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TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: October 7, 2024

SUBJECT: **Public Hearing** – Resolution 2024-47: Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4

ACTION PROPOSED: Consider Resolution No. 2024-47

ATTACHMENTS:

1. Proposed Service Plan
2. Cover Letter from Counsel for Proponents of the Districts
3. Resolution Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4
4. Presentation from the Metropolitan District Proposed

PRESENTED BY: Town Attorney, Avi Rocklin, Special Counsel, Carolyn Steffl of Dietze and Davis, P.C.

AGENDA ITEM DESCRIPTION: An application for approval of a Service Plan (“Service Plan”) was submitted for Mallard Ridge Metropolitan Districts Nos. 1-4 (“Districts”) by 6037 Johnstown, LLC, a Colorado limited liability company, the owner of the property (“Owner”), pursuant to the requirements of the Special District Control Act, Title 32, Article 1, Part 2, C.R.S. The Service Plan was submitted in connection with property commonly known as “Purvis Farm,” generally located north of State Highway 60 and east of Colorado Boulevard (“Property”). By Ordinance No. 2021-200, the Town Council approved a P.U.D. Outline Development Plan for the Property.

To satisfy the statutory requirements, the Service Plan includes (1) a description of the proposed services, (2) a financial plan as to how the services are to be financed, (3) a preliminary engineering or architectural survey showing how the proposed services are to be provided, (4) a map of the proposed Districts boundaries, (5) an estimate of the population and valuation for assessment of the proposed Districts, (6) a description of the facilities to be constructed and the standards for construction, (7) a general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the Districts, and (8) a proposed intergovernmental agreement.

The Districts’ service area consists of approximately 106 acres. District No. 1 is the coordinating district and may coordinate the financing, construction, and maintenance of the Public Improvements. District Nos. 2-4 are proposed to be the financing districts and contain the residential

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and commercial development within their respective boundaries. District Nos. 2-4 are anticipated to consist of one commercial, one single-family residential district and one multi-family residential district. The anticipated population of the Districts at full development is approximately 1,087 people.

The Service Plan is generally consistent with the Model Service Plan adopted by the Town Council on February 22, 2017 and last updated in February 2021. The maximum debt mill levy for the residential districts is forty (40) mills and the maximum debt mill levy for the commercial districts is fifty (50) mills. The maximum operations and maintenance mill levy is ten (10) mills. Notwithstanding the maximum limitations, if a majority of the board of directors of a district is composed of end users (any owner, tenant or occupant of any vertically developed property other than the builder), the board of directors may eliminate the maximum operations and maintenance mill levy.

The maximum mill levies are subject to an assessed valuation adjustment, meaning, primarily, that if the residential assessment rate is changed (the ratio of assessed valuation to actual valuation), the mill levy may be increased above the cap so that the rate change is revenue neutral to the Districts.

The maximum term for imposition of a debt mill levy is twenty (20) years for developer debt from the initial imposition of an ad valorem property tax by a particular district, unless the Town approves a longer term by intergovernmental agreement, and forty (40) years for all debt, except that, if a majority of the board of directors of a district is composed of end users, the board may approve a longer term for a refinancing.

The capital plan, attached as Exhibit E to the Service Plan, estimates public improvement project costs of approximately \$36,786,000.00. The capital plan was reviewed by Doug Gossett, the Town's Engineering Director, who found that the total preliminary estimate of costs is reasonable, given the stage of the development approval. The capital costs are expected to be revised and refined throughout the development review process.

The financial plan, attached as Exhibit F to the Service Plan, provides that the Districts will have the ability to issue debt in the approximate par amount of \$12,000,000. The maximum debt authorization under the Service Plan is consistent therewith and is \$12,000,000.

Within ten (10) business days subsequent to the issuance of Debt, the issuing District is required to provide the following to the Town: (i) the marketing documents that have been published; (ii) a bond counsel opinion letter addressed to the District regarding the issuance of the Debt; (iii) the resolution of the Board of the District approving the Debt; and (iv) a certification of the Board of the District that the Debt is in compliance with the Service Plan (if such certification is not already contained in the resolution approving the Debt). Consistent with the Model Service Plan, the Districts are entitled to impose a one-time development fee as issuance of building permit to fund the Districts' expenses.

Pursuant to state law, no Districts can be formed and entitled to operate within the Town before the Council has approved the Service Plan. The Service Plan can only be approved after a public hearing. Upon approval, the Service Plan, along with a petition for organization of the Districts, must be submitted to the Weld County District Court, who will then hold a hearing on the petition and order an election regarding the organization of the Districts. Notice of this public hearing before the Town Council was published in *The Johnstown Breeze*, *Loveland Reporter-Herald* and the *Greeley Tribune*: and provided to interested persons by the proponents of the Districts.

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STRATEGIC PLAN ALIGNMENT:

- Organizational Excellence & Public Trust
 - *Strengthen public trust and confidence*
- Healthy & Resilient Economy
 - *Promote development in the Town*

LEGAL ADVICE:

The Town Attorney and the Town’s Special Counsel have reviewed the proposed Service Plan.

FINANCIAL ADVICE:

NA

RECOMMENDED ACTION: Approve Resolution No. 2024-47, Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4.

SUGGESTED MOTIONS:

For Approval: I move to approve Resolution No. 2024-47, a Resolution Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4.

For Approval with Conditions: I move to approve Resolution No. 2024-47, a Resolution Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4, with the following modifications to the proposed Service Plan, _____, and direct the Town Attorney to revise the Service Plan accordingly.

For Denial: I move to deny approval of Resolution No. 2024-47, a Resolution Approving the Service Plan for Mallard Ridge Metropolitan Districts Nos. 1-4.

Reviewed and Approved for Presentation,



Town Manager