy supporting bond repayments for the Telluride School District.

Educational Needs - C.R.S. §22-30-114(1)(a)

The Rico Reorganizational Plan will improve the educational needs of students in the Rico Area, especially the convenience and welfare of students, by attaching the Rico Area to the Telluride School District which is both geographically closer and is able to offer a PreK - 12th grade education. The Dolores County School board administration and current operating educational facilities are located in Dove Creek, the Dolores County seat. Dove Creek is approximately seventy-five (75) miles from Rico (75 minute drive); Telluride is approximately twenty-eight (28) miles away (40 minute drive).

This committee is currently exploring student transportation opportunities with the existing regional transit provider who operates service between Rico and Telluride due to community needs, by adding a bus stop at the elementary school campus, and adjusting the afternoon schedule. A majority of Rico's parents work in Telluride. Under the existing situation, Dolores County School District RE-2(J) is not able to offer K through 12 education for Rico students. The closest option for Rico students to attend school is in Telluride, with Dolores County Schools in Dove Creek being the 5th closest schools for Rico students. Involvement by Rico parents in educational issues by attending Dolores County School District Board meetings is extremely burdensome because it is a round trip drive to Dove Creek in 3 hours.

Inclusion in the Telluride School District promotes the proximity of working parents to their children, creates a district that offers Prekindergarten through grade 12 within the same district to Rico pupils and substantially enhances the ability of parents to become involved with educational and school

district issues.

Diverse Educational Opportunities - C.R.S. §22-30-114(1)(b)

Pupils enrolled in the Telluride School District will be provided diverse educational opportunities. Both the Dolores County School District and the Telluride School District are full service educational school districts that offer diverse educational opportunities to meet the needs of their respective communities.

Equalization of Educational Opportunities - C.R.S. §22-30-114(1)(c)

The Rico Reorganization Plan will enhance equalization of educational opportunities by including Rico in a school district that is more sensible geographically. As part of the Telluride School District, Rico parents would enjoy substantially more opportunity for involvement with educational issues. Currently, the Rico Elementary School is closed. Under the existing situation the only choice for Rico students is to attend school in neighboring school districts, with Dolores County Schools in Dove Creek being the 5th closest school for Rico students. This situation effectively excludes parents from participation in educational issues. In the event the closer school districts reach capacity, Rico students would only be able to legally attend public school in Dove Creek, a three hour round trip. Capacity issues in the Telluride School District have become a legitimate concern as of the 2022-2023 school year.

Accreditation Contract - C.R.S. §22-30-114(1)(d) and (d.5)

Issues related to lack of compliance with terms of accreditation are not applicable to the Rico Reorganization Plan.

Facility Utilization - C.R.S. §22-30-114(1)(e)

The Rico Elementary School building (see Attachment A for description) will be transferred to the Telluride School District and may be used for educational, recreational, and community needs of the Rico Community.

The Rico Elementary School property currently includes:

- Block 1- Lots 1 through 8 school building,
- Block 2- Lots 28 through 35 park and playground,
- Block 2- Lots 36 through 40 residential lots and school septic system,
- Block 27- Lots 1 through 3

for a total of 24 lots or approximately 57,000 square feet of property. The property includes the Rico Elementary School building, a residential trailer, and some park and playground facilities.



Trailer located on a portion of lots 39 and 40, Block 2

Some renovation has occurred at the Rico Elementary School building in the past to bring the building into compliance with minimum standards for public school buildings at that time.

The following systems were remodeled in 1999/2000 per the Final School Assessment report dated February 5, 2010 and a later Facility Condition Index (FCI) assessment from 2019 included additional repairs:

- Heating boilers installed in new addition 1999
- Systems Testing and Balance installed 1999
- The Fittings (Restroom Accessories) were replaced. 2000
- The ceiling finishes of paint and ACT were installed. 2000
- The plumbing fixtures (i.e. water tank) were replaced. 2000
- The fire alarm system was replaced. 2000
- The lighting and branch wiring system was replaced. 2000
- The communication and security system was installed. 2000
- The other electrical systems were installed. 2000
- Some HVAC two pipe distributions were installed 2002
- Unit Heaters were installed 2002
- The vinyl windows were installed 2002
- Some Exterior Doors were replaced 2002
- New carpeting was installed 2002
- New Vinyl Tile Flooring was installed 2002
- Student Lockers were installed 2002
- Metal Roofing was installed 2002
- Custodial/Utility sinks 2002

Water Coolers (Drinking Fountains) were installed 2002
LAN system was installed 2012
New Main water lines w/backflow were installed 2015

The Rico Reorganization Plan does not propose any changes to the utilization of the Rico Elementary School property from those uses contemplated by the Dolores County School District. Lots 28 through 35, Block 2, are currently used as a Town Park and Playground, which would be transferred to the Town of Rico along with unimproved lots 1 through 3, Block 27. No books, furniture, equipment, vehicles, or any other assets not attached to the Rico School property will be transferred from the Dolores County School District to the Telluride School District.

The Town of Rico and Dolores County School District RE2(J) currently have a 25 year [lease agreement](#) whereby the School/ Town Park is open to the general public and is controlled by the school during school hours (if and when the school is open for operation). Upon detachment and annexation, this lease agreement would be modified to account for ownership of the Town Park and Playground by the Town.



The School/Town Park area has been improved and maintained by the Town of Rico during the last few decades. Since re-opening of the Rico Elementary School in 2003, a new playground was constructed in 2003 with cash donations, town funds, grants from Great Outdoors Colorado, volunteer labor and donated materials. Other existing improvements include a basketball court, volleyball court, skate ramp, small, covered grill area, and rocking play equipment.

New School District Boundaries - C.R.S. §22-30-114(1)(f)

The new school district boundary shall use the following legal description which encompasses the developable private property in Rico valley and physically connects to the Telluride School District R-1 boundary by following the Highway 145 corridor from Rico to the Dolores County / San Miguel County boundary on Lizard Head Pass.

Township 40 North, Range 11 West, N.M.P.M.

- Section 24: SW/4
- Section 23: SE/4
- Section 26: E/2
- Section 25: W/2
- Section 36: W/2
- Section 35: E/2

Township 39 North Range 11 West, N.M.P.M.

- Section 1: W/2
- Section 2: E/2

Corridor along Highway 145 Right of Way from the Dolores County/San Miguel County boundary on Lizard Head Pass and until it intersects with Township 40 North, Range 11 West, N.M.P.M. Section 23 and Section 24 boundary lines.

This area would intend to encompass all private land in the Rico Valley area that would detach from the Dolores County School District and annex into the Telluride School District and is referred to as “the Rico Area” in this Reorganization Plan.



SEE ATTACHMENT D - MAPS

Equitable Adjustment of Assets - C.R.S. §22-30-114(1)(g)

The Rico Reorganization Plan equitably distributes assets to provide for the educational needs of the Rico pupils without causing undue or disproportionate financial burdens to either the Dolores County or Telluride School Districts. Assets and liabilities are to be distributed as follows:

1. A portion of the Rico Elementary School Property with improvements and fixtures will transfer to the Telluride School District. The property to be transferred includes Block 1, Lots 1 through 8 inclusive and Block 2, Lots 36 to 40 inclusive, including all improvements and attachments.
2. The estimated value of the transferred property is \$2,500,000.²
3. The Rico Area will continue to pay property taxes to the Dolores County School District for repayment of the bond for the Dolores County Elementary School which was passed by ballot measure in November, 2022 when the Rico Area was part of the Dolores County School District. The bond remaining repayment balance as of June 30, 2023 is \$16,302,625 comprised of \$10,345,000 principal and \$5,957,625 interest. The remaining repayment period is 20 years. Rico's projected share of the bond repayment based upon 2022 assessed valuations is 8% or \$1,304,210. The Rico Area share of bond payments for the tax year 2023 is \$66,087.94³.
4. The Rico Area will pay additional property taxes to the Telluride School District for repayment of an existing bond for the Constructing, Repairing and Equipping of District buildings. As of June 30, 2023 the remaining unpaid principal balance is \$18,655,000 and the remaining aggregate future interest payments amount to \$2,676,680. The remaining term is 11.5 years. The annual bond principal and interest payments amount to \$1,850,000 and Rico's share based upon 2022 Assessed Valuations is \$15,585. The Telluride school district anticipates another bond issuance within the next 5 years to support facilities upgrades and workforce housing. This bond issuance could occur as soon as November 2023. If this additional bond measure were to pass, the Rico Area would pay toward that bond as well. This would negate some of the net mill levy decrease for the Rico Area that would result from this Reorganization Plan.

No other cash assets or property transfers or liability assumptions are part of the Rico Reorganization Plan.

This Plan balances the financial interests of the Dolores County School District, Telluride School District and the Rico community. While Rico will be paying property tax for Bond repayments in two school districts, the Telluride School District operating mill levy is significantly lower than the Dolores County School District; therefore, the Rico Area will realize a net overall tax decrease despite the added bond mill levies.

² No appraisal has been performed on this property, because there are no comparable properties in a small town. The value was derived from an assessment of the structure for an inventory/replacement value.

³ Based on the assessed value of the Rico Fire Protection District \$7,772,140 divided by Dolores County School District Valuation of \$99,073,283.

The Dolores County School District is not adversely affected financially by the change of the Rico Area to the Telluride School District. While the loss of the Rico valuation of the Mill Levy

Override is 8%, the MLO funds generated by Rico have been used for campus maintenance and student care for the Rico community.⁴

The transfer of the Rico Elementary School property is a valuable asset but has been held for educational purposes and will continue to be used for educational, recreational or community purposes. The Rico Area has contributed property tax revenues to the Dolores County School District since the Rico Elementary School closed in 2018. However, School of Choice funding follows the student with the state funding educational costs above the property taxes collected, therefore all educational funding already goes to Telluride for students currently attending Telluride. The amount of state funding received exceeded the property tax revenue received from the Rico Area for the years since the school closed.⁵ The Rico Area will continue paying for the property tax for bond repayment on the Dolores County Elementary school which is estimated to be \$1,304,210. Dolores County School District will receive additional state support to compensate for the loss of Rico's assessed valuation and operating property tax revenue pursuant to the Public School Finance Act of 1994. The detachment of the Rico Area will release the Dolores County School District of any obligations to expend back taxes from any unknown tax sources and such money will be unencumbered to spend on other educational facilities in the Dolores County School District. The detachment of the Rico Area will result in an 8% decrease in the Dolores County School District area assessed valuation which would result in a corresponding decrease of 8% of the bonding capacity (legal ability to issue debt) of the Dolores County School District.

The Telluride School District will gain additional tax base for repayment of existing and potential new bonds; however, the Rico Area will constitute only a small fraction of the Telluride School District's assessed valuation.⁶ The Telluride School District will receive an elementary school property and residential housing lots. The town of Rico will receive the park, the playground, and unimproved land near the playground.

New School District Board Members - C.R.S. §22-30-114(1)(h)

The Rico Reorganization Plan will not result in a new school district. This provision is not applicable.

⁴ The MLO funds for the Rico portion of Dolores County School District was \$105,965.59, while the campus was closed. The campus expenses for the same timeframe are in excess of \$106,000.00 without student care additions.

⁵ For DCSD in 2022-23, the property tax valuation generated by the Rico Fire Protection District is approximately \$136,471.01 and the state share funding is \$1,737,845.01. For the DCSD from 2019-2023, the property tax valuation generated by the Rico Fire Protection District is approximately \$572,764.89 and the state share funding was \$5,792,199.72

⁶ Rico's Fire Department assessed valuation is \$7,772,140; Tellurides assessed valuation is \$914,809,044 (December 2022 values)

Dates for Rico Reorganization Plan Implementation - C.R.S. §22-30-114(1)(i) The following dates set forth the schedule for public hearings, adoption, approval and implementation for the Rico Reorganization plan.

- (I) Adoption of the final approved plan of organization July 1, 2024
- (II) Election of board members of new school district not applicable
- (III) Election for increase in mill levy not applicable

The Final Approved Plan of Organization-06-26-2023 is hereby referred to a special election on November 7, 2023 pursuant to C.R.S. 22-30-117(1).

Mill Levy Imposed by Telluride School District - C.R.S. §22-30-114(1)(j)

The mill levy that will be imposed on the Rico Area once annexed into the Telluride School District will be 13.262 mills for Telluride and 8.731 mills for the Dolores County Elementary School Bond Repayment which was passed by ballot measure in November, 2022 when the Rico Area was part of the Dolores County School District. The Telluride mill levy is comprised of 11.240⁷ mills for operations and 2.022 mills for bond repayment. The operating mill levy imposed by Dolores County School District (20.562 mills for 2023 tax year) will no longer be levied in subsequent budget years once this Plan is approved by voters.

Rico currently pays a total 29.293 mills to the Dolores County School District which is comprised of 20.562 mills for operations and 8.731 mills for Dolores County Elementary School Bond repayment; with the increase in Total Program Mills for DCSD to 18.685 in FY2025 from 17.559 mills in FY2023, this would increase to a total payment of 30.419 mills in FY2025, if Rico stayed in the Dolores County School District.

The total mills that will be levied against the Rico Area will decrease to 21.993 mills, comprised of 8.731 mills for the Dolores County Elementary School Bond Repayment, 11.240 mills for general operations in the Telluride School District and 2.022 mills for repayment of existing bonds in Telluride School District. The net total mill levy decrease is 8.426 mills which will offset the recent 8.731 mill levy increase in the Rico Area to support the Dolores County Elementary school bond construction project in Dove Creek.

This plan does not change the mills for the Dolores County School district remaining area. The maximum General Mills Property Taxes will remain capped at 18.685 per HB20-1418, the Mill Levy override is fixed at 3 mills and the Rico Area will continue to pay the school bonds until paid off. It should be noted that most of the mill values above will be adjusted for the Spring 2023 Property Assessed Valuation changes in both districts.

⁷ This mill levy consists of Total Program Mills of 7.281, Voter Approved Override Mills of 3.921, and Abatement Mills of .038

Operating Funds for New District - C.R.S. §22-30-114(1)(k)

This Plan does not create a new school district so this provision is not applicable.

Full Twelve Grade Education - C.R.S. §22-30-114(1.5)

The Dolores County School District and Telluride School District both provide a full twelve grade education. The Rico Organization Plan does not change or affect either school district's ability to provide a full twelve grade education; however, the Plan does ensure the ability of Rico students to attend public schools through a full twelve grade education within the same school district which is also the nearest school district to Rico.

New School Districts - C.R.S. §22-30-114(2)(3) and (4)

The Rico Organization Plan does not create any new school districts. These provisions are not applicable.

ATTACHMENTS

Attachment A - Description of Rico Elementary School Property

Attachment B - Area Map of Rico Elementary School Property

Attachment C - Regional Map of Dolores County School District and Telluride School District

Attachment D - Maps of Rico Area to Detach from Dolores County School District and Annex into Telluride School District (proposed school district boundary change)

Attachment E - May 15, 2023 letters from CDE School Finance Program Director confirming Total Program Mills for both districts per C.R.S. 22-54-106

Attachment A

Description of Rico Elementary School Property

- Lots 1 through 8, Block 2, Town of Rico, County of Dolores, together with improvements (elementary school building).
- Lots 27 through 35, Block 2, Town of Rico, County of Dolores, together with improvements (park and playground).
- Lots 36-40, Block 2, Town of Rico, County of Dolores, together with improvements (residential lots and school septic system)
- Lots 1-3, Block 27, Town of Rico, County of Dolores (unimproved land).

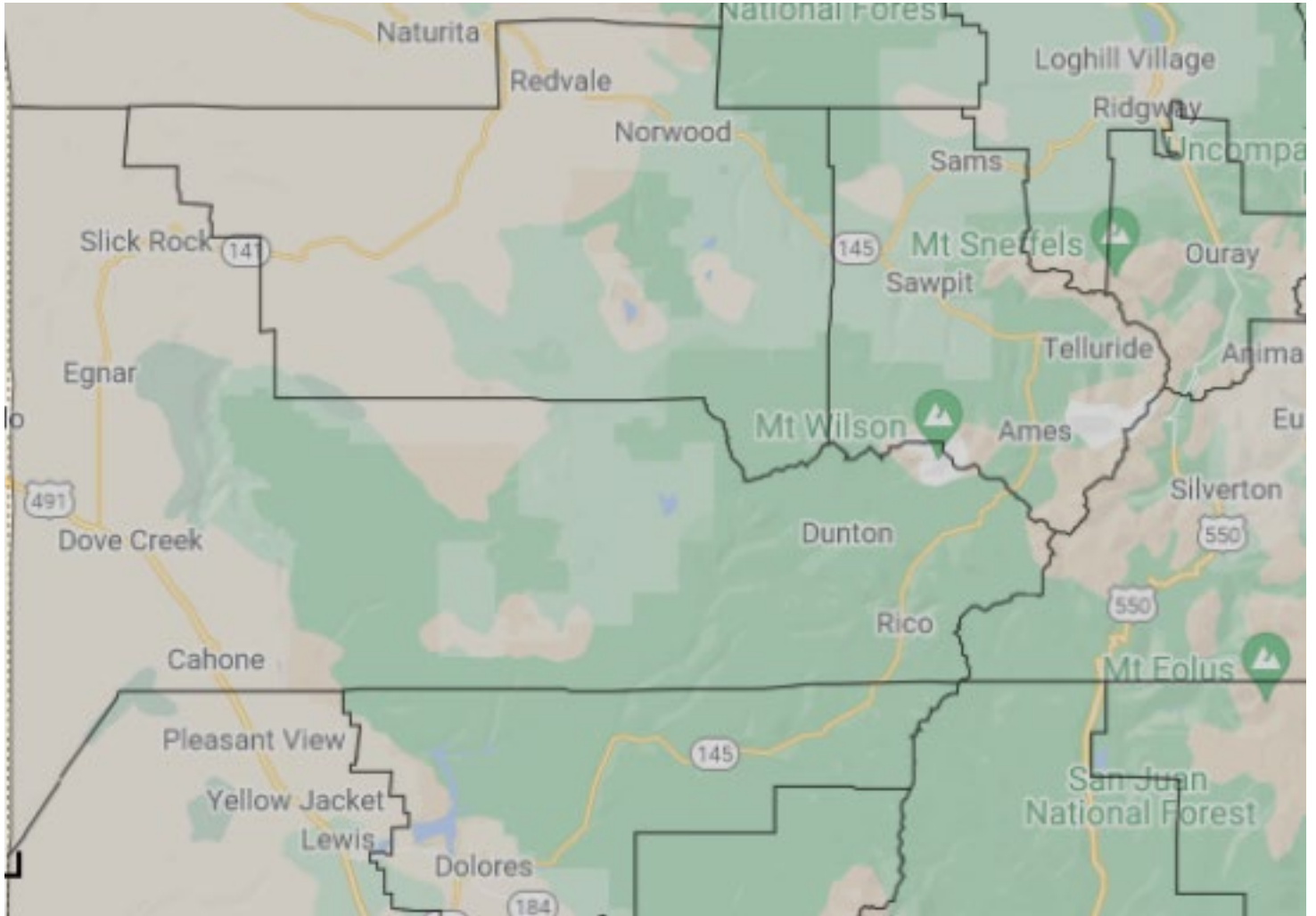
Attachment B

Area Map of Rico Elementary School Property



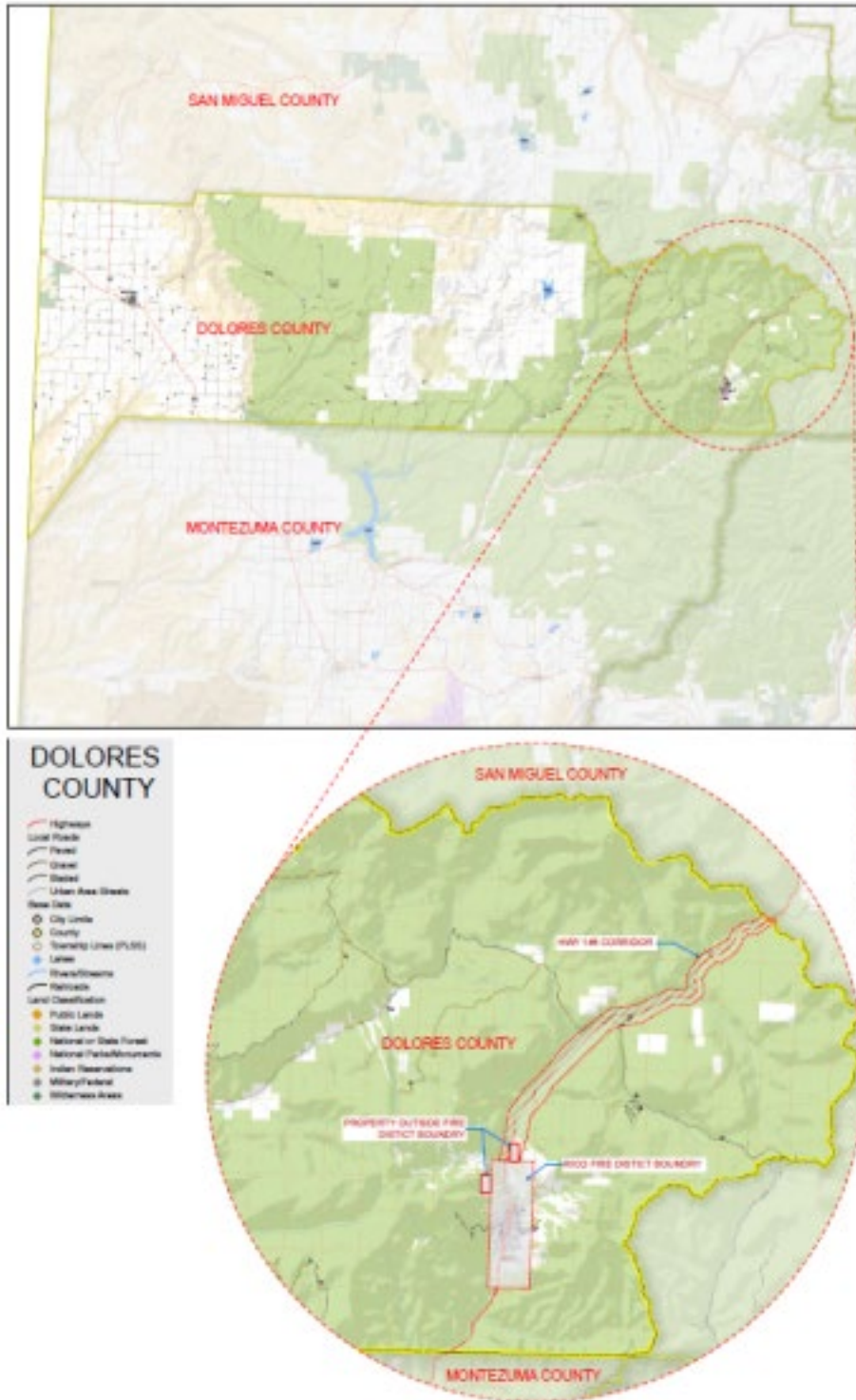
Attachment C

Regional Map of Dolores County School District and Telluride School District



Attachment D

Maps of Rico Area to Detach from Dolores County School District and Annex into Telluride School District



Rico Fire District Boundaries and Legal Description

+Township 40 North, Range 11 West, N.M.P.M.

Section 24: SW/4

Section 23: SE/4

Section 26: E/2

Section 25: W/2

Section 36: W/2

Section 35: E/2

Township 39 North Range 11 West, N.M.P.M.

Section 1: W/2

Section 2: E/2

Attachment E

May 15, 2023 letters from CDE



Michael Gray, Superintendent
Dolores County School District RE-2J
425 North Main Street
Dove Creek, CO 81324

5/15/2023

Dear Superintendent Gray,

Per the request I received from Kimberly Alexander with the Dolores County School District RE-2J school board, this letter is to confirm the Total Program mills target and remaining tax credits, if any, per HB20-1418 and HB21-1164 respectively.

Based on the research done with the help of district personnel at the time HB20-1418 was implemented, it was determined that the district's Total Program mill levy target is 18.685 mills. This target amount was determined as the lowest amount of mills the district might have fully-locally funded with no state aid in any fiscal year since the district's successful election, allowing the district to no longer be bound by the limitations of the Colorado Taxpayer Bill of Rights.

As of December 2022, the district levied 17.559 mills and 1.126 tax credits. With the remaining tax credits, the district will attain the targeted 18.685 mills required by statute as of December 2024. HB21-1164 requires districts to remove no more than one tax credit per year to reach the target mills. Therefore, the district will need to levy 18.559 mills in December 2023 with .126 tax credits. This will allow for the removal of the remaining .126 tax credits in December 2024.

The statutory reference for the two bills mentioned above is C.R.S. 22-54-106.

Please let me know if you have any questions.

Sincerely,

Tim Kahle
CDE, School Finance Program Director





COLORADO
Department of Education

School Finance and Operations
201 East Colfax Avenue
Denver, CO 80203-1799

John Pandolfo, Superintendent
Telluride School District R-1
725 W. Colorado Avenue
Telluride, CO 81435

5/15/2023

Dear Superintendent Pandolfo,

Per the request I received from Kimberly Alexander with the Dolores County School District RE-2J school board, this letter is to confirm the Total Program mills target and remaining tax credits, if any, per HB20-1418 and HB21-1164 respectively.

Based on the research done with the help of district personnel at the time HB20-1418 was implemented, it was determined that the district's Total Program mill levy target is 7.281 mills. This target amount was determined as the lowest amount of mills the district might have fully-locally funded with no state aid in any fiscal year since the district's successful election, allowing the district to no longer be bound by the limitations of the Colorado Taxpayer Bill of Rights.

As of December 2022, the district levied 7.281 mills and had no remaining tax credits. Therefore, the district has reached the Total Program mill target as required and will remain at this number of mills barring any potential future legislative changes.

The statutory reference for the two bills mentioned above is C.R.S. 22-54-106.

Please let me know if you have any questions.

Sincerely,

Tim Kahle
CDE, School Finance Program Director

