



# Town of Johnstown

## TOWN COUNCIL WORK SESSION COMMUNICATIONS

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**AGENDA DATE:** November 29, 2021

**SUBJECT:** Economic Impact Analysis: Ledge Rock Center

**ACTION PROPOSED:** Provide direction to move forward with Ledge Rock Center project

**ATTACHMENTS:**

1. EPS Report: Ledge Rock Center Economic Impact Analysis
2. Ledge Rock Center Project Summary

**PRESENTED BY:** Sarah Crosthwaite, Economic Development Manager

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### AGENDA ITEM DESCRIPTION:

Enclosed for your review is EPS's Phase II Report regarding Ledge Rock Center's economic impact analysis. This analysis was required by the MOU executed in May 2021 between the Town of Johnstown and The Plaza of JC, LLC, which is the developer of Johnstown Plaza. In August 2021, Council received Phase I of EPS's Report which was an update to the existing 2015 analysis and included updated costs and revenues to the Town from Johnstown Plaza. Based on the report and presentation by EPS, the updated report showed that Johnstown Plaza was within range of the f revenues, and Town service costs were within range of what was forecasted in the original analysis.

Additionally, EPS explored 3 scenarios regarding the existing 2016 JPMD bonds. The first scenario explored leaving the existing 2016 JPMD bonds as is without refinancing or adding additional debt. The second scenario explored refinancing the existing 2016 JPMD bonds with no new additional debt. The third scenario explored refinancing the existing 2016 JPMD bonds and issuing an additional \$9.3 million in debt to cover eligible public improvement expenses.

Based on a favorable report regarding the economic impact analysis in Phase I, Council directed Staff to proceed on Phase II, engaging with EPS to perform their analysis of Ledge Rock Center. The proposed project location is at the southeast corner of Hwy-60 and I-25, and would consist of commercial, single family, and multi-family development.

The Ledge Rock Center economic impact analysis report enclosed, includes:

- Market feasibility of the project including projected absorption rates, and property and sales tax values.

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- Fiscal impact including expected Town revenue (property and sales tax) compared to estimated costs of providing Town services to the project.
- Forecast of PIF revenues generated by the project over a 30-year sales tax share back term.
- Analysis of the forecasted revenues by the project compared to the annual net debt service required for the propose issuance of bonds.
- A valuation of the town parcel (*currently owned by Kerr-McGee Oil & Gas Onshore LP, approximately 33.22 acres not including dedicated easements and ROW's*) that is set to be conveyed to the developer.
- Total evaluation of the requested incentives the Town would provide to the developer.

In order for EPS to conduct a thorough analysis of the of Ledge Rock Center project and feasibility, the developer provided a project summary which was required per the MOU.

Additionally, EPS also requested the following development program, development values, and market and financial data (*please keep in mind some of the information requested by EPS was included in the project summary by the developer*):

### **Development Program**

- Prospective Retail development
  - Square feet by tenant and/or tenant type
  - Construction by year
  - Lease-up (absorption) schedule
- Multifamily development
  - Number of units by type
  - Sq. ft. total net and gross
  - Construction type (e.g., 3 story walk-up, wrap, podium)
  - Parking spaces – surface and structured
  - Construction schedule
  - Lease-up (absorption) estimates
- Single family / townhouse development
  - Number of units by type
  - Unit sizes
  - Construction schedule
  - Absorption estimates

### **Development Values**

- Retail/commercial
  - Potential annual sales and sales per sq. ft. by tenant and category
- Multifamily
  - Projected rents by unit types
  - Operating costs
- For Sale Housing
  - Prices by unit type

### **Market and Financial Data**

- Market study providing support for values and absorption assumption
- Development costs sources and uses
- Pro forma

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- 10-year unleveraged cash flow without public financing request
- 10-year unleveraged cash flow with public financing request
- Developer returns (Yield on Cost, Net Present Value, Internal Rate of Return)

Staff is requesting Council direction to continue to proceed with the potential Ledge Rock Center project which includes:

- Drafting/finalizing a development and finance agreement
- Economic development incentive agreement
- Support the refinance of the 2016 JPMD Bonds and add additional debt (estimated at \$6 million)
- Allow the Ledge Rock Center Metro District 1, Metro District 2, and Metro District Commercial to issue new bonds for finance the public improvements for the Ledge Rock Center development.

Staff has been concurrently working with the developers engineering team through the development review process. As of date, the developer submitted an ODP in July and received their first round of comments in August. The applicant has not resubmitted but continues to discuss with staff the project including comments and outstanding items from the first submittal.

Representatives from EPS will be in attendance to present their findings of the Phase II analysis.

***Reviewed and Approved for Presentation,***



Town Manager

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