



# Town of Johnstown

## TOWN COUNCIL AGENDA COMMUNICATIONS

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**AGENDA DATE:** February 22, 2023

**SUBJECT:** Recurring Fees Request for Operation Services – Johnstown Village Metropolitan District No. 2

**ACTION PROPOSED:** Consider Request from Johnstown Village Metropolitan District No. 2

**ATTACHMENTS:**

1. Letter Request from Johnstown Village Metropolitan District No. 2
2. Johnstown Village Metropolitan District No. 2 Multi-Year Budget

**PRESENTED BY:** Matt LeCerf, Town Manager

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### AGENDA ITEM DESCRIPTION:

Enclosed for your review and consideration is a request from legal counsel representing the Johnstown Village Metropolitan District (MD) No. 2. The subdivision is more commonly referred to as Mallard Ridge consisting of only the Single-Family development. They are requesting the ability to implement a recurring fee in addition to the existing 10 mills for operation and maintenance of District owned and/or maintained common areas and amenities. The information and specifically the budget provided by legal counsel illustrates that the current 10 mills revenue (subject to Gallagher Adjustment) is not sufficient to balance the expenditures incurred.

The Service Plan for the MD provides that the maximum debt mill levy cap, subject to adjustment, is 50 mills, 10 of which are allocated to pay for regional sanitary sewer, and drainage and stormwater improvements.

There are several unanswered questions related to this request that we are unable to provide based on the information received. Those items include:

- What is the initial fee to be imposed – annually and monthly as applicable?

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- Will there be an annual increase to this fee imposed if approved by Council?
- At what time will the residents be the controlling majority of this MD and then subsequently be able to make decisions related to this fee based on feedback from the residents in the community?
- Is there a cap on the proposed fee?

In general, and in order to maintain the common areas and amenities, Staff preference would be to see mill levy adjustments permissible if the MD is controlled by a majority of the residents in the community. This allows the residents to have the control and establish the standards by which they want to own, operate and maintain their subdivision's common areas and amenities. Currently our model service plan and this agreement do not permit for this flexibility which could be ultimately decided by the residents on an annual basis.

Ultimately this decision resides exclusively with the Town Council. Staff is supportive of the assessment of a fee that insures the MD is sustainable to maintain their public areas based on their actual expenses. Staff though is not supportive of an arbitrary fee that creates a cash surplus in the fund and accumulates an unnecessary fund balance and subsequently impacts the property owners quality of life.

**LEGAL ADVICE:**

The Town Attorney received this request as well as the Town Manager

**FINANCIAL ADVICE:**

NA

**RECOMMENDED ACTION:** Staff is supportive of the assessment of a fee that insures the MD is sustainable to maintain their public areas based on their actual expenses. Staff though is not supportive of an arbitrary fee that creates a cash surplus in the fund and accumulates an unnecessary fund balance and subsequently impacts the property owners quality of life.

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**SUGGESTED MOTIONS:**

**For Approval:** I move to approve the Johnstown Village Metropolitan District No. 2's request to impose a Recurring Fee in the amount necessary to support the District's administrative, operations and maintenance expenses at a rate the District's Board of Directors determines is necessary.

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**Alternate For Approval:** I move to approve the Johnstown Village Metropolitan District No. 2's request to impose a Recurring Fee to support the District's administrative, operations and maintenance expenses:

- At a rate of \_\_\_\_\_ annually.
- With a cap of \_\_\_\_\_ annually.
- With an annual increase of not more than \_\_\_\_\_%.
- For a period of \_\_\_ years, at which time the District, if it desires to continue imposing the Recurring Fee, shall be required to submit a new request to the Town.

**For Denial:** I move to deny the Johnstown Village Metropolitan District No. 2's request to impose a Recurring Fee.

*Reviewed and Approved for Presentation,*



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Town Manager

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