

1ST STREET FARM

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AGENDA

- Introductions
- 1st Street Farms Project Overview
- Partnership Request & Community Benefits
- Strategic Outcomes & Initiatives
- Feasibility Analysis & Economic Impacts
- Partnership Scenarios
- P3s & Partnership Considerations
- Discussion

GUEST INTRODUCTIONS

- **Gastamo Group – Peter Newlin & Jean-Philippe Failyau**
- **Pioneer Development Company – Andrew Arnold**
- **Brownstein Hyatt Farber Schreck – Carolynne White**
- **Economic & Planning Systems – Andrew Knudsten**
- **Evergreen – Tyler Carlson**

PROJECT OVERVIEW

Presentation



PARTNERSHIP REQUEST FROM GASTAMO GROUP

Developer Receives:

EPIP:

- 35% sales tax revenues generated Year 1 through Year 5
- ~\$663,761 in fee waivers

Community Benefits Agreement

- \$4.0M forgivable loan for public-access improvements

City Receives:

- 65% sales tax revenues Year 1 through Year 5
 - Net positive cashflow to City Y1-5
- 100% sales tax revenues Year 6+
 - Projected to be \$750,000+ per year
- \$4.0M loan is retired in Year 7; net positive revenues generated Year 8+
- **Net Fiscal Impact to city is \$27.4M over 30 years (or \$10.4M present value at 5% discount rate)**
- Significant community benefits



COMMUNITY BENEFITS

Multi-use turf field

- Open to general public
- 1x/month nonprofit use
- 4x/year public event use (City)
- Free community events and public programming hosted by FSF team or partners
- Lit at night for extended access and safety
- Managed and monitored by FSF team

Trail connections, park space, and landscaping

- Uninterrupted extension from/to E-trail through grounds, open to the public
- Enhanced activation of trails with picnic benches, bike repair stations, tree canopy installations
- Managed and monitored by FSF team

Event venue

- 1x/month City use
- 1x/month nonprofit use
- No rental fee
- Discounted food & beverage
- Managed by FSF team

Additional opportunities

- Naming rights
- Art installations
- Community gardens
- Farmer's market partnerships
- First responder & teacher appreciation benefits
- Possible marketing collaborations with City

STRATEGIC OUTCOMES & INITIATIVES



Robust and Resilient Economy

Support projects that deliver positive net fiscal impacts

Market and sustain Littleton's unique character and charm as a balance to larger-scale development

Increase tourism, sales and lodger's tax revenues, Littleton's local economy, and support local workforce



Sustainable Community with Natural Beauty

Open space and trail activation

5 acres of landscaped gardens and pathways to celebrate mountain view-scape from property

Creation of additional public outdoor space to complement open space



Vibrant Community with Rich Culture

Event space for up to 450 guests (250 seated + 200 patio)

Arts & Culture activation and events

Community gathering space

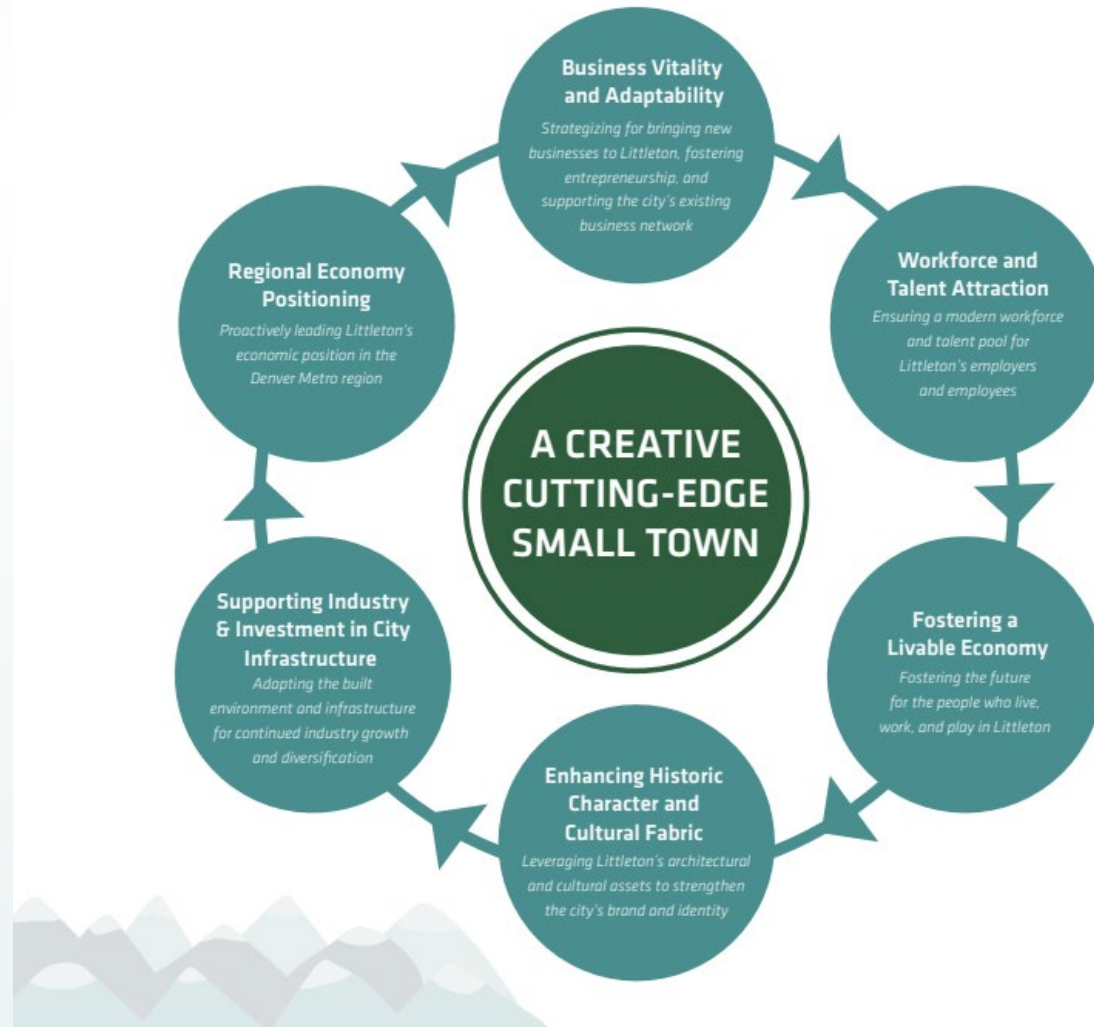
Youth and family programming

City events

ECONOMIC DEVELOPMENT STRATEGY

Comprehensive Economic Development Strategy - Adopted in 2024 by City Council

- P1: Foster local business; bring new business that enhances existing ecosystem
- P2: Boost Littleton as a great place to work; develop and hire local talent
- P3: Strengthen Littleton's community image, identity, and livability
- P4: Enhance cultural fabric; leverage assets to strengthen city's brand
- P5: Pursue creative redevelopment options and ideas; modernize city infrastructure and reinvestment
- P6: Leverage Littleton's regional transportation and connectivity; increase visitation and extended stay; evolve the city to be a place where ideas are piloted



MINERAL STATION AREA FRAMEWORK

Adopted in 2018 by City Council

- Foundation for future decision-making in ½-mile radius from RTD Mineral Station, including RiverPark property
- Addresses alignment under several goals:
 - Transportation
 - Recreation, Open Space, Parks, And Trails
 - Character and Design
 - Land Use
- Encourages development that enhances, complements, and expand access to natural resources and multi-modal connectivity corridors

Mineral Station Area Framework



Figure 1: Study Area Aerial Map

ARTS & CULTURE STRATEGIC PLAN

Adopted in 2025 by City Council

- 1-2. Identify and promote existing spaces and places for arts and culture
- 2-1. Develop community-wide arts and culture initiatives
- 2-2. Design a cohesive placemaking strategy
- 2-3. Introduce resources in areas without arts and culture assets
- 2-5. Promote and measure arts and culture as economic drivers



- 3-1. Champion arts and culture in parks and trails
- 3-3. Facilitate collaboration with key arts and culture partners
- 5-2. Integrate arts and culture throughout City planning
- 5-3. Examine the feasibility of renovating or building new arts and culture spaces
- 5-4. Leverage Littleton's vibrancy within the greater Denver metropolitan area

INCENTIVE POLICY FRAMEWORK

Economic Partnership Incentive Policy (EPIP)

- City's first incentive policy adopted in 2024 by City Council
- Designed to encourage:
 - Business investment
 - Job creation
 - Retail development
 - Revenue growth
- How?
 - Tax rebates
 - Grants
 - Fee waivers
- Why?
 - Public investment drives & leverages private investment
 - Keeps Littleton competitive & prevents retail leakage
 - Incentivizing strategic growth preserves character
 - Expands amenities and community vitality for residents



FINANCIAL FEASIBILITY ANALYSIS

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income at Stabilization ¹ before debt service as % of Project Cost	7.00% to 7.50%
Internal Rate of Return (IRR, unleveraged, Pre-Tax Yield)	Annual revenue and asset sale over 10 years as return on development costs.	8.25% to 9.25%
Net Present Value (NPV)	Sum of Present Value Future Cash Flows, discounted at the appropriate Market Rate, less the initial Cash Outlay.	> \$0

ROI Indicator	Market Target	GAP Funding Range ²			
<i>Estimated Gap (Stabilized Year)</i>		\$5,000,000	\$5,250,000	\$5,500,000	\$5,750,000
Return-on-Cost	7.00% to 7.50%	6.88%	6.97%	7.06%	7.14%
IRR, Unlevered	8.25% to 9.25%	8.31%	8.48%	8.65%	8.83%
NPV ³	> \$0	\$290,270	\$40,270	\$209,730	\$459,730

Source: 1st Street Farms Feasibility Analysis, PDC, 2026

Project Gap

- The project's real estate development costs are expected to exceed \$25.6 million, including \$4.0 million in public improvements.
 - Operation expenses, such as FF&E, pre-opening costs, and taxes, are considered business expenses and are not part of the real estate feasibility analysis.
- The project, as proposed, will require at least \$5.5 million in gap funding to achieve financial feasibility and to begin to meet market-target hurdle rates of return.



FINANCIAL FEASIBILITY ANALYSIS

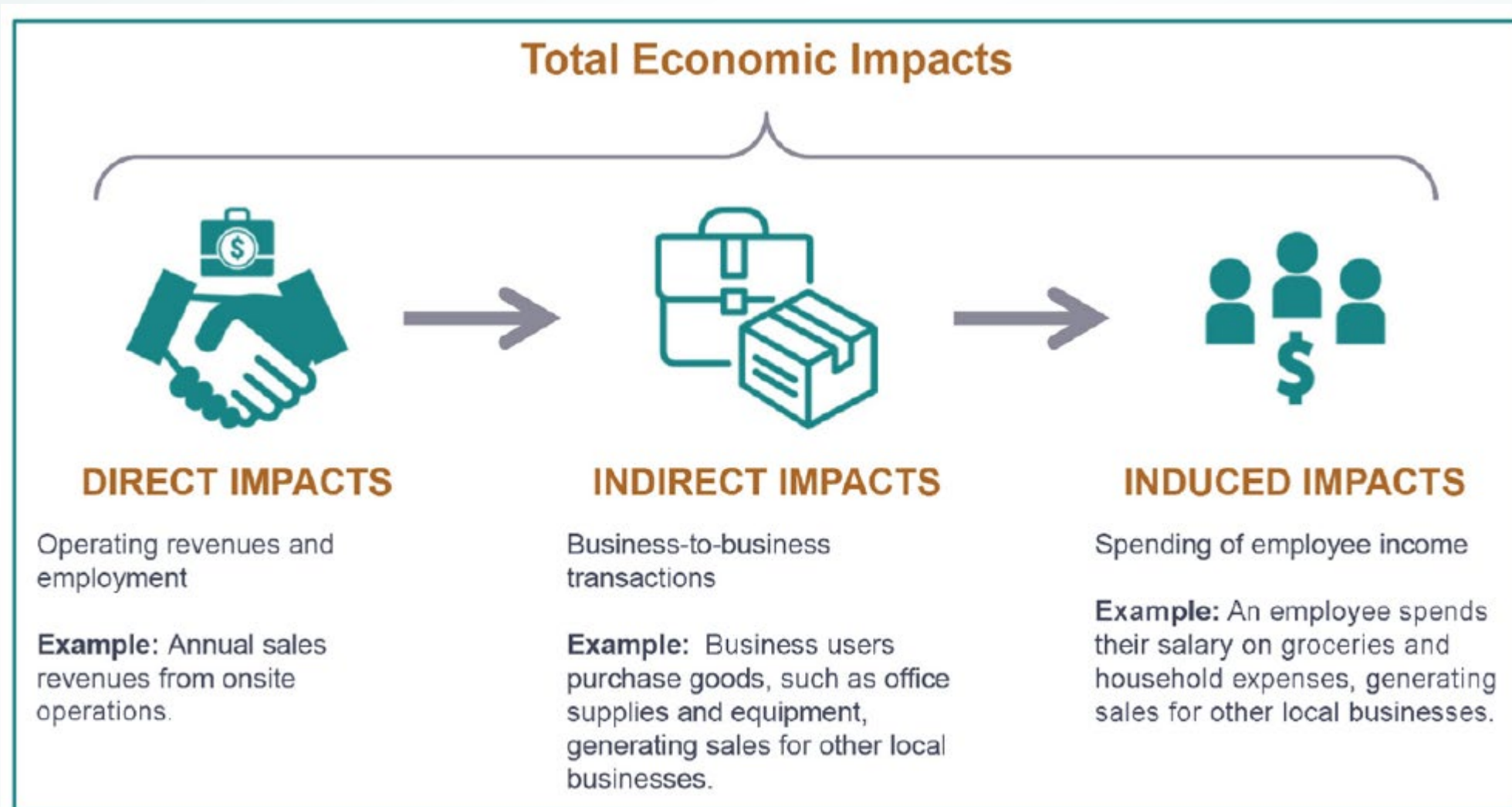
EPS Analysis

- **Revenue Projections:** Gastamo Group provided detailed revenue projections, which EPS reviewed and tested for reasonableness. Where appropriate, EPS benchmarked the applicant's assumptions against industry standards and comparable establishments in Littleton to ensure that projected sales volumes and taxable portions align with local market conditions and operational norms.
- **Sales assumptions:** EPS evaluated the applicant's sales assumptions for reasonableness by converting total projected sales into a sales per square foot metric and comparing the results to benchmarks from other high-performing restaurants in Littleton. The projected level of sales productivity is considered reasonable and achievable for a destination-oriented food and beverage concept of the proposed scale and quality.
- **Retail Leakage/Cannibalization:** Resident spending leakage in Eating and Drinking is estimated at \$52.2 million, demonstrating a level of unmet demand within the city (Retail and Mixed-Use Market Analysis, EPS, 2023). The First Street Farms project can likely recapture a portion of this leakage without displacing significant sales from existing establishments.
 - The project is expected to function as a regional draw, generating additional inflows from non-resident visitors and further mitigating concerns about sales cannibalization from existing city restaurants.

CITY REVENUE ASSUMPTIONS

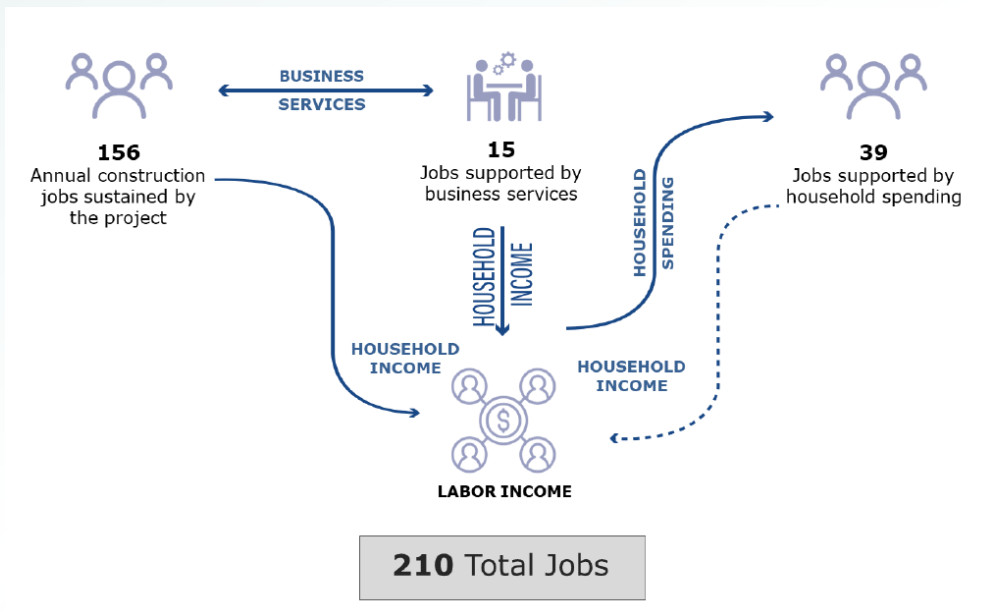
- **Sales Tax**: Annual sales tax revenues range from \$583,605 to nearly \$1.5 million over a 30-year period.
- **Property Tax**: Over a 30-year period, cumulative property tax revenues to the City are projected to total approximately \$580,631.
- **Use Tax**: Total use taxes are estimated at \$531,977. Use taxes are one-time revenues.
- **General Revenues**: The Project is projected to generate \$343,592 in general revenues over a 30-year period.
- **Lodger's Tax**: The Project is also anticipated to generate indirect revenues, partially in the form of lodger's tax revenue, which is conservatively estimated at \$250,000-\$500,000 annually depending on visitor and venue activity levels.

ECONOMIC IMPACT



Source: Economic & Planning Systems, Inc.

ECONOMIC IMPACT – ONE-TIME

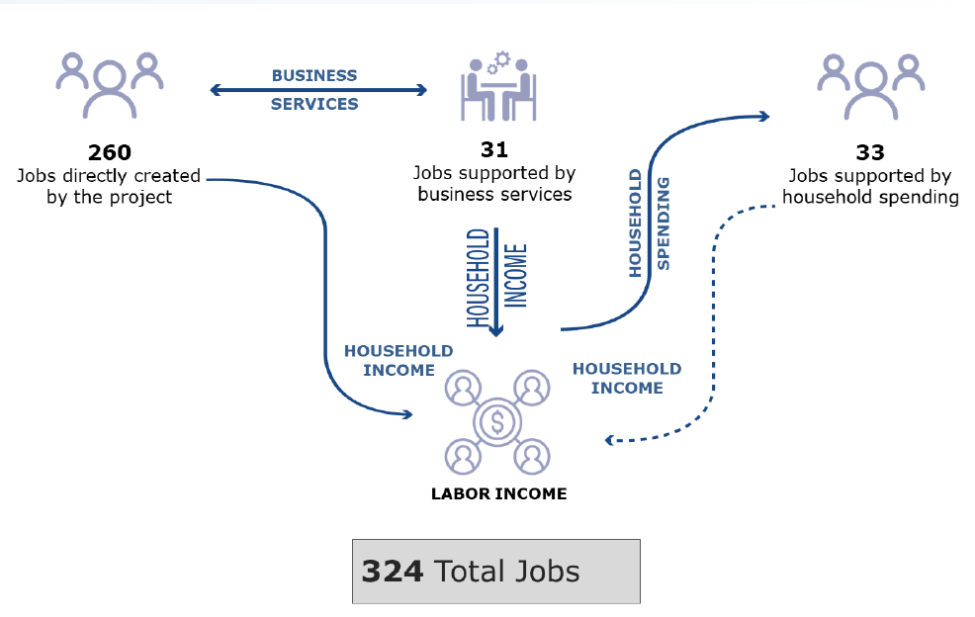


One-time Sustained Construction Employment

One-time Construction Impact

One-Time Economic Impact	\$30.6 Million One-Time Economic Impact of Construction
\$20.0 million Direct Impact	The direct impact stemming from the project's construction is represented by the average annual expenditure associated with material costs.
\$3.6 million Indirect Impact	The indirect impacts from the project's construction are the business-to-business purchases in the supply chain taking place in the region that stem from the initial direct impact (material costs).
\$7.1 million Induced Impact	The induced impacts represent the value from the spending by the construction employees and the supply chain companies.

ECONOMIC IMPACT – ANNUAL



Annual Employment Impact

Average Annual Economic Impact

Annual Economic \$35.2 Million
Average Annual Economic Impact of First Street Farms

- \$22.3 million Direct Impact** – The direct impact reflects the annual economic activity generated by the project’s commercial uses within the region. This includes on-site spending, sales, and operations occurring directly at the new restaurant and event venue.
- \$6.9 million Indirect Impact** – The indirect impact captures the business-to-business supply chain spending that occurs in the region as a result of the project’s operations. This includes purchasing from local suppliers, service providers, and vendors throughout the region.
- \$6.0 million Induced Impact** – The induced impact represents the additional economic activity generated when employees of the restaurant, event venue, and their regional suppliers spend their earnings on household goods and services throughout the region.

BASELINE DEVELOPMENT – SCENARIO 1

Current use: Vacant land

Future use: Residential

In the event 1st Street Farms cannot fund this project, Evergreen Development intends to utilize the site for residential townhomes.

An estimated 270 townhomes would generate the following revenues and incur the following expenditures:

- City will receive \$2.0 M in use tax
- City will receive approximately \$70,000 annually, from a combination of sales tax (including on-line sales), property tax, and general revenues
- City will spend approximately \$320,000 annually, which is representative of current service levels

Over a 30-year horizon, the City will be net negative \$5.4M (appx. -\$250K annually).

PARTNERSHIP REQUEST – SCENARIO 2

Developer Receives:

EPIP:

- 35% sales tax revenues generated Year 1 through Year 5
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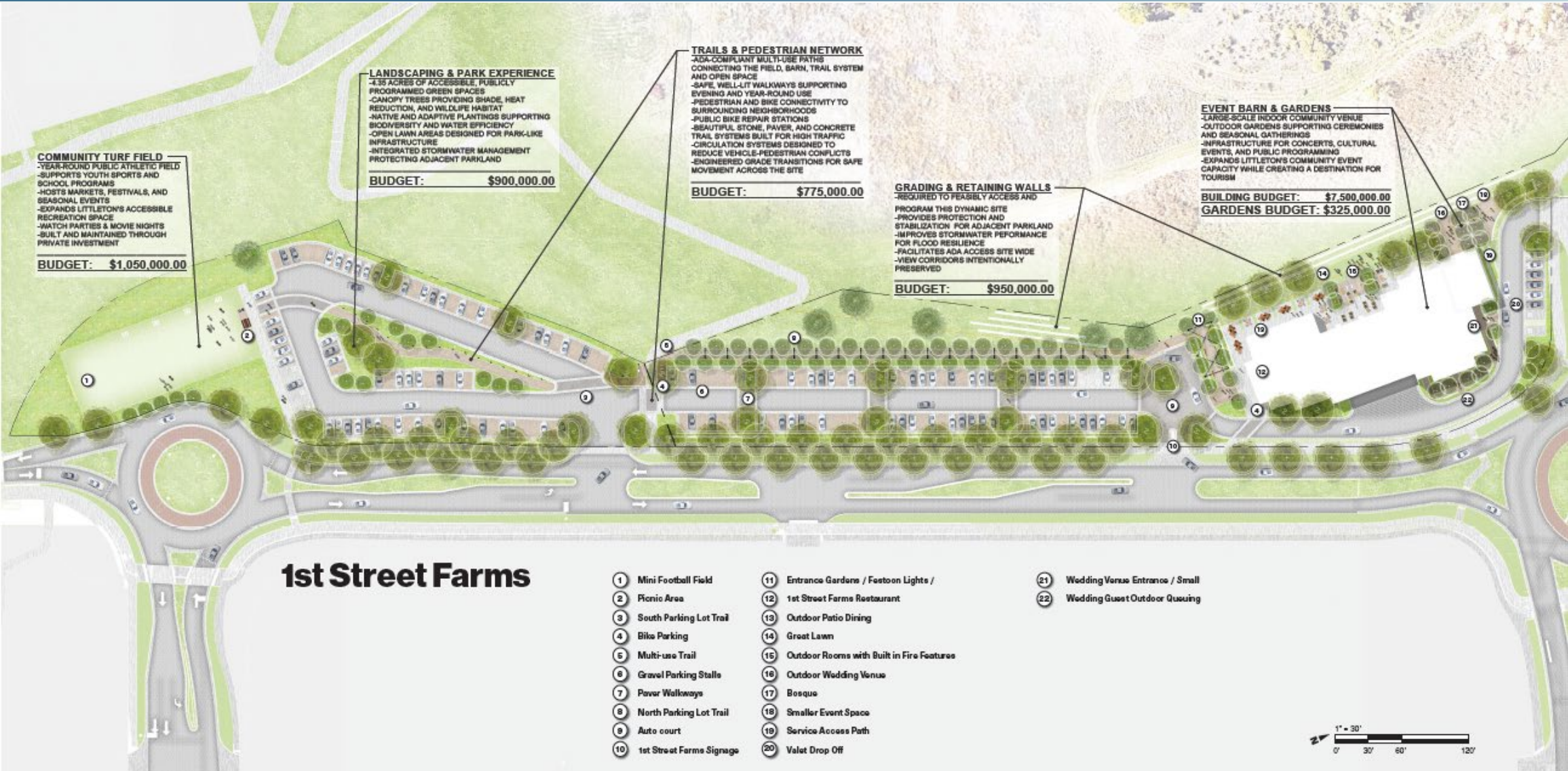
Community Benefits Agreement

- \$4.0M forgivable loan for public-access improvements (turf, trails, park space)

City Receives:

- 65% sales tax revenues Year 1 through Year 5
 - Net positive cashflow to City Y1-5
- 100% sales tax revenues Year 6+
 - Projected to be \$750,000+ per year
- \$4.0M loan is retired in Year 7; net positive revenues generated Year 8+
- **Net Fiscal Impact to city is \$27.4M over 30 years (or \$10.4M present value at 5% discount rate)**
- Use of event space at no charge to City and non-profit organizations
- Public-access trail connections to South Platte Park
- Public-access sports field

PUBLIC ACCESS BENEFITS



PUBLIC BENEFITS

<u>Public Improvements</u>	<u>Cost</u>
Community Turf Field <ul style="list-style-type: none"> • Year-round public athletic field • Supports youth sports and school programs • Hosts markets, festivals, and seasonal events • Maintained through private investment 	\$1,050,000
Landscaping & Park <ul style="list-style-type: none"> • 4.35 acres of accessible, publicly programmed green spaces • Canopy trees providing shade, heat reduction, and wildlife habitat • Open lawn areas designed for park-like infrastructure 	\$900,000
Trails & Pedestrian Network <ul style="list-style-type: none"> • Ada-compliant multi-use paths connecting the field, barn, trail system and open space • Safe, well-lit walkways supporting evening and year-round use • Pedestrian and bike connectivity to surrounding neighborhoods • Public bike repair stations 	\$775,000

STAFF RECOMMENDATION – SCENARIO 3

Developer Receives:

EPIP:

- 100% sales tax revenues generated Year 1 through Year 5
- ~\$663,761 in fee waivers

Community Benefits Agreement:

- \$2.0M forgivable loan for public improvements (turf, trails, and park space)

City Receives:

- 0% sales tax revenues Year 1 through Year 5
- 100% sales tax revenues Year 6+
 - Projected to be \$750,000+ per year
- \$2.0M loan is retired in Year 7; net positive revenues generated Year 8+
- **Net Fiscal Impact to city is \$27.1M over 30 years (or \$10.4M present value at 5% discount rate)**
- Use of event space at no charge to City and non-profit organizations
- Public-access trail connections to South Platte Park
- Public-access sports field

PUBLIC-PRIVATE PARTNERSHIPS



Government Finance Officers Association on P3s:

- P3: “Complex arrangements that use public and private sector resources to accomplish a stated goal.”
- Historically focused on economic development projects proposed by developers looking for financial assistance from a jurisdiction that stands to benefit from the project
- Use of P3 for economic development or redevelopment purposes involves the use of public resources or financing capabilities to promote local economic development
- Public entity: provide some combination of tax incentives, public land or other assets, infrastructure investments or financing assistance
- Private entity: contribute capital investments, commit to provide jobs, contribute development expertise and should assume most of the financial risk for the ultimate project outcomes

CITY CONSIDERATIONS FOR FUNDING LOAN

Funding Source: Use tax

- Paid from unallocated Capital Projects Fund / Business Use Tax revenues
- Development paying for development
 - e.g., Mineral Place use taxes estimated at \$1.7M
- FSF Project will generate appx. \$531,977

No impact on:

- General Fund
- Reserves
- Existing capital projects
- Capital Sales Tax Fund (voter approved; formerly 3A)

LOAN PARAMETERS

Sample loan parameters could include provisions addressing:

- Use of proceeds restrictions (e.g. public-access improvements only)
- Gradual disbursement structure, based on project completion
- Conditions for disbursement
- Gradual forgiveness schedule and framework
- Repayment triggers and obligations
- Security and guarantees
- Defaults and claw backs
- Transfer and assignment restrictions
- Conditions precedent (i.e. what happens before funds disbursed)
- Community benefits assurances

ECONOMIC INCENTIVE

Economic Partnership Incentive Policy – Review Criteria

- Long-term commitment to city
- Positive fiscal and economic impact
- Beneficial impact on a particular area of the city
- Significant private-sector financial investment
- Compatible with the associated development plan
- Economic and employment benefits of the incentive accrues to the residents and taxpayers
- Positively impacts the diversification of the city's economy
- Potential for future expansion and additional job creation
- Benefits outweigh the direct public costs of infrastructure costs, utility, increased police, and other public expenses
- Project would not otherwise be established in the city if it were not for an incentive partnership
- The incentive intends to achieve significant economic growth and/or the creation of new jobs

SCENARIO COMPARISON

	Baseline	Request	Recommended Alternative
Investment	No city investment	<ul style="list-style-type: none"> • \$4M forgivable loan • \$663,761 fee waivers • 35% sales tax share back - 5 years 	<ul style="list-style-type: none"> • \$2M forgivable loan • \$663,761 fee waivers • 100% sales tax share back - 5 years
Net Fiscal Impact	NFI -\$1.2M at year 15 (-\$250K net loss per year) NFI -\$5.4M at year 30	NFI \$8.3M at year 15 NFI \$26.3M at year 30	NFI \$8M at year 15 NFI \$26.3M at year 30
Net Gain/Loss	Net loss after year 1	Net gain after year 7	Net gain after year 7
Budget Policy Consideration	No investment & revenue loss > economic growth & public benefits	Sales tax revenues > capital reserves	Capital reserves > sales tax revenues



DISCUSSION/ DIRECTION REQUESTED

- Does Council support a partnership agreement for First Street Farms?
- Which scenario is preferred?
- Which aspects of agreement are most preferred?
- Questions/concerns for follow-up and further discussion

