

LITTLETON GAS STATION MORATORIUM

City of Littleton



Economic & Planning Systems, Inc.
The Economics of Land Use

730 17th Street, Suite 630 ■ Denver, CO 80202
303.623.3557 ■ www.epsys.com

ABOUT US

EXPERTISE



SUMMARY OF FINDINGS

LITTLETON GAS MORATORIUM

Peer Community Benchmarking

- Littleton has the fewest residents per station of the communities that were analyzed, with approximately 1,902 residents per station.

Revenue Sources

- Additional gas stations will not directly generate more HUTF revenues.
- Ongoing annual revenues from sales and property taxes are estimated at \$25,901.
- One-time revenues are estimated at \$33,469.

Leakage Analysis

- Littleton's existing surplus of -\$17.0 million in gas station sales indicates local supply exceeds local demand.

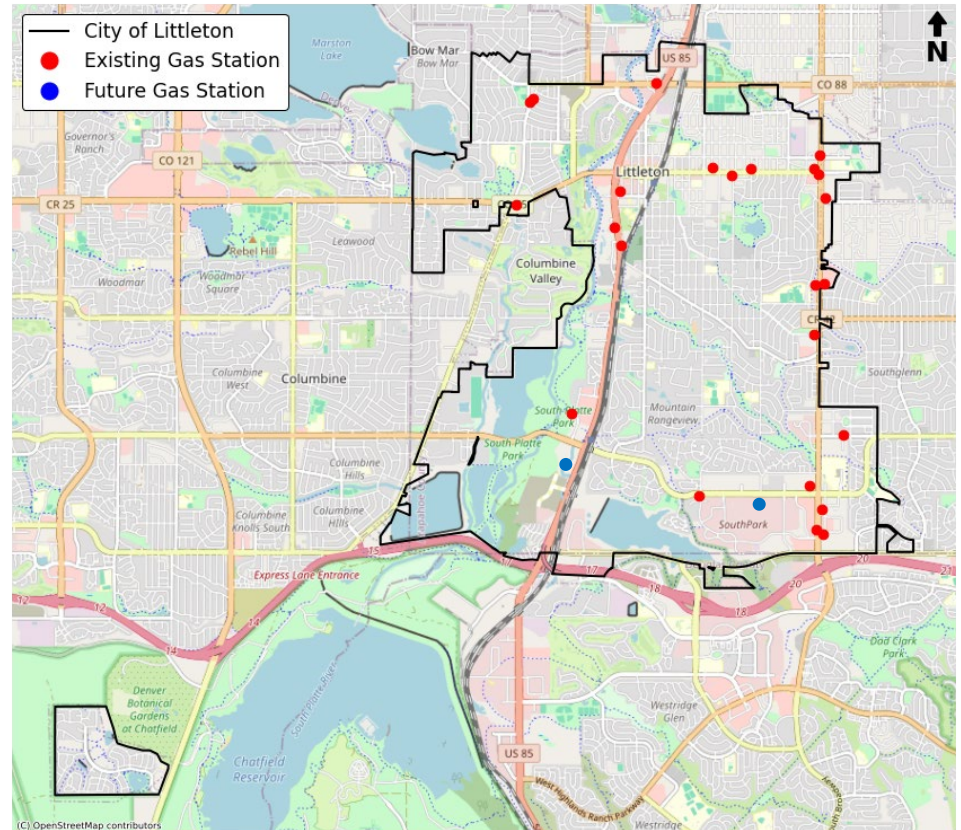
PEER COMMUNITY BENCHMARKING

LITTLETON GAS STATION MORATORIUM

LITTLETON EXISTING CONDITIONS

PEER COMMUNITY BENCHMARKING

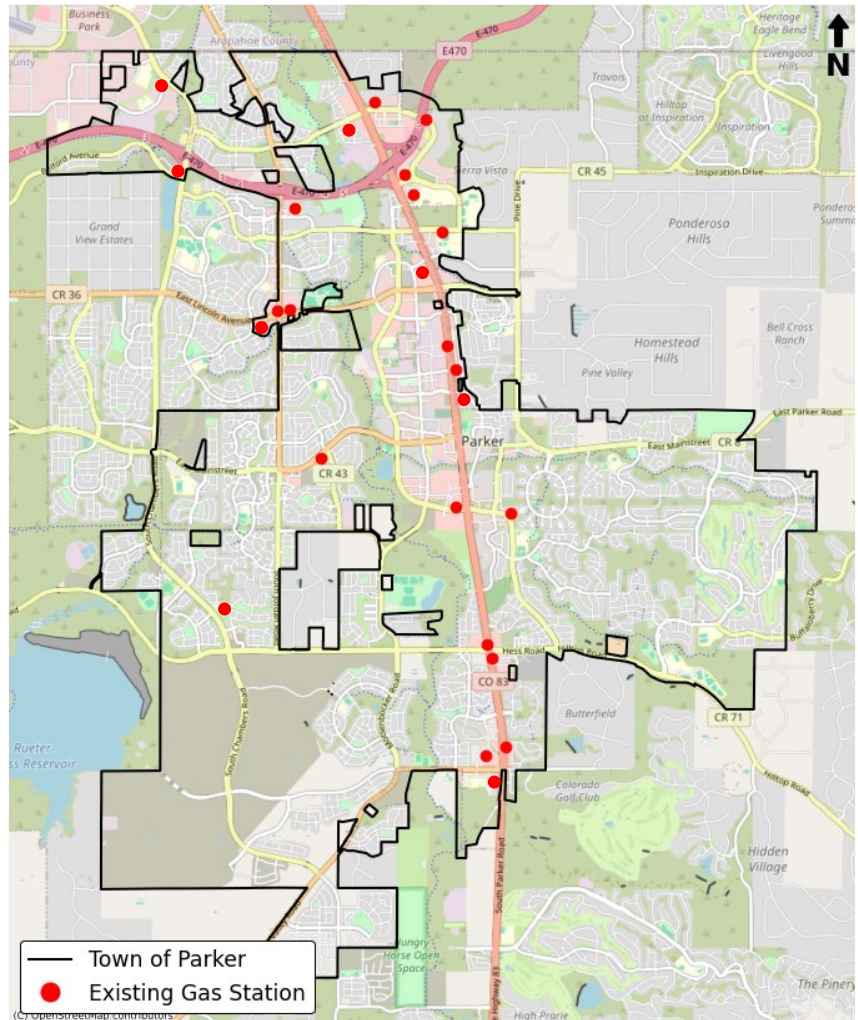
- There are 24 gas stations within City limits.
 - 12 stations are located on or proximate to Broadway.
 - 3 stations are located on Littleton Boulevard.
 - 5 locations are located on Santa Fe Drive.
 - 4 locations are located elsewhere in the City.
 - *2 proposed gas stations within City limits.*
- Littleton's current population is 45,652 residents, which equates to 1,902 residents per station.



PARKER EXISTING CONDITIONS

PEER COMMUNITY BENCHMARKING

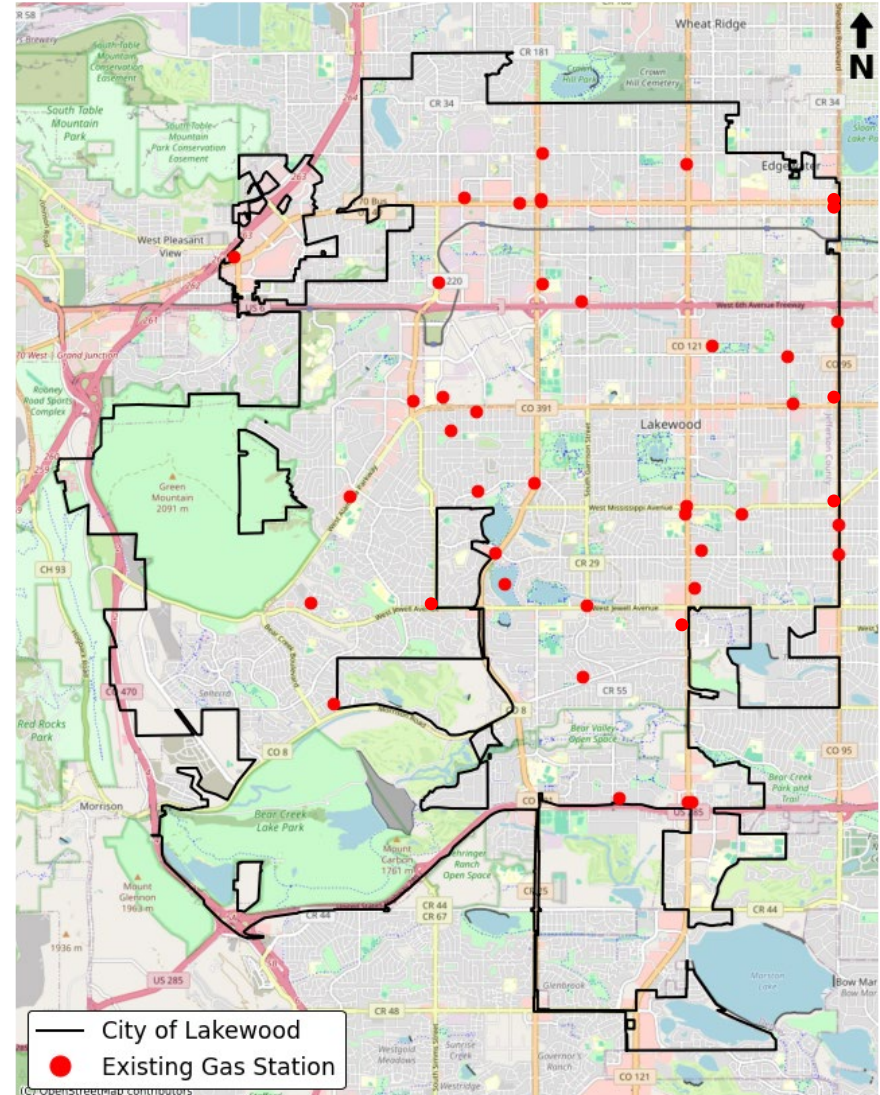
- There are 26 gas stations within the Town of Parker.
 - 15 stations were located on or proximate to Parker Road.
- Parker's current population is 65,473 residents, which equates to 2,518 residents per station.



LAKEWOOD EXISTING CONDITIONS

PEER COMMUNITY BENCHMARKING

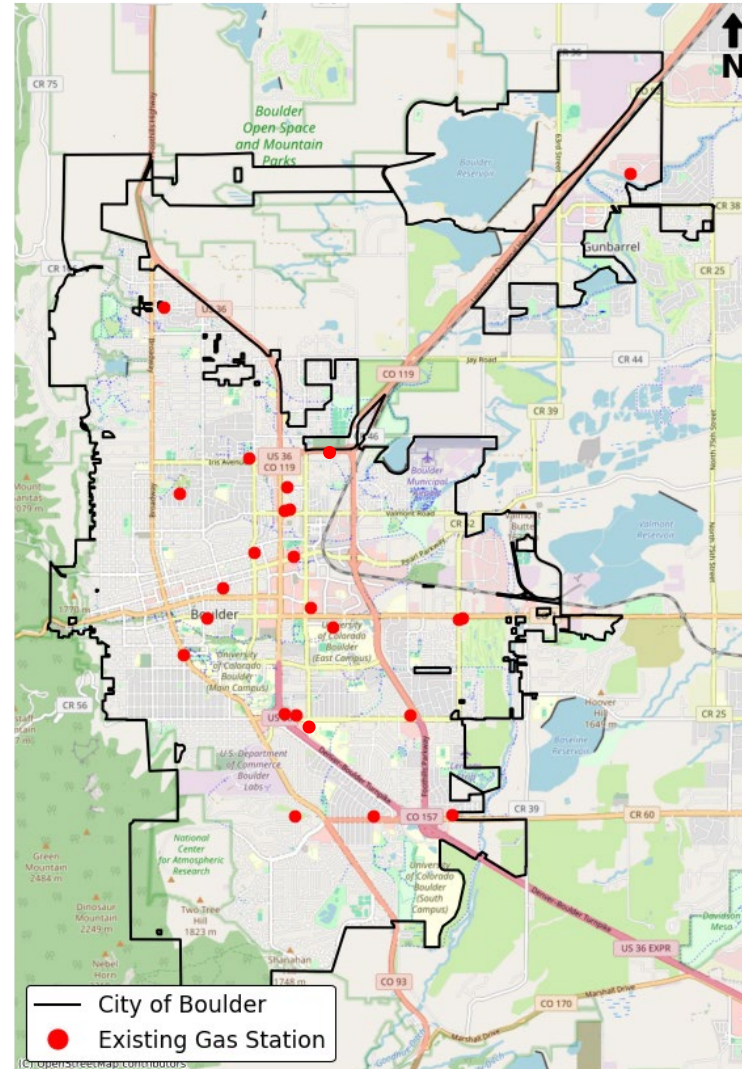
- There are 43 gas stations within the City of Lakewood.
- Lakewood's current population is 156,868 residents, which equates to 3,648 residents per station.



BOULDER EXISTING CONDITIONS

PEER COMMUNITY BENCHMARKING

- There are 24 gas stations within the City of Boulder.
- Boulder's current population is 106,803 residents, which equates to 4,450 residents per station.



SUMMARY

PEER COMMUNITY BENCHMARKING

- The three peer communities (Parker, Lakewood, and Boulder) have a higher number of residents per station, ranging from 2,518 to 4,450 residents per station.
- Littleton has the fewest residents per station of the communities that were analyzed, with approximately 1,902 residents per stations, indicating the City is oversupplied.

| Description | Population | Gas Stations | Residents per Station |
|-----------------------------------|----------------|--------------|-----------------------|
| Peer Communities | | | |
| Parker | 65,473 | 26 | 2,518 |
| Lakewood | 156,868 | 43 | 3,648 |
| Boulder | <u>106,803</u> | <u>24</u> | <u>4,450</u> |
| Average | 109,715 | 31 | 3,539 |
| Littleton Analysis | | | |
| Littleton (Current) | 44,879 | 24 | 1,870 |
| Littleton (Alignment with Region) | 44,879 | 13 | 3,539 |
| Current Oversupply | -- | 11 | -- |

Source: Economic & Planning Systems

- If brought into alignment with the peer communities, Littleton would require a total of 13 gas stations.
- Even if we account for communities east of Broadway, Littleton is still oversupplied.

REVENUE SOURCES

LITTLETON GAS STATION MORATORIUM

REVENUE SOURCES

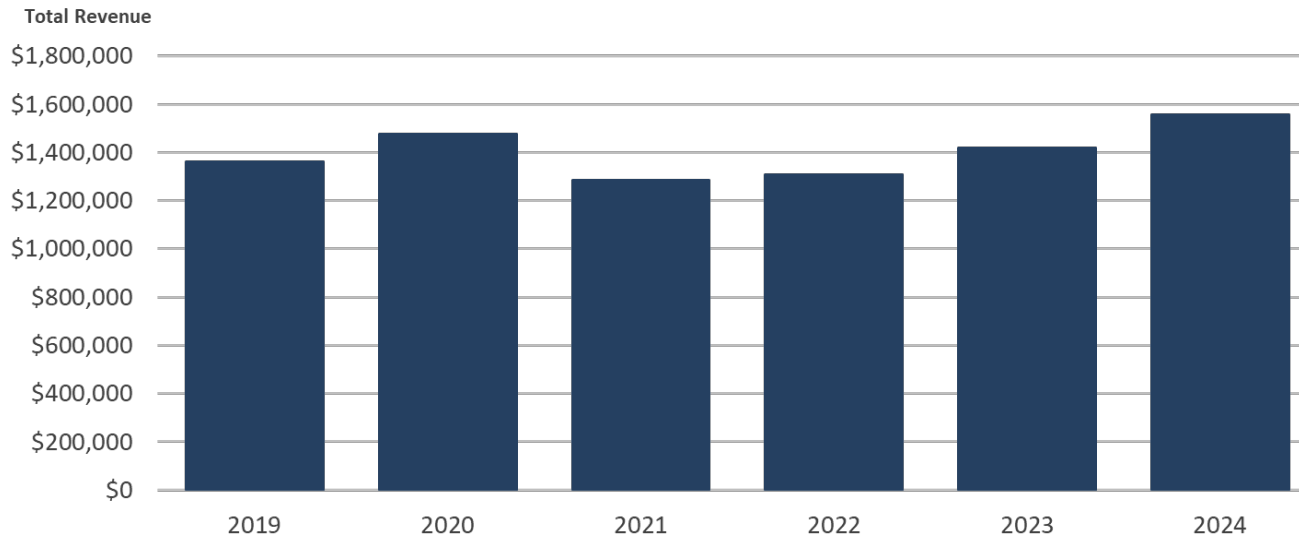
LITTLETON GAS STATIONS MORATORIUM

- Highway Users Tax Fund (HUTF) Distributions
 - All state motor–fuel excise proceeds (along with vehicle registration fees, sales taxes, etc.) flow into Colorado’s Highway Users Tax Fund (HUTF) and are allocated based on a statutory formula.
- Sales Tax
 - Colorado does apply sales tax to gasoline sales, but if the stations includes a convenience store all sales from the store are subject to sales tax.
- Property Tax
 - Gas station generate ongoing ad valorem property tax based on assessed land and building value.
- Use Tax
 - Newly built or renovated stations generate use tax on construction materials and equipment.

HUTF REVENUE

REVENUE SOURCES

- In 2024, Littleton generated \$1.6 million in HUTF revenues.
- Funds must support:
 - Road construction
 - Safety improvements
 - Reconstruction, repair, and maintenance



Source: State of Colorado; Economic & Planning Systems

HUTF REVENUE

REVENUE SOURCES

- State-collected, locally shared revenue.
- Sources: fuel excise tax, vehicle registration fees, driver's licenses.
 - 50.1% of revenues are generated from motor fuel taxes from gas stations.
- 14% of total State HUTF goes to municipalities.
 - 80% based on number of registered vehicles and 20% based on municipal road miles.
- New gas stations do not have a significant impact on HUTF revenue distributions.

| Description | FY 25 Forecast | % of Total |
|--|------------------|---------------|
| Statewide HUTF Revenue (Millions) | | |
| Motor Fuel Taxes | \$662.0 | 50.1% |
| Vehicle Registration Fees | \$247.2 | 18.7% |
| FASTER Collections | \$235.6 | 17.8% |
| General Fund Transfers | \$0.0 | 0.0% |
| Road Usage Fee | \$122.3 | 9.2% |
| Miscellaneous Collections | \$32.3 | 2.4% |
| Retail Delivery Fee | <u>\$23.0</u> | <u>1.7%</u> |
| Total | \$1,322.4 | 100.0% |

Source: Colorado Department of Transportation; Economic & Planning Systems

SALES TAX

REVENUE SOURCES

- To estimate taxable sales from convenience stores associated with gas stations, EPS analyzed anonymized data from seven locations within City limits.
- Taxable sales at these stores ranged from \$184 to \$394 per square foot, with an average of \$266 per square foot.
- This average was used to estimate potential sales tax revenue from a hypothetical new convenience store.
- Assuming an average store size of 2,500 square feet, sales tax revenue totals \$24,938 per year (0.04% of annual General Fund revenues).

| Description | Sales PSF |
|----------------|--------------|
| Gas Station #1 | \$215 |
| Gas Station #2 | \$394 |
| Gas Station #3 | \$184 |
| Gas Station #4 | \$195 |
| Gas Station #5 | \$280 |
| Gas Station #6 | \$201 |
| Gas Station #7 | <u>\$394</u> |
| Average | \$266 |

Source: Economic & Planning Systems

| Description | Rate | Value |
|-------------------------|--------------|-----------------|
| Square Feet | -- | 2,500 |
| Sales PSF | -- | \$266 |
| Taxable Retail Sales | -- | \$665,000 |
| Retail Sales Tax | 3.75% | \$24,938 |

Source: Economic & Planning Systems

PROPERTY TAX

REVENUE SOURCES

- To estimate property tax revenues, EPS utilized the average property value of 6 stations within City limits, which totaled \$714 per square foot.
- Assuming a building size of 2,500 square feet this results in a total property value of \$1.8 million.
- Applying a property tax rate of 2.000 mills, the estimated annual property tax revenue totals **\$964 per year**.

| Description | Rate | Value |
|-----------------------|--------------|--------------|
| Square Feet | -- | 2,500 |
| Property Value PSF | -- | \$714 |
| Total Appraised Value | -- | \$1,785,000 |
| Total Assessed Value | 27.0% | \$481,950 |
| Property Tax | 2.000 | \$964 |

Source: Economic & Planning Systems

USE TAX

REVENUE SOURCES

- To estimate use tax revenue, EPS used the appraised property value (\$1.8 million) as a proxy for total construction costs.
- It was assumed that materials and equipment comprise 50% of total construction costs, or \$892,500.
- Applying the City's use tax rate of 3.75%, the estimated one-time use tax revenue is approximately \$33,469.

| Description | Rate | Value |
|-------------------------------|--------------|-----------------|
| Square Feet | -- | 2,500 |
| Construction Costs PSF | -- | \$714 |
| Total Construction Costs | -- | \$1,785,000 |
| Materials and Equipment Costs | 50.0% | \$892,500 |
| One-Time Use Tax | 3.75% | \$33,469 |

Source: Economic & Planning Systems

SUMMARY

REVENUE SOURCES

- Ongoing annual revenues total \$25,901 per year.
 - Sales tax represents approximately 96.3% of the total.
 - Property tax represents approximately 3.7% of the total.
- One-time use tax revenues are estimated at \$33,469
- Littleton's policy should ensure there is an adequate supply based on community need, rather than fiscal considerations which typically drive commercial land use decisions.

| Description | Total | % of Total |
|--------------------------------|-----------------|---------------|
| Ongoing Annual Revenues | | |
| HUTF Revenues | N/A | 0.0% |
| Sales Tax | \$24,938 | 96.3% |
| Property Tax | <u>\$964</u> | <u>3.7%</u> |
| Total | \$25,901 | 100.0% |
| One-Time Revenues | | |
| Use Tax | \$33,469 | 100.0% |

Source: Economic & Planning Systems

LEAKAGE ANALYSIS

LITTLETON GAS STATION MORATORIUM

OPPORTUNITY GAP/SURPLUS

LEAKAGE ANALYSIS

- **Methodology:**
 - Claritas Spotlight software estimates local household demand for gas station-related goods and services.
 - Compares that demand to estimated local sales (supply) generated by businesses in the same category.
 - Calculates the opportunity gap or surplus as the difference between demand and supply.
- **Key Findings:**
 - **Demand:** \$119.9 million – total estimated spending by Littleton households at gas stations.
 - **Supply:** \$136.9 million – total estimated sales from gas stations within the city.
 - **Surplus:** –\$17.0 million – indicates local supply exceeds local demand.

