



Town of Johnstown

TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: August 19, 2022

SUBJECT: Public Hearing – Ordinance 2022-237. An Ordinance Amending The Town Of Johnstown Municipal Code Concerning Town Sales Taxes To Provide A Credit Against Sales Tax If A Certain Public Improvements Fee Has Been Paid In Connection With The Development Known As Ledge Rock Center; Repealing And Replacing Ordinance No. 2022-231

ACTION PROPOSED: Consider First Reading of Ordinance 2022-237

ATTACHMENTS: 1. Ordinance 2022-237

PRESENTED BY: Matt LeCerf, Town Manager

AGENDA ITEM DESCRIPTION:

Enclosed for your consideration is Ordinance 2022-237. Ordinance 2022-237 will repeal and replace Ordinance 2022-231. Ordinance 2022-231 provided authorization by the Town to contribute 2.0% of the Town's 3.0% General Fund (GF) Sales Tax for the benefit and construction of public improvements within the Ledge Rock Center development. This contribution is commonly referred to as a Credit PIF.

Ordinance 2022-237 proposes an increase in the Credit PIF by the Town from 2.0% to 2.75%. The request which was made by the developer to consider increasing the Credit PIF is because of the facts that construction costs have increased substantially since the initial agreement was developed, but even more challenging was the significant increase in interest rate of the bond market. The modification of the Credit PIF from 2.0% to 2.75% is anticipated to last no longer than 10 years and based on the market, the District would be required to refinance at a lower interest rate.

The Ledge Rock Center is generally divided into two phases – I and II. The developer would be able to proceed on Phase I, but would not be eligible to proceed into Phase II until such time as the Town is provided funding for the Town's use for any lawful purpose an amount equal to the increase collected in the Credit PIF from 2% to 2.75%.

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As part of the increase in the Credit PIF, Staff was directed to analyze the Town's cost to deliver services to the Ledge Rock Center. The impetus of this analysis was to ensure that the Town remained "whole" and was not delivering services to Ledge Rock at a loss when compared to the GF Sales Tax generated and distributed to the Town. The analysis supports retainage of 0.25% GF Sales Tax and increasing the Credit PIF by 0.75%. The analysis did not consider residential development adjacent to the Ledge Rock Center or revenues and expenditures for the Street Fund which have a dedicated 0.5% sales tax for this exclusive purpose and are still retained by the Town.

LEGAL ADVICE:

The ordinance was drafted by the Town Attorney in consultation with Special Counsel and Staff.

FINANCIAL ADVICE:

Approval of Ordinance would in the interim decrease the GF Sales Tax to the Town as described above.

RECOMMENDED ACTION: Approve Ordinance 2022-237 upon first reading.

SUGGESTED MOTIONS:

For Approval: I move to approve Ordinance No. 2022-237, as presented upon first reading.

For Denial: I move to deny Ordinance No. 2022-237, as presented upon first reading.

Reviewed and Approved for Presentation,



Town Manager