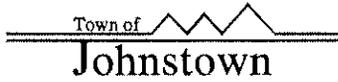


***SPECIAL
TOWN COUNCIL
MEETING
PACKET***

March 27, 2017



Special Town Council Meeting
Monday, March 27, 2017
Town Hall, Council Chambers
450 So. Parish Avenue
7:00 PM



MISSION STATEMENT-*"The mission of the government of the Town of Johnstown is to provide leadership based upon trust and integrity, commitment directed toward responsive service delivery, and vision for enhancing the quality of life in our community."*

1) CALL TO ORDER

A) Pledge of Allegiance

2) ROLL CALL

3) AGENDA APPROVAL

4) OLD BUSINESS

A) Reconsideration of the Town of Johnstown's \$1.2 Million Dollar Financial Commitment Toward Improvements to U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North Interstate 25 Design-Build Project.

B) Consideration of the Town of Johnstown's Financial Commitment Toward Improvements to U.S. Highway 34 and State Highway 402 Interchange Interchanges as part of the Colorado Department of Transportation's North Interstate 25 Design-Build Project

5) ADJOURN



NOTICE OF ACCOMODATION

If you need special assistance to participate in the meeting, please contact the Town Clerk at (970) 587-4664. Notification at least 72 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to the meeting.

**STAFF
REPORT
(March 20, 2017)**

SPECIAL TOWN COUNCIL AGENDA COMMUNICATION

AGENDA DATE: March 20, 2017

ITEM NUMBER: 9B

SUBJECT: Consider the Town of Johnstown's Financial Commitment toward Improvements to the U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project

ACTION PROPOSED: Consider the Town of Johnstown's Financial Commitment toward Improvements to the U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project

PRESENTED BY: Mayor and Town Staff

AGENDA ITEM DESCRIPTION: On January 18, 2017, representatives from the Colorado Department of Transportation ("CDOT") presented an update on the planned improvements to north Interstate 25 ("I-25"). The planned improvements include repair or replacement of two bridges, expansion of a third managed lane in each direction, slip ramps and a park-and-ride at Larry Kendall Parkway ("North I-25 Design-Build Project"). The Town has committed \$1 million dollars toward such improvements, payable in four installments of \$250,000 each (2017-2020). As a part of the presentation, CDOT noted that the North I-25 Design-Build Project does not include improvements to the U.S. Highway 34 and State Highway 402 Interchanges (the "Interchanges"), which have aging infrastructure that is not adequate to address current and anticipated traffic congestion. CDOT represented that, if the Town is willing to partner on funding to improve the Interchanges along with other local governments, there is a window of opportunity for improvements to the Interchanges to be included in the project scope for the North I-25 Design-Build Project, which will result in significant cost efficiencies and economies of scale. In other words, CDOT represented that it is significantly less expensive to include the Interchange improvements to the existing North I-25 Design-Build Project rather than construct those improvements separately at a later date.

Based on the presentation from CDOT, Town Council passed Resolution 2017-01, a Resolution Affirming the Town's Support of Including Improvements to the Interstate 25 and State Highway 34 Interchange and Interstate 25 and State Highway 402 Interchange as part of the Colorado Department of Transportation's North I-25 Design-Build Project. While the Resolution set forth the Town's general commitment to assist and provide funds, the Resolution did not specify a specific financial commitment. To move the bidding process along, CDOT is now requesting that the Town solidify the amount of the financial commitment.

CDOT estimates that the cost of the improvements to the Interchanges will be \$54 million, and is seeking local matching contributions of \$14 million. Upon information and belief, Larimer County and Weld County each committed \$500,000. The City of Loveland passed a resolution on March 7, 2017, committing \$6 million to the project. Notably, Loveland's resolution is contingent on "an amount from the Town of Johnstown at least equal to the City of Loveland's contribution." Loveland's resolution further provides that the contribution will be paid during the 2017, 2018 and 2019 calendar years, with one-third, or \$2 million, presumably payable during the 2017 calendar year. If CDOT is in fact seeking the funds during the 2017 calendar year, the Town will be required to amend the 2017 Budget to account for the expenditure.

Factors for consideration in determining the amount of the Town's financial contribution may include the Town's budget, the Town's commitment to construct the community recreation center and the equities involving the various participating jurisdictions.

Factor 1: The Budget

The Town would allocate funds for improvements to the Interchanges from the Use Tax Fund or the General Fund. A copy of both funds is included herewith.

Use Tax: Based on the 2017 Budget, the Use Tax Fund balance is projected to be \$16,777,600 at year's end. Of that, approximately \$11,784,599 is already committed. A breakdown of the financial commitments is as follows:

| | |
|--|-----------------|
| 2017 Budget (Includes North 2nd Street project) | \$2,203,500.00 |
| Committed to construct Community Recreation Center | \$5,000,000.00 |
| Architect | \$1,131,099.00 |
| Owners Representative-Johnstown Community Recreation Center | \$200,000.00 |
| Infrastructure/Land costs Johnstown Community Recreation Center | \$2,500,000.00 |
| North I-25 Commitment 2018, 2019, 2020 | \$750,000.00 |
| TOTAL | \$11,784,599.00 |

The Use Tax Fund is also used to fund the annual chip seal project, which is estimated to cost an average of \$450,000 per year for the next four years, totaling \$1,800,000. The Town currently spends approximately \$400,000 per year on chip seal and street maintenance.

With those committed expenditures, the Use Tax Fund has a positive fund balance of approximately \$4,993,001 without inclusion of the ongoing chip seal project or \$3,193,001 with inclusion of the chip seal project.

General Fund: Based on the 2017 Budget, the General Fund balance is projected to be \$38,582,800 at year's end. Of that, approximately \$7,607,500 is committed for expenditures and another \$20,000,000 is committed for construction of the community recreation center, leaving a balance of \$10,975,300.

Overall: Between the two funds, after committed expenditures, the Town has a positive cash balance of approximately \$14,000,000. Among many other uses, the cash balance will fund continuing capital projects, ongoing expenses and emergency measures, such as weather-related incidents. The General Fund will continue to replenish with tax revenue and will likely increase with sales tax dollars once Johnstown Plaza and Scheels is open and operating. Unlike the General Fund, Town staff anticipates that the Use Tax Fund will grow at a slower rate than previously recognized because anticipated development may occur within metropolitan districts, wherein public improvements are exempt from the payment of use tax.

In addition, Town Council recently approved a street maintenance fee, which is anticipated to generate revenue of approximately \$250,000-\$300,000 per year for local street improvements. For the next four years, the revenue is functionally offset by the existing commitment of \$250,000 per year for the North I-25 Design-Build Project.

Factor 2: The Community Recreation Center

As stated, the Town has committed \$25,000,000 from the Use Tax Fund and the General Fund toward construction of the community recreation center. The commitment is based on the best estimate of the anticipated cost to construct the building, which may be higher, but unlikely lower, than the \$25,000,000. The estimated cost does not account for potential offsite infrastructure expenses. If the community recreation center is constructed on a property that would

require offsite water and sewer lines, the cost of the community recreation center would likely approach \$25,000,000 to \$30,000,000.

More, the Town's consultants have estimated the community recreation center could possibly operate at a deficit of approximately \$500,000 per year. If the Town partners with a for-profit operating partner, the loss may increase to approximately \$800,000-\$900,000 per year. With that, going forward, the Town must anticipate increasing its annual budgeted expenditures to account for the operating loss.

Factor 3: The Equities

The property along the Interchanges is within the boundaries of the Town of Johnstown and the City of Loveland. The properties on the southeast, northwest and northeast corners of the State Highway 402 Interchange are within the boundaries of the Town of Johnstown and the property on the southeast corner of the U.S. Highway 34 Interchange is within the Town. The remaining properties are within the City of Loveland and unincorporated Larimer County.

The State Highway 402 Interchange is currently undeveloped and will not likely be developed in the near future. Unlike the State Highway 60 Interchange, which is also in significant need of repair, and based on the best information and belief, State Highway 402 carries very little Johnstown generated traffic. The intersection is primarily used by residents or visitors of Loveland and, to a certain degree, residents of Weld County.

While providing important access to Johnstown, the U.S. Highway 34 Interchange is still primarily used by residents or visitors from other jurisdictions, including Loveland, Greeley and Weld County. Johnstown generated traffic at the intersection may increase once Scheels opens.

Johnstown's population is approximately 14,000 residents and Loveland's population is about 71,000. Per capita, the \$6,000,000 contribution by Loveland is \$84.50. A similar contribution by Johnstown would result in a per capita expenditure of \$428.57.

As stated, Loveland has committed \$6,000,000 (contingent of Johnstown's commitment) and Larimer and Weld Counties have only committed \$500,000 each. The City of Greeley has not committed any funds.

LEGAL ADVICE: If Town Council approves a financial commitment, the Town Attorney will prepare a resolution.

FINANCIAL ADVICE: Consider the Town of Johnstown's Financial Commitment toward Improvements to the U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project.

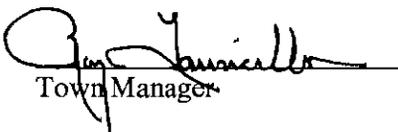
RECOMMENDED ACTION: Consider the Town of Johnstown's Financial Commitment toward Improvements to the U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project.

SUGGESTED MOTION:

For Approval: I move to commit \$____, payable in annual installments of \$____, toward improvements to the Interstate 25 and U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project and authorize the Town Attorney to prepare a resolution affirming the Town's financial commitment.

For Denial: I move to deny the Colorado Department of Transportation's request for a financial commitment toward improvements to the Interstate 25 and U.S. Highway 34 and State Highway 402 Interchanges as part of the Colorado Department of Transportation's North I-25 Design-Build Project.

Reviewed:


Town Manager

