



450 S. Parish Avenue
Johnstown, CO 80534
970.587.4664
JohnstownCO.gov

TOWN COUNCIL WORK SESSION COMMUNICATION

AGENDA DATE: July 8, 2024

SUBJECT: Johnstown Aquatics Financial Feasibility Study

ATTACHMENTS: 1. Johnstown Aquatics Financial Feasibility Study

PRESENTED BY: Matt LeCerf, Town Manager
Mitzi McCoy, Deputy Town Manager

WORK SESSION ITEM DESCRIPTION:

On June 3, 2024, the Town Council was presented with the final report and presentation regarding the Johnstown Aquatics Financial Feasibility Study. This report and the presentation were provided by Ohlson Lavoie Corporation (OLC), Ballard King & Associates, and Councilman Hunsaker. As part of their report, they estimated total construction cost would be roughly \$29 million. They also suggested that operational costs would result in an annual loss of approximately \$200,000 – \$250,000 annually. I mentioned following this presentation that many of the Town's operations don't generate enough revenue and operate in a deficit.

On June 24, 2024 Town Council conducted a work session and was provided with a high level overview of fund accounting and the overall outlook of the Town's budget. As part of this presentation, we presented and discussed the various funds in the Town's budget. Two specific funds which could assume the costs and responsibilities of an Aquatic Center if the Town were to move forward with construction of a facility, are the General Fund and the Parks and Open Space Fund.

Based on the adopted budget, at the end of FY 2024, the General Fund is anticipated to be roughly \$14 million. It is important to note that this includes restricted funds of the Police Impact Fund and the Public Facility Impact Fund. With a price tag of \$29 million, there simply is not enough money currently in place through the General Fund to afford this type of construction unless you want to change the way in which the Town does business currently. Similarly, in the

Parks and Open Space Fund, it has an anticipated available fund balance of \$4.5 million and has the same challenges to afford the pool's current estimated cost.

While there have been general high-level discussions whether \$29 million is an accurate cost estimate, that still doesn't negate the fact that accomplishing this project will require an additional funding source. There are a couple of alternatives the Council may want consider to finance this project given the lack of available cash-flow in its current financial position.

Alternative 1:

The Council could ask registered Johnstown Voters to consider a general obligation bond (GO bond). This is a TABOR ballot question. A GO Bond is a municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation. No assets are used as collateral. This would likely require either a dedication of the existing property tax mill levy or an increase in property taxes dedicated to this obligation for a period of time to pay back the debt on the GO Bond. Revenue generated and the payback terms would be based on the mill levy structure. GO Bonds are rarely issued by municipalities and even less when it is associated with an increase in property taxes; consequently, they can be difficult to garner broad public support. Generally, GO Bonds are utilized by School Districts to finance expansion and new construction of critically important learning facilities for education of our students.

Alternative 2:

Probably the most reasonable option, if the Council wants to proceed forward with pursuit of an Aquatics Facility is to consider asking the voters for a sales tax initiative on the ballot. If Council were to consider asking the voters to increase sales tax, Staff would recommend a TABOR ballot measure to establish and collect a 1% sales tax dedicated for the Parks and Open Space Fund. This revenue source could be utilized for purposes related to the Aquatics Facility. It could also be utilized for the general park development, trail development and maintenance of our parks. Town Council is keenly aware that, parks and open space revenue is very limited, is a highly subsidized operation, but is a critically important service to provide amenities and a high quality of life in our community.

We believe with this critical revenue source, we could expand and construct additional park facilities and amenities that are being contemplated in the currently advertised Request for Proposal (RFP) Site Master Plan for the Town. A 1% sales tax would generate an estimated \$4 million annually in revenue. Subject to identifying an appropriate financing mechanism, we may have the ability to dedicate a portion of the 1% sales tax to debt financing while providing the

other portion to critical new park and trail development as well as park maintenance in the community.

The deadline for the next election cycle where Council can consider asking the voters a TABOR ballot question is quickly approaching. The proposed schedule and date for the next election is November 5, 2024, at the same time as the presidential election. A preliminary schedule provided by the Town Clerk is included and shown below for Council to understand the timeline in which we could ask the voters on November 5. It is estimated that the cost for this question to be submitted to the registered voters in Johnstown through each of the Counties could cost around \$40,000.

Staff welcomes the discussion to gain greater clarity of the direction you want to proceed on this important community matter.

July 15	Last meeting for Town Council resolution approval of coordination for November election
July 26	Last Day to notify the County Clerk of participation in General Election
August 5	First reading of ballot question ordinance to Town Council
August 19	Last day for Council to approve IGA with Counties
August 19	Second reading of ballot question ordinance to Town Council
August 27	Last day to sign County IGA
September 6	Ballot content must be certified with County
October 11	Ballots mailed to UOCAVA voters
November 5	Election Day

Reviewed and Approved for Presentation,



Town Manager