

Conditions for Optimizing Success within a Proposed Service District

The following are a set of 8 conditions that would be helpful in the establishment of a new service district. The lack of any/all of these conditions would not suggest that the creation of a new service district is not possible, but rather how difficult it might be to establish a service area.

1. Pre-Existing Home Owners or Neighborhood Association

Having and active HOA or NA indicates that

- A. There are enough people in area active and interested in maintaining the neighborhood. Apathy/Lack of Board members is a leading contributor to failure of HOA and NA.
- B. Participation in a voluntary/deed based organization by residents indicate general support for additional services and interest in paying “add on” fees for additional services
- C. HOA and NA leaders and past leaders can better articulate the issues for the neighborhood along with expressing what people have been interested in receiving along with and problems found in attempts to deliver certain services.

2. Participation of more than 250 occupants in potential Service District area

- A. Because an service district board would have approximately 5 board members (3-7 allowed under law), the more potential residents within the district the larger the pool of people to draw from in electing/selecting a board.
- B. Each board would be well served to have people of varying skills/backgrounds to help cover legal, accounting, managerial and other administrative tasks, while there isn't a flood on the number of people needed nor are there requirements of background diversity – having a larger population would minimally give potential service district residents more choices.
- C. The more people involved in the district (to a certain extent) the better opportunity to see economies of scale. Example: The Breckenridge Estates Neighborhood Association offers their 700+ participants opportunity to use their preferred vendor at an annual savings of \$100.

3. Some similarity between services currently provided by HOA or NA

- A. If the HOA or NA already offers cutting of common areas, garbage collection or snow removal – moving to a service district with the same or similar services should be easier for people to accept.
- B. Convincing people to increase from a \$25 HOA annual fee (which may only cover cutting common areas and snow removal) to a \$500 annual service tax (covering trash collection, snow removal, cutting common areas, street lights and police protection) requires more work. Savings alone will not convince people to give up their autonomy on garbage service providers

4. Amenities in existence or potential to be enhanced within area
 - A. If the subdivision/neighborhood has common areas that are in need of care, playgrounds in need of repair or off of major routes thus cut off from snow removal etc...they are more likely to be supportive of a HOA/NA/service district.
5. Ongoing trust of neighborhood with current neighborhood leaders/HOA or NA
 - A. The longer people have participated in a HOA/NA the more likely they are to support a more formalized organization such as a service district.
6. Savings for Owners/Residents – specifically for services people already pay others (i.e. Trash)
 - A. People will be more likely to support a service district if they are shown how it will save time/money and/or improve their neighborhood value.
 - B. The Breckenridge Estates NA has nearly 90% voluntary participation in their organization. The organization is limited in scope but part of the \$25 annual membership dues allows participants to use the NA's agreement with a preferred waste hauler. The NA's savings per resident is \$100 annually which has helped move people to nearly all using the same waste provider and participation in a relatively new (10 years) neighborhood association.
7. Relatively balances home values throughout district
 - A. If home values vary significantly, it might be harder to convince people to subscribe to a service district. Example: If a home with a value of \$400,000 and \$100,000 are both receiving the same trash collection – one home might see a savings, while the other might be paying the same or more under the service district. This might not be as important for snow removal, as larger homes tend to be on larger lots and thus would cost more to clear.
 - B. Such a concern would be realized in cases where you have condos/townhomes then regular homes then an estate section bringing about a large range of home values. Also – many developments that have apartments/condos/townhomes may have other means for waste and cutting of common areas.
8. Council Initial Seed Funding
 - A. Funding to help encourage participation in HOA/NA's has been helpful in the past. The same sort of carrot could help incentivize people to support a new service district. For example, the willingness of the Councilperson(s) to support installation of streetlights or playground equipment or other items in the first year or two might lead others to see support from Metro Government as a good sign and also have more confidence in moving forward.
 - B. Any Metro support now – could result in savings later, through less reliance on Metro for items or minimally having a partner (like with suburban cities) that members of the Council can use when considering projects.

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Other Ideas:

Working with Developer Led HOA's early one or in development stages to set up service districts in advance of construction of new areas/neighborhoods.