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Northglenn City Council

Prost Brewing Company

June 27, 2022

Who We Are

Founded in 2012, Prost Brewing Company is an award winning, family owned Colorado craft brewery focusing on brewing the finest German style beers. We honor our German brewing heritage by partnering with local farmers to get the finest ingredients, refining time tested brewing practices, and only using 4 ingredients in our beer. The result is a cleaner, approachable, and flavorful beer that creates biergarten atmosphere whenever opened.



Our Pillars

Community Focused,
Sustainability Minded

German Inspired,
Colorado Crafted

Premium Ingredients,
Specialized Processes



Evolving the best German beer traditions to the US marketplace through distinguished craft beer, strong branding, and community engagement

Distribution

Sales: 12,000 barrels (bbls)

Distribution:

- Active in Colorado, Wyoming, Kansas, Nebraska and Missouri
- Expanding distribution in Arizona, Idaho, Texas, & across Midwest

Brewing

Combining cutting edge innovation and sustainability with centuries old practices to create a world class facility capable of producing something for everyone.

Pillars -

- Sustainability: environmentally friendly design with CO2 recapture and high efficiency brewing techniques
- Innovation: built with cutting edge technology to push the boundaries of the industry
- Automation: ensuring consistent best in class quality
- Flexibility: capable of producing an incredibly diverse brand mix to capture new trends
- Cleanliness: industry leading food safety standards results in second to none brewing environment



Biergartens

Prost Biergarten is the community gathering place for friends and family combining unique, chef driven food and German biers with entertainment and hospitality that provides an unrivaled guest experience.

Current Locations:

- Denver
- Fort Collins
- Highlands Ranch (pictured)



Why Prost?

Growing faster than any craft brewery of its size in Colorado

- +39.2% YOY growth in all markets
- +35.3 % YOY growth in Colorado

Nationally recognized brand with western regional distribution

- People are traveling to visit our Brewery and Biergartens

Community centered Biergartens

- Open biergartens with communal tables
- Weekly events such as local bands, trivia, movie nights, speakers
- Large outdoor patio with ample seating, fire pits, and games for all ages

PILSNER

2020 SILVER MEDAL WINNER
NORTH GERMAN-STYLE PILSNER



KELLER PILS

2013 GOLD MEDAL WINNER
KELLER / ZWICKEL-STYLE KELLER-PILS



WEISSBIER

2015 GOLD MEDAL WINNER
SOUTH GERMAN-STYLE HEFEWEIZEN



WEISSBIER

2016 SILVER MEDAL WINNER
SOUTH GERMAN-STYLE HEFEWEIZEN



Prost at Northglenn

Concept Design

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Show Piece Brewery

Internationally recognized brewery combining the best brewing practices and sustainability

- One of nation's most environmentally friendly breweries
- Unrivaled brewing capabilities in its class

Proposed features:

- 6 vessel Kaspar Schultz Brewhouse equipped with dedicated decoction vessel
- 6 roller grain mill capable of endosperm mashing
- Carbon (CO₂) Recapture
- Industry leading lab capabilities



Surly Brewing

Sustainability Initiatives

Carbon (CO2) Recapture

- 100% of CO2 produced is captured and reused in the finished product

Solar Power

- ~700,000 kWh of electricity produced annually, with the option to sell any remaining power back to the city

Endosperm Mashing

- Reduces total water and energy used in processing

Vacuum Boil via Schoko

- Utilizing special vacuum technology, Schoko technology uses 1/3 the energy reducing carbon footprint by 8lbs/1bbl produced



Kaspar Schultz Schoko 2.0

Brewery Employment

- Estimated \$7+ million in stabilized sales
- \$1.5+ million annual payroll
- 23+ full time employees
- Above average salaries at all levels of employment (\$70k average)
- Further growth opportunities for entry level employees
- Value in-depth training, process orientation, and a culture of hospitality, mutual respect, and fun





Drink like a German



BIERGARTEN

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Northglenn Biergarten

Prost Biergartens offer German style beers, chef-curated food, weekly entertainment, and unmatched hospitality

- 6,000 sq.ft of interior biergarten space
- 3,000 sq.ft of indoor/outdoor flex biergarten space
- 10,000 sq.ft of outdoor biergarten space including a stage, outdoor games, astroturf play area, fire pits, and gardens

Community Events:

- Local bands, dancers, movies in the park
- Private parties and receptions
- Oktoberfest, Maifest, World Cup, pig roasts, keg tappings



Biergarten Employment

- Estimated \$5 million in total sales
- \$1 million+ annual payroll
- Above average salaries at all levels of employment
- Operating Partner model earning \$120k at \$5 million in annual sales
- \$20-\$35 per hour wages for **ALL** employees with two points of customer services that allows everyone to participate in tips
- Further growth opportunities for entry level employees
- Value in-depth training, process orientation, and a culture of hospitality, mutual respect, and fun



Visitors

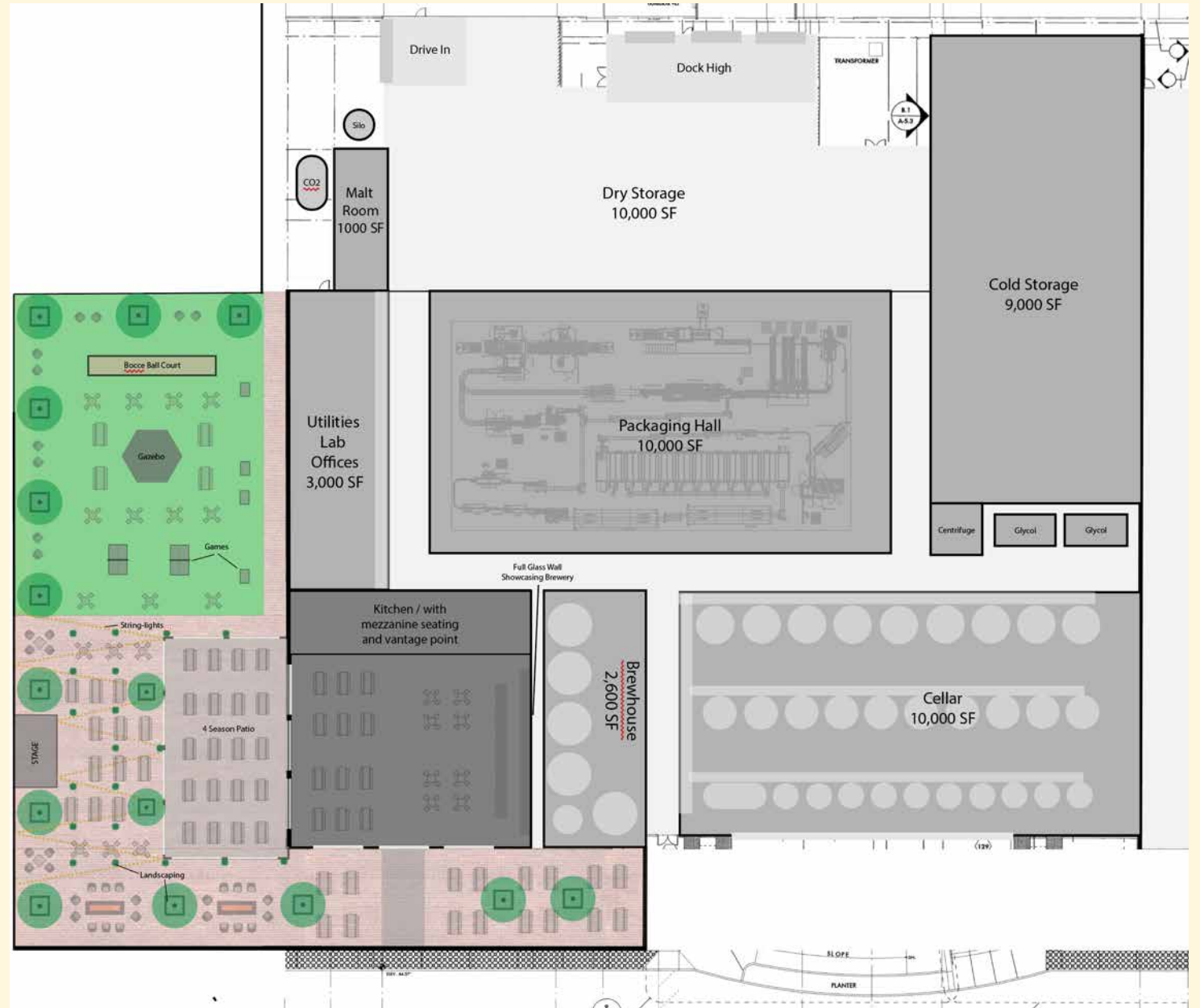
The Prost project at Northglenn will attract +300,000 visitors a year to the Northglenn Marketplace

- Biergarten – 250,000 visitors
- Brewery & Tours – 30,000 visitors
 - National Recognition with regional distribution
 - Brewery Events – Great American Beer Fest, Craft Brewer's Conference
- Special and Private Events – 25,000 visitors



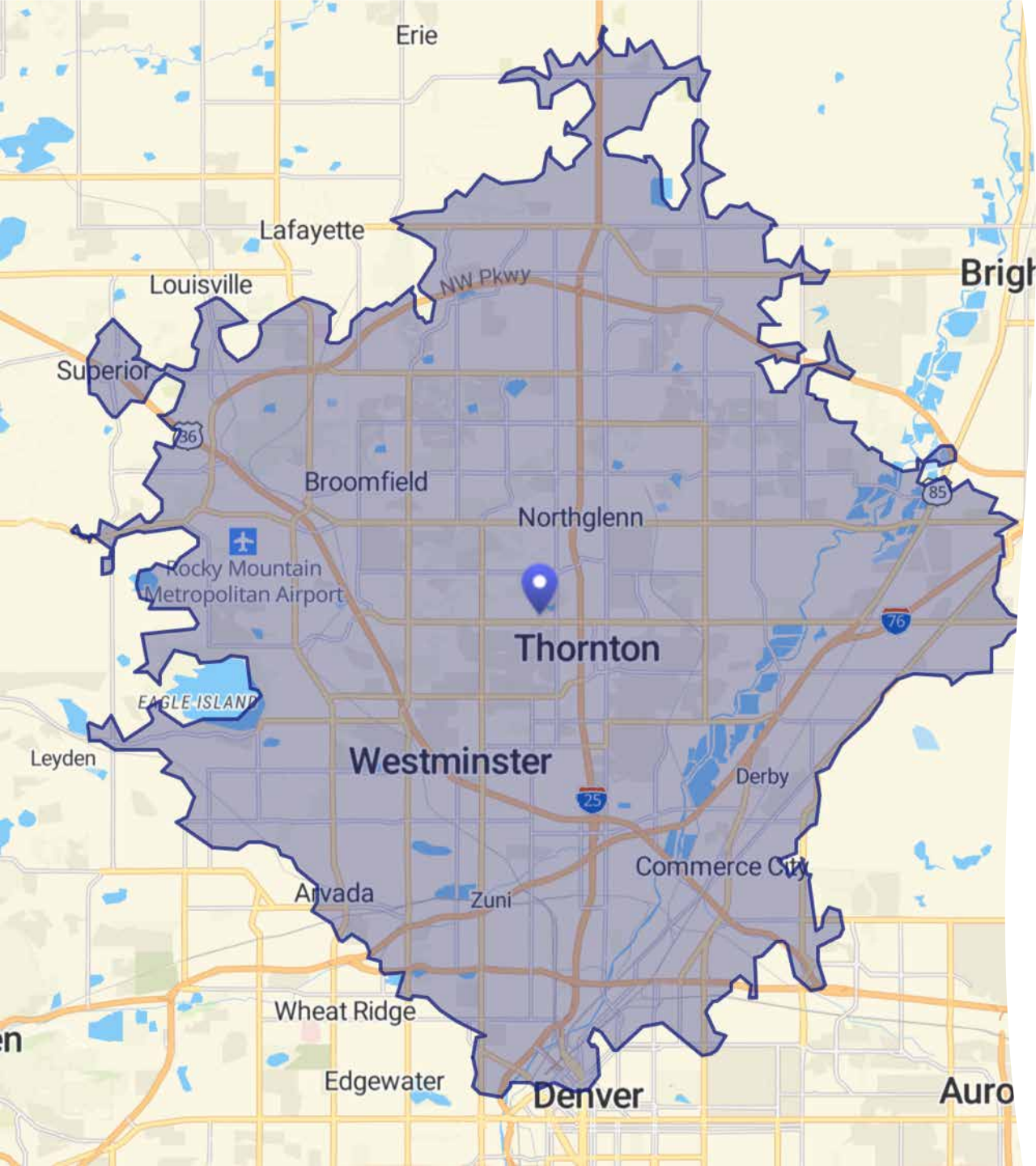
Layout

- 53,000 sf Brewery
 - Statement facade
 - Showpiece brewery visible from the biergarten
- 6,000 sf Biergarten
 - 3,000 sf indoor/outdoor space
 - 10,000 sf outdoor biergarten
 - Intimate biergarten experience
 - String light and landscaped complete with fire pits and a stage
 - Open park for the whole family



Development Schedule Overview

- Phase 1 - 20 bbl brewery construction (July - December, 2022)
 - Permit submittals (April 26, 2021)
 - Interior demolition (June 2022)
- Brewery & Biergarten design (June 15 – December, 2022)
- Planning & Zoning, Entitlements review (November 2022 – April 2023)
- Building permit application process (Jul 15 – December 4, 2022)
- Demolition & Construction (Decemeber 2022 – June 2023)
- Opening of Brewery & Biergarten (July 1, 2023)



Criteria for Incentives

- Expect 90% of sales to come from within a 15 minute drive time
 - Brings a large population to Northglenn Marketplace from surrounding region and out of state
- Prost will create an experiential destination unique to Northglenn
- High quality image in every respect: the beers, the food, the space, the hospitality, and the experience
- Catalyst for other experiential concepts by creating synergy, rejuvenation, and energy for Prost, Northglenn Marketplace, and the City of Northglenn

Financial Overview

Project Investment

Acquisition Costs	\$4,700,000.00
Est. Property Taxes	\$282,070.00
Construction Costs for Brewery	
Buildout	\$4,230,400.00
FF&E	\$10,676,952.06
Year 1&2 Losses	\$458,787.02
Construction Costs for Biergarten	
Buildout	\$2,700,000.00
FF&E	\$609,793.00
Year 1&2 Losses	\$55,260.00
Total Project Investment	\$25,667,249.06

5 Year Business Plans

With Northglenn

- Build Headquarters at Northglenn-
“forever home”
- World-class production facility producing 40,000 barrels at stability (4th largest in State)
- Show-piece community focused biergarten at Northglenn forgoing other biergarten opportunities

Investment: \$24.1M

Return: 11.2%

Without Northglenn

- Install smaller 20bbl brewery at our Denver Location
- Open 4-5 new biergarten models at \$4-5m investment cost apiece
- Use free cash flow and scale from biergartens to build the larger production facility in 5 years

Investment: \$20.0M

Return: 26-30%

5 Year Business Plans

With Northglenn

- Permit & install 20 bbl brewery at Northglenn 2022
- Develop Northglenn biergarten and production facility 2023
- Install 50 bbl Rolec showpiece production brewery 2024
- Open Colorado Springs biergarten 2024
- Move 20 bbl brewery to out of state location to open new markets 2025
- Develop multiple sites for additional Biergartens 2027

Without Northglenn

- Continue with Denver permit and install 20 bbl brewery at LoHi 2022
- Open Colorado Springs biergarten 2023
- Open Grand Junction biergarten 2024
- Open Boulder area biergarten 2025
- Develop and open showpiece 50bbl Rolec brewery 2026
- Move 20 bbl brewery to out of state location to open new markets 2027

HCP Contribution

- Demolition of Atlanta Bread for outdoor Biergarten – \$75k
- Temporary lease at no cost to expedite 20 bbl brewery at Northglenn - \$295k
- Reimbursement of sunken cost at LoHi site for brewery install - \$900k
- Additional Tenant Improvement – \$330K

Note: These HCP benefits of \$1.6m have already been built into the proformas provided

Incentive Request

To pursue the Northglenn project, Prost will have to delay its current Biergarten focused business model expected to return 26% or \$5.2m per year. While there is a long term fit at Northglenn, it does not meet the short term needs and cash flow without help.

Prost, with Hutensky Capital Partner's support, is willing to invest in the Northglenn Marketplace but requests an incentive package to provide a 15% return to offset the lost profitability.

Required Return:	15.0%
Financial Gap:	\$6.0M



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Prost wants
Northglenn as its
forever home!

Questions?