



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE:	February 6, 2023
SUBJECT:	Economic Incentive Agreement Regarding Project Arsenal
ACTION PROPOSED:	Consider Resolution 2023-08 Approving the Economic Incentive Agreement Between the Town of Johnstown and Project Arsenal
ATTACHMENTS:	1. Resolution 2023-08 2. Economic Incentive Agreement Between the Town of Johnstown and Project Arsenal
PRESENTED BY:	Sarah Crosthwaite, Economic Development Manager

AGENDA ITEM DESCRIPTION:

Project Arsenal (Alias) is a Fortune 500 Company in the food & drug industry that includes supermarket chains and general warehousing and storage facilities. Project Arsenal has identified Trade @2534 Industrial Park to build a 55,000 sq ft spoke facility that will be utilized as an ecommerce fresh food distribution center. The spoke facility will be the first in Colorado that will work in conjunction with its existing "Hub" fulfillment center near the Denver metro area.

Their estimated capital investment will be over \$3.5 million with an operational start date by end of Q1 2023. The facility is expected to employ up to 160 employees over several years dependent on market demand and growth.

The attraction of Project Arsenal has been a regional effort that includes Larimer County and Town of Johnstown.

To facilitate the development of the project, the Town has offered the following incentives:

- The Town will offer a personal business property tax rebate for a term of ten (10) years.
 - 10-year term; sales tax rebate of up to 50%
 - Term of rebate will begin effective from the date of the first year after the new personal business property (equipment & machinery) is in operation.

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- The Town will offer a one-time 75% rebate of the total building permit fees paid to the Town for the construction of the Project

In order to meet the Town’s Economic Incentive Policy, Project Arsenal has committed to the following performance measures and expectations:

- Operational start date no later than June 30, 2023
- Minimum job creation and hire of 100 employees no later than June 30, 2024

The proposed project meets the Town’s Economic Incentive Policy by providing a positive fiscal, community, and employment impact within the community. The Town has been effective in strategizing the most appropriate economic incentives available and collecting required data and due diligence to ensure a fair, judicious, and strategic use of incentives.

LEGAL ADVICE:

The Town Attorney has drafted and reviewed the Economic Incentive Agreement.

FINANCIAL ADVICE:

The Town will be committed to a personal business property tax rebate and building permit fee rebate as defined in Section 2(a) and 2(b) of the agreement.

RECOMMENDED ACTION: Approve Resolution 2023-08 approving the Economic Incentive Agreement Between the Town of Johnstown and Project Arsenal

SUGGESTED MOTIONS:

For Approval: I move to approve Resolution 2023-08 regarding the Economic Incentive Agreement Between the Town of Johnstown and Project Arsenal.

For Denial: I move to deny Resolution 2023-08 regarding the Economic Incentive Agreement Between the Town of Johnstown and Project Arsenal.

Reviewed and Approved for Presentation,



Town Manager