



Memorandum

To: Rachel King, City of Littleton

From: Andrew Knudtsen and Louis Rosner, Economic & Planning Systems

Subject: First Street Farms Economic Incentive Package
EPS #233177

Date: April 8, 2026

Introduction

The City of Littleton retained Economic & Planning Systems (EPS) to prepare an economic analysis of the proposed First Street Farms (FSF) project within the Riverpark development. Riverpark, currently under construction by Evergreen, is a mixed-use area south of the RTD Mineral Light Rail Station that will include multifamily residential, retail, and restaurant uses. Gastamo Hospitality Group is purchasing two commercial pad sites within Riverpark for the development of FSF, a restaurant and event venue designed to serve residents, visitors, and nearby employees while activating the southern portion of the site adjacent to the regional trail and wetland areas.

The First Street Farms project represents a significant private investment in an area of the city that has been slow to attract commercial users. EPS is evaluating the project's economic and fiscal impacts, including potential sales tax generation, employment effects, and eligibility for financial incentives intended to offset the development costs associated with the site.

Summary of Findings

1. ***FSF is a high-performing retail anchor that aligns with the City of Littleton's Economic Partnership Incentive Policy (EPIP) goals.***

The project fills a key policy objective by adding a distinctive, destination-oriented restaurant and event venue that strengthens Littleton's retail base, captures leakage, and enhances Riverpark's activation with significant indoor and outdoor venues and amenities.

2. ***Sales tax is the primary fiscal driver, and the forecast conducted by EPS indicates a strong projected performance.***

Restaurant and beer garden operations generate sales productivity, which is competitive with Littleton's highest performing restaurants. The combined food, beverage, and event sales are expected to exceed \$30 million annually at stabilization, which translates to an average of \$0.81 million in sales tax revenues to the City through Year 10 and \$1.1 million through Year 30.

3. ***The financial performance of the project does not generate sufficient returns to investors within the first five years, and the applicant has proposed two scenarios to close the financing gap.***

Under both scenarios the City would provide the applicant with sales tax share-back and a forgivable loan. A forgivable loan is a form of incentive in which the loan is provided by the City and then repaid through sales tax that would otherwise flow to the City's general fund.

- In the first scenario, the City would provide a \$2 million forgivable loan and a 100 percent sales tax share-back to the operator for five years. The loan is repaid from sales tax generated between Years 6 through 8.
- For the second scenario, the City provides a \$4 million forgivable loan and a 35 percent share-back of sales tax for five years. In this scenario, the City makes a larger up front capital investment, with a lower commitment of sales tax proceeds. The \$4 million loan is repaid from the 65 percent of sales tax generated in Years 1 through 5, as well as 100 percent of sales taxes generated in Years 6 through 8.

Under both scenarios the forgivable loan is fully retired cumulatively by Year 8. Additionally, when viewed in the long term, both scenarios generate positive net fiscal impacts through Year 30.

4. ***Following the five-year share-back period, the project provides positive net fiscal impact each year.***

Under both the 100 percent and 35 percent share back scenarios, the project would have a cumulative negative net fiscal impact through Year 7; however, Scenario 2 provides some positive cash flow to the City's General Fund beginning in Year 1. Following Year 7, both scenarios are cumulatively positive through Year 30. Under both scenarios, the City generates \$10.4 million (as a present value using a 5 percent discount rate) through Year 30.

5. *Long-term benefits increase substantially after the incentive term ends.*

Once the revenue sharing expires, the City retains 100 percent of sales tax revenues, significantly improving long-term fiscal returns. Combined with property tax growth and general revenues, the project becomes a material long-term revenue generator.

6. *The project delivers strong economic benefits through job creation and local spending.*

Construction and operations of First Street Farms are projected to generate substantial economic activity in Littleton and the broader region. With an estimated 260 permanent jobs and millions in annual operational spending, the project will support employment, labor income, and secondary economic impacts as dollars recirculate through the local economy. These ripple effects enhance the City's broader economic vitality, even though the direct fiscal benefit during the incentive term is limited.

7. *Recent discussions between City staff and the Gastamo Hospitality Group have identified community benefits that could flow to non-profit organizations based in the City of Littleton.*

These community benefits would take the form of regular use of the facility by community groups, in which the facility rental is heavily discounted, as well as cost of the food and beverage consumed at these events. Please see staff memo for specific delineation of community benefits the Gastamo Hospitality Group has offered.

Note: Please see the end of the Fiscal Analysis (page 22) for a summary of Benefits and Costs

Project Background

The First Street Farms project is proposed on a 2.68-acre site located along the South Platte River Parkway within the City of Littleton. The property is located within the boundaries of the Riverpark development, a mixed-use area currently under construction that will include residential, commercial, and public space components. The FSF project is anticipated to total approximately 28,000 square feet, including a full-service restaurant, indoor bar, wine room, private dining areas, and a dedicated event space.

The proposed site design emphasizes outdoor activation and integration with the surrounding environment. Planned features include landscaped gardens, a beer garden, and extensive patio areas intended to enhance the dining and event experience. The combination of indoor and outdoor spaces is designed to establish FSF as a distinctive venue within Riverpark and to contribute to the broader objective of attracting visitors and economic activity to this area of the city.

Policy Background

On August 6, 2024, the City of Littleton adopted the *Economic Partnership Incentive Policy (EPIP)* to guide the use of public incentives in support of projects that further the City's economic development objectives. A central component of the policy is the Retail Development Incentive Program that aims to strengthen Littleton's retail base and sustain the City's fiscal health by attracting new and distinctive retail and dining options. Eligible projects include those that address retail leakage within the city or contribute to the revitalization of underutilized or blighted commercial areas. Available incentives under the program include sales and use tax reimbursements, as well as credits or waivers for land development impact fees.

Among the tools identified in the policy, the retail sales tax share-back is the most impactful mechanism. This incentive, as stated in the policy, allows for a partial reimbursement of up to 50 percent of the City-collected portion of retail sales tax generated by a project for up to 10 years. Requests for a sales tax share-back must demonstrate a financial gap and illustrate how City participation would support project feasibility.

For the First Street Farms project, the applicant is requesting a combination of a sales tax share-back plus an upfront investment that is structured as a forgivable loan. The applicant has also requested 100 percent waivers of impact fees and building permit fees.

Memorandum Contents

The memo includes two primary sections outlining the fiscal and economic impacts of the project. Each section is described in greater detail below.

- **Fiscal Impact Analysis** – This section evaluates the direct fiscal effects of the proposed First Street Farms project on the City of Littleton, with a primary focus on the General Fund. The analysis estimates the annual and cumulative revenues expected to be generated through retail sales tax, property tax, and other applicable sources, net of the City's costs to provide municipal services to the development. The results provide an understanding of the project's contribution to the City's fiscal position, under both of the alternative incentive requests.
- **Economic Impact Analysis** – The economic impact analysis measures the broader benefits of the project to the local and regional economy. Using input-output modeling, the analysis quantifies employment generation, labor income, and total economic output associated with project construction and ongoing operations. This section provides insight into how FSF will support local job creation, spending, and secondary economic activity within the community.

Fiscal Impact Analysis

Project Revenues

The project is anticipated to generate revenues to the City through four primary sources: property tax, use tax, sales tax, and general revenues. Projections for each revenue source are described in detail below.

Property Tax

To estimate the market value of a property, EPS typically begins by identifying comparable properties using assessor data. This process allows us to analyze recent sales and property characteristics, which can then be used to develop estimates of market value and the associated property tax revenues. However, the FSF project represents a unique development within both Littleton and the broader regional market, making direct comparisons to existing properties challenging. As a result, EPS is relying on the cost approach, a methodology commonly employed by assessors that estimates property value based on the cost to reproduce or replace the improvements, adjusted for depreciation, and adding the value of the land. This approach provides defensible estimate of market value for properties that lack close comparables in the existing market.

Property Valuation

The developer provided two detailed construction cost estimates for the project, reflecting a range of potential outcomes based on material, labor, and design specifications. The total estimated development cost ranges from approximately \$28.4 million on the low end to \$32.4 million on the high end, corresponding to \$1,013 to \$1,157 per square foot, respectively, as shown below in **Table 1**.

Table 1. First Street Farms Construction Cost Estimate

Description	Low			High		
	Total Cost	Cost per SF	% Total	Total	Cost per SF	% Total
Land Costs						
Land Purchase	\$4,769,500	\$170	16.8%	\$4,769,500	\$170	14.7%
Subtotal	\$4,769,500	\$170	16.8%	\$4,769,500	\$170	14.7%
Hard Costs						
Bathrooms	\$60,000	\$2	0.2%	\$60,000	\$2	0.2%
Construction	\$12,885,318	\$460	45.4%	\$16,386,231	\$585	50.6%
Finishes	\$325,000	\$12	1.1%	\$325,000	\$12	1.0%
Kitchen/Bar Equipment	\$1,620,000	\$58	5.7%	\$1,620,000	\$58	5.0%
Lighting	\$350,000	\$13	1.2%	\$350,000	\$13	1.1%
Millwork	\$400,000	\$14	1.4%	\$400,000	\$14	1.2%
Furniture	\$445,000	\$16	1.6%	\$445,000	\$16	1.4%
Signage	\$140,000	\$5	0.5%	\$140,000	\$5	0.4%
Art & Décor	\$188,000	\$7	0.7%	\$188,000	\$7	0.6%
Subtotal	\$16,413,318	\$586	57.9%	\$19,914,231	\$711	61.5%
Soft Costs						
Attorney/Professional	\$1,206,561	\$43	4.3%	\$1,206,561	\$43	3.7%
Design	\$837,175	\$30	3.0%	\$837,175	\$30	2.6%
Preopening Costs	\$1,226,000	\$44	4.3%	\$1,226,000	\$44	3.8%
Technology	\$359,000	\$13	1.3%	\$364,000	\$13	1.1%
Contingency	\$2,004,205	\$72	7.1%	\$2,354,797	\$84	7.3%
Development Fee	\$601,262	\$21	2.1%	\$706,439	\$25	2.2%
Loan Closing Cost	\$200,000	\$7	0.7%	\$200,000	\$7	0.6%
Property Tax	\$100,000	\$4	0.4%	\$100,000	\$4	0.3%
Loan Interest	\$655,070	\$23	2.3%	\$724,385	\$26	2.2%
Subtotal	\$7,189,273	\$257	25.3%	\$7,719,357	\$276	23.8%
Total Cost	\$28,372,091	\$1,013	100.0%	\$32,403,088	\$1,157	100.0%

Source: Developer; Economic & Planning Systems

Under both scenarios, hard costs represent the largest share of total expenditures, ranging from 58 percent of total costs in the low estimate to 62 percent in the high estimate. These costs include general construction, kitchen and bar equipment, interior finishes, and furnishings. The largest single line item within this category is general construction, which accounts for approximately \$12.9 million to \$16.4 million of the total budget. Soft costs account for approximately 24 to 25 percent of the total project cost and include professional services, design, financing, contingency, and pre-opening expenses. Land acquisition represents the remaining 15 to 17 percent of total costs, based on a purchase price of approximately \$4.8 million.

Property Tax Projection

Based on conversations with the development team, EPS utilized the low-cost estimate to project future potential property tax revenues, which equates to \$1,013 per square foot, as shown below in **Table 2**. Property values are assumed to increase by 2 percent annually, with biennial reassessments occurring every two years consistent with standard assessment practices in Colorado.

Using the current 25 percent assessment rate (beginning in 2027) for commercial properties and an effective City property tax mill levy of 2.000, annual City property tax revenues are estimated to range from \$14,186 in Year 1 to \$25,192 in Year 30. Over the 30-year projection period, cumulative property tax revenues to the City are projected to total approximately \$580,631.

This estimate reflects only the City's portion of property tax revenues and does not include collections by other taxing jurisdictions such as Arapahoe County, the school district, or special districts. As such, the figures represent the direct fiscal benefit to the City of Littleton associated with the real property improvements constructed as part of the First Street Farms development. Note that the applicant is not requesting any portion of the property tax revenue.

Table 2. First Street Farms Property Tax Projection

Description	Factor	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Low Estimate								
Total Square Footage		28,000	28,000	28,000	28,000	28,000	28,000	28,000
Actual Value [1]	\$1,013	\$28,372,091	\$31,325,081	\$33,907,275	\$38,185,099	\$41,332,779	\$46,547,423	\$50,384,427
Assessed Value	25.0%	\$7,093,023	\$7,831,270	\$8,476,819	\$9,546,275	\$10,333,195	\$11,636,856	\$12,596,107
Annual City Property Tax	2.000	\$14,186	\$15,663	\$16,954	\$19,093	\$20,666	\$23,274	\$25,192
Cumulative City Property Tax		\$14,186	\$74,143	\$156,304	\$247,376	\$347,529	\$458,545	\$580,631

[1] Biennial reassessment every 2 years at a rate of 2% per year.

Source: Economic & Planning Systems

Use Tax

Use tax revenues are a one-time revenue generated from the value of the project's building materials at the time of development. Building material value was estimated by utilizing a factor equal to 50 percent of the total project valuation, equating to a total value of \$14.2 million, as shown below in **Table 3**. Total use taxes are estimated at \$531,977. As part of the request, the applicant has not requested a rebate of the use tax.

Table 3. First Street Farms Use Tax Projection

Description	Factor	Total
Low Estimate		
Total Square Footage		28,000
Actual Value	\$1,013	\$28,372,091
Building Material Value	50%	\$14,186,045
City Use Tax	3.75%	\$531,977

Source: Economic & Planning Systems

Sales Tax

First Street Farms is expected to generate taxable sales from three primary revenue streams: restaurant operations, beer garden operations, and event venue activities. The applicant provided detailed revenue projections for each use, 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. The resulting projections form the basis for estimating future sales tax revenues to the City.

Restaurant and Beer Garden Sales

The applicant provided a detailed restaurant sales projection outlining anticipated performance by meal period, day of week, and revenue source. The model distinguishes between lunch and dinner service, with sales generated across components that include the dining room, the bar, and the patio, as shown below in **Table 4**.

For lunch service, the restaurant is assumed to operate with 213 seats, average weekday occupancy of approximately 48 to 50 percent, and up to 58 percent on weekends. Lunch turnover is estimated to be between 0.75 and 2.0 turns per meal period, producing an average guest count of 992 and an average check of \$45.00 per person. This results in total weekly lunch sales of approximately \$87,000, with revenues distributed across the dining room, bar, and patio.

Dinner service is modeled to achieve higher utilization and check averages, reflecting typical restaurant operating patterns. The applicant assumes 45 to 62 percent occupancy and between 1.5 and 3.0 table turns, depending on the day of the week. The average dinner check is modeled at \$60.15, ranging from \$55.00 on weekdays to \$65.00 on weekends. Combined, dinner service generates an estimated 1,699 guests per week and \$163,000 in total weekly sales.

On a weekly basis, total restaurant sales across all service components are projected at approximately \$250,000, equivalent to \$13.0 million annually. This figure includes \$7.6 million from dining room sales, \$3.0 million from bar operations, and \$2.4 million from patio service, with no takeout sales assumed in the model.

Table 4. Restaurant Sales Projection

Description	Seats	Occup.	Turns	Guests	Avg. Check	Dining	Bar [1]	Patio [2]	Total
Lunch									
Monday	213	48.0%	0.75	77	\$45.00	\$3,451	\$1,725	\$1,553	\$6,729
Tuesday	213	47.0%	0.75	75	\$45.00	\$3,379	\$1,689	\$1,520	\$6,588
Wednesday	213	48.0%	0.75	77	\$45.00	\$3,451	\$1,725	\$1,553	\$6,729
Thursday	213	50.0%	1.00	107	\$45.00	\$4,793	\$2,396	\$2,157	\$9,345
Friday	213	51.0%	1.50	163	\$45.00	\$7,333	\$3,666	\$3,300	\$14,298
Saturday	213	58.0%	2.00	247	\$45.00	\$11,119	\$5,559	\$5,003	\$21,681
Sunday	213	58.0%	2.00	<u>247</u>	<u>\$45.00</u>	<u>\$11,119</u>	<u>\$5,559</u>	<u>\$5,003</u>	<u>\$21,681</u>
Subtotal/Average				992	\$45.00	\$44,642	\$22,321	\$20,089	\$87,052
Dinner									
Monday	213	45.0%	1.50	144	\$55.00	\$7,908	\$2,768	\$1,977	\$12,652
Tuesday	213	47.0%	1.50	150	\$55.00	\$8,259	\$2,891	\$2,065	\$13,215
Wednesday	213	47.0%	1.50	150	\$55.00	\$8,259	\$2,891	\$2,065	\$13,215
Thursday	213	48.0%	2.50	256	\$60.00	\$15,336	\$5,368	\$3,834	\$24,538
Friday	213	55.0%	3.00	351	\$65.00	\$22,844	\$7,995	\$5,711	\$36,551
Saturday	213	62.0%	3.00	396	\$65.00	\$25,752	\$9,013	\$6,438	\$41,203
Sunday	213	59.0%	2.00	<u>251</u>	<u>\$55.00</u>	<u>\$13,824</u>	<u>\$4,838</u>	<u>\$3,456</u>	<u>\$22,118</u>
Subtotal/Average				1,699	\$60.15	\$102,181	\$35,763	\$25,545	\$163,490
Total									
Monday						\$11,358	\$4,493	\$3,530	\$19,381
Tuesday						\$11,638	\$4,580	\$3,585	\$19,803
Wednesday						\$11,710	\$4,616	\$3,618	\$19,943
Thursday						\$20,129	\$7,764	\$5,991	\$33,883
Friday						\$30,177	\$11,662	\$9,011	\$50,849
Saturday						\$36,870	\$14,572	\$11,441	\$62,884
Sunday						\$24,942	\$10,398	\$8,459	\$43,799
Weekly Sales						\$146,824	\$58,085	\$45,634	\$250,542
Annual Sales						\$7,634,825	\$3,020,398	\$2,372,985	\$13,028,207

[1] Bar sales are estimated at 50 percent of dining sales during lunch and 35 percent of sales during dinner.

[2] Patio sales are estimated at 45 percent of dining room sales during lunch and 25 percent of sales during dinner.

Source: Developer; Economic & Planning Systems

In addition to the restaurant dining area, the development will also include a beer garden, which is anticipated to be completed in Year 8. The beer garden will have a total capacity of 188 seats, with average occupancy expected to range from 45 percent on early weekdays to 75 percent during peak dinner hours on Saturday nights. Based on average check sizes of \$26.00 during lunch and \$36.00 during dinner, total beer garden sales are projected to total approximately \$78,000 per week, or \$4.0 million annually, as shown below in Table 5.

Table 5. Beer Garden Sales Projection

Description	Seats	Occup.	Turns	Guests	Avg. Check	Dining	Patio	Total
Lunch								
Monday	188	45.0%	0.40	34	\$26.00	\$880	\$250	\$1,130
Tuesday	188	45.0%	0.40	34	\$26.00	\$880	\$250	\$1,130
Wednesday	188	47.0%	0.50	44	\$26.00	\$1,149	\$250	\$1,399
Thursday	188	50.0%	0.80	75	\$26.00	\$1,955	\$250	\$2,205
Friday	188	51.0%	1.00	96	\$26.00	\$2,493	\$300	\$2,793
Saturday	188	58.0%	1.50	164	\$26.00	\$4,253	\$360	\$4,613
Sunday	188	58.0%	1.50	164	\$26.00	\$4,253	\$288	\$4,541
Subtotal/Average				610	\$26.00	\$15,862	\$1,948	\$17,810
Dinner								
Monday	188	45.0%	1.50	127	\$36.00	\$4,568	\$500	\$5,068
Tuesday	188	45.0%	1.50	127	\$36.00	\$4,568	\$500	\$5,068
Wednesday	188	47.0%	1.75	155	\$36.00	\$5,567	\$500	\$6,067
Thursday	188	47.0%	2.25	199	\$36.00	\$7,157	\$500	\$7,657
Friday	188	60.0%	2.50	282	\$36.00	\$10,152	\$600	\$10,752
Saturday	188	75.0%	3.00	423	\$36.00	\$15,228	\$720	\$15,948
Sunday	188	65.0%	2.00	244	\$36.00	\$8,798	\$576	\$9,374
Subtotal/Average				1,557	\$36.00	\$56,039	\$3,896	\$59,935
Total								
Monday						\$5,448	\$750	\$6,198
Tuesday						\$5,448	\$750	\$6,198
Wednesday						\$6,715	\$750	\$7,465
Thursday						\$9,112	\$750	\$9,862
Friday						\$12,645	\$900	\$13,545
Saturday						\$19,481	\$1,080	\$20,561
Sunday						\$13,051	\$864	\$13,915
Weekly Sales						\$71,901	\$5,844	\$77,745
Annual Sales						\$3,738,831	\$303,888	\$4,042,719

Source: Developer; Economic & Planning Systems

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. These comparable establishments report annual sales ranging from \$646 to \$1,044 per square foot, with an average of \$797 per square foot, as shown below in **Table 6**.

Table 6. Littleton Sales Comparisons

Description	Sales PSF [1]
Littleton Comparable	
Restaurant/Bar #1	\$804
Restaurant/Bar #2	\$935
Restaurant/Bar #3	\$1,044
Restaurant/Bar #4	\$682
Restaurant/Bar #5	\$703
Restaurant/Bar #6	\$763
Restaurant/Bar #7	<u>\$646</u>
Average	\$797

[1] 2023 sales values escalated at 2.5% annually.

Source: City of Littleton; Economic & Planning Systems

As shown in the **Table 7**, the FSF restaurant is projected to generate approximately \$13.0 million in annual sales from a 15,000 square foot restaurant space, equating to \$869 per square foot. When including sales from the adjacent beer garden, total food and beverage revenue increases to \$17.1 million, or \$1,138 per square foot.

Table 7. Sales Comparison Benchmark Analysis

Description	Total
Total Sales	
FSF Restaurant Sales	\$13,028,207
FSF Beer Garden Sales	\$4,042,719
Total Sales	\$17,070,927
FSF Restaurant Sq. Ft.	15,000
FSF Restaurant Sales PSF	\$869
FSF Restaurant + Beer Garden Sales PSF	\$1,138
Littleton Benchmark (High Performing Restaurants)	
FSF Restaurant Sales PSF	\$869
Littleton Comps (High Performing Restaurants)	\$1,044
Difference	-\$176
FSF Restaurant + Beer Garden Sales PSF	\$1,138
Littleton Comps (High Performing Restaurants)	\$1,044
Difference	\$94

Source: City of Littleton; Developer; Economic & Planning Systems

For comparison, among Littleton's top performing full-service restaurants, the highest generated \$1,044 per square foot, based on sales tax data provided by the City of Littleton and compiled by EPS. The FSF restaurant's projected sales are therefore \$176 per square foot lower than this high benchmark. However, when beer garden revenues are included, FSF's combined sales exceed the benchmark by \$94 per square foot.

Overall, this comparison indicates that while the restaurant component alone projects slightly below the city's top-tier performance range, the combined operation, particularly with the addition of the beer garden, achieves a total sales volume consistent with, and slightly above, the highest-performing restaurant venue in Littleton. This level of sales productivity is considered reasonable and achievable for a destination-oriented food and beverage concept of the proposed scale and quality.

Event Venue Sales

In addition to the restaurant and beer garden sales, the development is also anticipated to include a 13,000 square foot wedding and event venue that will generate taxable sales through three primary sources: weddings, corporate events and other private events, as shown below in **Table 8**.

Weddings represent the largest share of sales, with 78 events annually averaging 100 guests and generating \$505 of revenue per guest. This translates to approximately \$3.9 million in annual wedding revenue, or roughly \$50,500 per event. Corporate events are assumed to occur 52 times per year, averaging 75 attendees and \$212 in revenue per guest, totaling \$827,000 annually. The remaining 80 events fall into the “other” category (smaller private or social events) with 30 guests on average and \$126 in per guest revenue, totaling \$303,000 annually. In total, event revenues are anticipated to total \$5.1 million at full stabilization.

Table 8. Event Venue Sales Projection

Description	Weddings	Corporate	Other	Total/Avg.
Events per Year	78	52	80	210
Avg. Headcount per Event	100	75	30	67
Avg. Revenue per Head	\$505	\$212	\$126	\$360
Total Revenue	\$3,939,000	\$827,190	\$303,000	\$5,069,190
<i>Revenue per Event</i>	<i>\$50,500</i>	<i>\$15,908</i>	<i>\$3,788</i>	<i>\$24,139</i>

Source: Developer; Economic & Planning Systems

Sales Tax Cannibalization

Retail sales tax impacts should also account for potential cannibalization of existing businesses. According to the Retail and Mixed-Use Market Analysis completed by EPS in 2023, resident spending leakage in the Eating and Drinking category was estimated at \$52.2 million, demonstrating a level of unmet demand within the city, as shown below in **Table 9**. The First Street Farms project can likely recapture a portion of this leakage without displacing significant sales from existing establishments. Moreover, 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.

Table 9. Retail Expenditures by Store Category

Store Type	Retail Sales Total	Expend. Potential (\$000s)	Resident Capture		Resident Leakage	
			Capture Rate % Total	Expend. (\$000s)	Leakage Rate % Total	Expend. (\$000s)
Total Personal Income (TPI) (\$000's)	100%	\$2,649,879				
Convenience Goods						
Supermarkets and Grocery Stores	7.2%	\$190,326	70%	\$133,228	30%	\$57,098
Convenience Stores (incl. Gas Stations)	1.4%	\$37,830	20%	\$7,566	80%	\$30,264
Beer, Wine, & Liquor Stores	1.1%	\$28,124	50%	\$14,062	50%	\$14,062
Health and Personal Care	1.7%	\$44,637	50%	\$22,318	50%	\$22,318
Subtotal	11.4%	\$300,916	59%	\$177,174	41%	\$123,742
Shopper's Goods						
General Merchandise						
Traditional Department Stores	0.5%	\$13,076	0%	\$0	100%	\$13,076
Warehouse Clubs & Supercenters	5.2%	\$138,857	0%	\$0	100%	\$138,857
All Other General Merchandise Stores	0.3%	\$8,188	0%	\$0	100%	\$8,188
Subtotal	6.0%	\$160,120	0%	\$0	100%	\$160,120
Other Shopper's Goods						
Clothing & Accessories	1.9%	\$50,719	25%	\$12,680	75%	\$38,039
Furniture & Home Furnishings	1.2%	\$32,319	25%	\$8,080	75%	\$24,240
Electronics & Appliances	0.9%	\$24,810	50%	\$12,405	50%	\$12,405
Sporting, Hobby, Book/Music Stores	1.1%	\$29,268	50%	\$14,634	50%	\$14,634
Miscellaneous Retail	1.5%	\$40,218	50%	\$20,109	50%	\$20,109
Subtotal	6.7%	\$177,334	38%	\$67,908	62%	\$109,427
Total Shoppers' Goods	12.7%	\$337,455	20%	\$67,908	80%	\$269,547
Eating and Drinking	6.6%	\$174,029	70%	\$121,820	30%	\$52,209
Building Material & Garden	3.3%	\$88,175	80%	\$70,540	20%	\$17,635
Total Retail Goods	34.0%	\$900,575	49%	\$437,442	51%	\$463,132

Source: 2017 Census of Retail Trade; Economic & Planning Systems

Sales Tax Projection

The total sales from the project are expected to range from \$15.6 million in Year 1 to \$39.3 million in Year 30, as shown below in **Table 10**. After applying Littleton's sales tax rate of 3.75 percent, sales tax revenues range from \$583,605 to \$1.5 million over the same period.

Table 10. Sales Projection

Description	Factor	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Operating Capacity								
Restaurant		100%	100%	100%	100%	100%	100%	100%
Beer Garden		0%	0%	100%	100%	100%	100%	100%
Event Venue		50%	100%	100%	100%	100%	100%	100%
Total Sales								
Restaurant	2.0%	\$13,028,207	\$14,102,151	\$15,569,914	\$17,190,443	\$18,979,638	\$20,955,054	\$23,136,073
Beer Garden	2.0%	\$0	\$0	\$4,831,424	\$5,334,282	\$5,889,478	\$6,502,460	\$7,179,241
Event Venue	2.0%	\$2,534,595	\$5,487,054	\$6,058,151	\$6,688,689	\$7,384,853	\$8,153,474	\$9,002,094
Total		\$15,562,802	\$19,589,205	\$26,459,489	\$29,213,414	\$32,253,969	\$35,610,988	\$39,317,408
Littleton Sales Tax								
Restaurant	3.75%	\$488,558	\$528,831	\$583,872	\$644,642	\$711,736	\$785,815	\$867,603
Beer Garden	3.75%	\$0	\$0	\$181,178	\$200,036	\$220,855	\$243,842	\$269,222
Event Venue	3.75%	\$95,047	\$205,765	\$227,181	\$250,826	\$276,932	\$305,755	\$337,579
Total		\$583,605	\$734,595	\$992,231	\$1,095,503	\$1,209,524	\$1,335,412	\$1,474,403

Source: Economic & Planning Systems

The applicant proposed two scenarios to close the \$5.5 million funding gap identified by Pioneer Development Company. Under both scenarios the City would issue a forgivable loan and introduce a five-year sales tax share-back with the applicant. The forgivable loan is a financing structure where the City's loan to the applicant is not repaid through amortization but rather by the sales tax dollars the project generates.

In the first scenario, the City would issue a \$2.0 million forgivable loan and forgo 100 percent of the sales tax revenue through Year 5. In the second scenario, the City would issue a \$4.0 million forgivable loan and share back 35 percent of the sales tax revenue through Year 5. Under both scenarios, the City would retain 100 percent of sales tax revenue, beginning in Year 6, following the end of the share-back period.

In the tables that follow, the sales tax revenues to the City have been estimated for the two scenarios, focusing strictly on the sales tax generation. (The forgivable loan element is included in the following section.)

- Under Scenario 1, the 100 percent share-back (for Years 1 through 5) would generate \$29.9 million in sales tax revenue for the City and \$3.5 million for the applicant through Year 30. At a 5 percent discount rate, the net present value (NPV) of the revenues would total \$13.1 million to the City and \$3.2 million to the applicant (**Table 11**).
- For Scenario 2, the 35 percent share-back scenario, the City and applicant would generate \$32.2 million and \$1.2 million, respectively over a 30-year horizon. At a 5 percent discount rate, the NPV of the revenues would total \$15.2 million to the City and \$1.1 million to the applicant (**Table 12**).

Table 11. Sales Tax Revenue Split, 100 Percent Share-Back

Description	Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 30
Operating Capacity													
Restaurant		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Beer Garden		0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%
Event Venue		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100% Shareback, 5-Year Shareback Period													
Sales Tax Shareback													
City of Littleton	0%	\$0	\$0	\$0	\$0	\$0	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635
Applicant	100%	\$601,113	\$712,992	\$727,252	\$741,797	\$756,633	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	100%	\$601,113	\$712,992	\$727,252	\$741,797	\$756,633	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635
Cumulative Sales Tax													
City of Littleton		\$0	\$0	\$0	\$0	\$0	\$771,766	\$1,558,967	\$2,541,279	\$3,543,238	\$4,565,235	\$9,990,123	\$29,893,730
Applicant		\$601,113	\$1,314,105	\$2,041,358	\$2,783,155	\$3,539,788	\$3,539,788	\$3,539,788	\$3,539,788	\$3,539,788	\$3,539,788	\$3,539,788	\$3,539,788
Sales Tax NPV													
City of Littleton	5.0%	\$0	\$0	\$0	\$0	\$0	\$604,699	\$587,422	\$698,111	\$678,165	\$658,789	\$569,903	\$368,947
Applicant	5.0%	\$601,113	\$679,040	\$659,639	\$640,792	\$622,484	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$601,113	\$679,040	\$659,639	\$640,792	\$622,484	\$604,699	\$587,422	\$698,111	\$678,165	\$658,789	\$569,903	\$368,947
Cumulative Sales Tax NPV													
City of Littleton		\$0	\$0	\$0	\$0	\$0	\$604,699	\$1,192,120	\$1,890,231	\$2,568,396	\$3,227,185	\$6,249,319	\$13,081,816
Applicant		\$601,113	\$1,280,153	\$1,939,792	\$2,580,585	\$3,203,069	\$3,203,069	\$3,203,069	\$3,203,069	\$3,203,069	\$3,203,069	\$3,203,069	\$3,203,069

Source: Economic & Planning Systems

Table 12. Sales Tax Revenue Split, 35 Percent Share-Back

Description	Factor	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 30
Operating Capacity													
Restaurant		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Beer Garden		0%	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	100%
Event Venue		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
35% Shareback, 5-Year Shareback Period													
Sales Tax Shareback													
City of Littleton	65%	\$390,724	\$463,445	\$472,714	\$482,168	\$491,811	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635
Applicant	35%	\$210,390	\$249,547	\$254,538	\$259,629	\$264,822	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	100%	\$601,113	\$712,992	\$727,252	\$741,797	\$756,633	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635
Cumulative Sales Tax													
City of Littleton		\$390,724	\$854,169	\$1,326,882	\$1,809,050	\$2,300,862	\$3,072,628	\$3,859,829	\$4,842,141	\$5,844,100	\$6,866,097	\$12,290,985	\$32,194,592
Applicant		\$210,390	\$459,937	\$714,475	\$974,104	\$1,238,926	\$1,238,926	\$1,238,926	\$1,238,926	\$1,238,926	\$1,238,926	\$1,238,926	\$1,238,926
Sales Tax NPV													
City of Littleton	5.0%	\$390,724	\$441,376	\$428,765	\$416,515	\$404,615	\$604,699	\$587,422	\$698,111	\$678,165	\$658,789	\$569,903	\$368,947
Applicant	5.0%	\$210,390	\$237,664	\$230,874	\$224,277	\$217,869	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$601,113	\$679,040	\$659,639	\$640,792	\$622,484	\$604,699	\$587,422	\$698,111	\$678,165	\$658,789	\$569,903	\$368,947
Cumulative Sales Tax NPV													
City of Littleton		\$390,724	\$832,100	\$1,260,865	\$1,677,380	\$2,081,995	\$2,686,693	\$3,274,115	\$3,972,226	\$4,650,391	\$5,309,180	\$8,331,314	\$15,163,811
Applicant		\$210,390	\$448,054	\$678,927	\$903,205	\$1,121,074	\$1,121,074	\$1,121,074	\$1,121,074	\$1,121,074	\$1,121,074	\$1,121,074	\$1,121,074

Source: Economic & Planning Systems

General Revenues

General revenues were estimated using the existing fiscal model, which factors in the growth of Littleton's service population. These revenues account for miscellaneous sources including franchise fees, licenses and permits, and fines and forfeitures and are estimated based on future service demand hours generated by employees at First Street Farms. Although the revenue may not be substantial, the model comprehensively accounts for all potential revenues and expenditures. At full buildout, the development is expected to employ approximately 260 people, generating 2,480 service demand hours, as shown in **Table 13**. These service hours were calculated using a proportionate share methodology that estimates the demand for City revenues and services relative to different segments of the population, including residents and employees, over a typical 24-hour period. This methodology provides a basis for calculating the costs and revenues associated with each service hour. With an estimated \$3.41 in general revenue per service demand hour, FSF is projected to generate general revenues ranging from \$8,470 in Year 1 to \$15,041 in Year 30.

Table 13. First Street Farms General Revenues

Description	Factor	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Total Employees		260	260	260	260	260	260	260
Total Service Demand Hours		2,480	2,480	2,480	2,480	2,480	2,480	2,480
General Revenues	\$3.41	\$8,470	\$9,168	\$10,122	\$11,175	\$12,338	\$13,623	\$15,041

Source: Economic & Planning Systems

Project Expenditures

General expenditures were estimated for all City departments funded through the General Fund, using a comprehensive fiscal model that accounts for the costs incurred by the City to serve new development.

General Expenditures

Departmental expenditures were estimated to be 25 to 100 percent variable. Departments with a lower variability factor imply relatively fixed expenditures, such as the City Council, while departments with high variability need additional support to accommodate growth. Based on these assumptions, the corresponding City factor for general expenditures equates to \$21.98 per service demand hour. First Street Farms is anticipated to increase the burden on City services, with expenditures by the City ranging from \$54,509 in Year 1 to \$96,799 in Year 30.

Table 14. First Street Farms General Expenditures

Description	Factor	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
Total Employees		260	260	260	260	260	260	260
Total Service Demand Hours		2,480	2,480	2,480	2,480	2,480	2,480	2,480
General Expenditures	\$21.98	\$54,509	\$59,002	\$65,143	\$71,923	\$79,409	\$87,674	\$96,799

Source: Economic & Planning Systems

Net Fiscal Impact

The net fiscal impact of the development nets revenues against costs. A positive net fiscal impact suggests that the City can accommodate the development based on the projected revenues. Conversely, a negative net fiscal impact indicates that the City cannot accommodate the development without identifying additional revenue sources. Note that the sales tax figures shown below are net of rebate dollars paid to the developer.

- Scenario 1 - Under the 100 percent share-back, the cumulative net fiscal impact of the development ranges from negative \$2.0 million in Year 0 to a positive \$10.38 million in Year 30, discounted at 5 percent annually (**Table 15**).
- Scenario 2 - Under the 35 percent share-back, the total net fiscal impact ranges from negative \$4.0 million in Year 0 to \$10.36 million in Year 30 (**Table 16**).

Both scenarios close the \$5.5 million funding gap identified by the applicant. Discounted at 5 percent, the applicant would receive \$5.71 million or \$5.73 million, respectively for Scenario 1 or Scenario 2. Under both scenarios, the forgivable loan would be retired in Year 8, when the City's cumulative discounted sales tax revenues exceed \$2.0 million and \$4.0 million (**Table 11** and **Table 12**).

Because both scenarios return similar revenues to the City and both are fiscally positive by Year 8, the issue for critical consideration relates more to the degree of risk the City is comfortable with and the cash flow the City has available to deploy for this request. Despite the similarities between the proposals, the City may not have the funds to issue a \$4.0 million forgivable loan, or such an issuance would strain the General Fund balance. However, if the City were able to issue the \$4.0 million, it would begin to retain a portion of sales tax revenue in Year 1, five years earlier than under the 100 percent share back scenario.

It is important to note that the City has segregated the loan element from the economic incentive (sales tax share-back and fee waivers) element. Therefore, the only component relevant to the City's EPIP policy is the share back and fee waiver incentive. The EPIP policy allows for a maximum reimbursement of 50 percent retail sales tax collected by the City for ten years. While the policy sets a ceiling at 50 percent of sales tax for maximum of ten years, it is worth noting that Scenario 1 (100 percent for five years) is analogous. Scenario 2 (35 percent rebated for five years) is compliant.

Summary of Considerations

The proposal presents a complexity of elements. A summary of benefits and costs is provided below.

Benefits

- Unusually compelling destination for food and beverage
- Expanded open space, trails, and sports field areas
- When measured over the long-term, the facility generates net fiscal benefits
- There is a companion commitment of community benefits that have been negotiated in the form of regular use of the facility by community groups (which would include the City). For these qualified groups, the facility rental will be heavily discounted, as well as cost of the food and beverage consumed at these events. Please see staff memo for specific delineation of community benefits the Gastamo Hospitality Group has offered.

Costs

- Higher risk for the City, as the proposed partnership scenarios include a forgivable loan for the project's public improvements, separate from economic incentives derived from the project operations.
- Strain on the General Fund in the short term must be carefully considered. Long-term revenues, as projected, generate a net fiscal surplus.

Table 15. First Street Farms Net Fiscal Impact, 100 Percent Share-Back, \$2m Loan

Description	Factor	Period	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 30	Net Fiscal Impact (Yr. 0-15)				Total
																Years 0-5	Years 6-10	Years 11-15	Years 0-15	Years 0-30
100% Shareback, \$2M Forgivable Loan																				
Revenues																				
Property Tax			\$0	\$14,186	\$14,186	\$15,054	\$15,054	\$15,663	\$15,663	\$16,295	\$16,295	\$16,954	\$16,954	\$19,093	\$25,192	\$74,143	\$82,160	\$91,072	\$247,376	\$580,631
General Revenue			\$0	\$8,470	\$8,639	\$8,812	\$8,988	\$9,168	\$9,351	\$9,538	\$9,729	\$9,923	\$10,122	\$11,175	\$15,041	\$44,076	\$48,663	\$53,728	\$146,467	\$343,592
Use Tax			\$0	\$564,624	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$564,624	\$0	\$0	\$564,624	\$564,624
Sales Tax	0.0%	5 years	\$0	\$0	\$0	\$0	\$0	\$0	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635	\$0	\$4,565,235	\$5,424,888	\$9,990,123	\$29,893,730
Total			\$0	\$587,279	\$22,825	\$23,866	\$24,042	\$24,830	\$796,779	\$813,034	\$1,008,336	\$1,028,836	\$1,049,073	\$1,158,636	\$1,558,868	\$682,843	\$4,696,059	\$5,569,688	\$10,948,589	\$31,382,577
Expenditures																				
General Expenditures			\$0	-\$54,509	-\$55,599	-\$56,711	-\$57,845	-\$59,002	-\$60,182	-\$61,386	-\$62,614	-\$63,866	-\$65,143	-\$71,923	-\$96,799	-\$283,667	-\$313,191	-\$345,788	-\$942,646	-\$2,211,323
Forgivable Loan			-\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$2,000,000	\$0	\$0	-\$2,000,000	-\$2,000,000
Total			-\$2,000,000	-\$54,509	-\$55,599	-\$56,711	-\$57,845	-\$59,002	-\$60,182	-\$61,386	-\$62,614	-\$63,866	-\$65,143	-\$71,923	-\$96,799	-\$2,283,667	-\$313,191	-\$345,788	-\$2,942,646	-\$4,211,323
Annual Net Fiscal Impact			-\$2,000,000	\$532,770	-\$32,774	-\$32,845	-\$33,803	-\$34,172	\$736,597	\$751,648	\$945,723	\$964,970	\$983,930	\$1,086,713	\$1,462,068	-\$1,600,824	\$4,382,868	\$5,223,900	\$8,005,944	\$27,171,254
Cumulative Net Fiscal Impact			-\$2,000,000	-\$1,467,230	-\$1,500,004	-\$1,532,849	-\$1,566,652	-\$1,600,824	-\$864,227	-\$112,579	\$833,144	\$1,798,114	\$2,782,044	\$8,005,944	\$27,171,254					
Annual Net Fiscal Impact (PV) 5.0% discount rate			-\$2,000,000	\$507,400	-\$29,727	-\$28,373	-\$27,810	-\$26,775	\$549,660	\$534,183	\$640,102	\$622,028	\$604,048	\$522,727	\$338,290	-\$1,605,284	\$2,950,021	\$2,771,587	\$4,116,324	\$10,382,090
Cumulative Net Fiscal Impact (PV)			-\$2,000,000	-\$1,492,600	-\$1,522,327	-\$1,550,700	-\$1,578,510	-\$1,605,284	-\$1,055,624	-\$521,442	\$118,661	\$740,689	\$1,344,736	\$4,116,324	\$10,382,090					

Source: Economic & Planning Systems

Table 16. First Street Farms Net Fiscal Impact, 35 Percent Share-Back, \$4m Loan

Description			Factor	Period	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 30	Net Fiscal Impact (Yr. 0-15)				Total
																		Years 0-5	Years 6-10	Years 11-15	Years 0-15	Years 0-30
35% Shareback, \$4M Forgivable Loan																						
Revenues																						
Property Tax					\$0	\$14,186	\$14,186	\$15,054	\$15,054	\$15,663	\$15,663	\$16,295	\$16,295	\$16,954	\$16,954	\$19,093	\$25,192	\$74,143	\$82,160	\$91,072	\$247,376	\$580,631
General Revenue					\$0	\$8,470	\$8,639	\$8,812	\$8,988	\$9,168	\$9,351	\$9,538	\$9,729	\$9,923	\$10,122	\$11,175	\$15,041	\$44,076	\$48,663	\$53,728	\$146,467	\$343,592
Use Tax					\$0	\$564,624	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$564,624	\$0	\$0	\$564,624	\$564,624
Sales Tax			65.0%	5 years	\$0	\$390,724	\$463,445	\$472,714	\$482,168	\$491,811	\$771,766	\$787,201	\$982,312	\$1,001,959	\$1,021,998	\$1,128,368	\$1,518,635	\$2,300,862	\$4,565,235	\$5,424,888	\$12,290,985	\$32,194,592
Total					\$0	\$978,003	\$486,270	\$496,580	\$506,210	\$516,642	\$796,779	\$813,034	\$1,008,336	\$1,028,836	\$1,049,073	\$1,158,636	\$1,558,868	\$2,983,705	\$4,696,059	\$5,569,688	\$13,249,451	\$33,683,439
Expenditures																						
General Expenditures					\$0	-\$54,509	-\$55,599	-\$56,711	-\$57,845	-\$59,002	-\$60,182	-\$61,386	-\$62,614	-\$63,866	-\$65,143	-\$71,923	-\$96,799	-\$283,667	-\$313,191	-\$345,788	-\$942,646	-\$2,211,323
Forgivable Loan					-\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$4,000,000	\$0	\$0	-\$4,000,000	-\$4,000,000
Total					-\$4,000,000	-\$54,509	-\$55,599	-\$56,711	-\$57,845	-\$59,002	-\$60,182	-\$61,386	-\$62,614	-\$63,866	-\$65,143	-\$71,923	-\$96,799	-\$4,283,667	-\$313,191	-\$345,788	-\$4,942,646	-\$6,211,323
Total Net Fiscal Impact					-\$4,000,000	\$923,494	\$430,671	\$439,869	\$448,365	\$457,639	\$736,597	\$751,648	\$945,723	\$964,970	\$983,930	\$1,086,713	\$1,462,068	-\$1,299,962	\$4,382,868	\$5,223,900	\$8,306,805	\$27,472,116
Cumulative Net Fiscal Impact					-\$4,000,000	-\$3,076,506	-\$2,645,835	-\$2,205,967	-\$1,757,602	-\$1,299,962	-\$563,365	\$188,283	\$1,134,006	\$2,098,976	\$3,082,906	\$8,306,805	\$27,472,116					
Annual Net Fiscal Impact (PV)			5.0% discount rate		-\$4,000,000	\$879,518	\$390,631	\$379,975	\$368,871	\$358,572	\$549,660	\$534,183	\$640,102	\$622,028	\$604,048	\$522,727	\$338,290	-\$1,622,432	\$2,950,021	\$2,771,587	\$4,099,175	\$10,364,942
Cumulative Net Fiscal Impact (PV)					-\$4,000,000	-\$3,120,482	-\$2,729,851	-\$2,349,876	-\$1,981,005	-\$1,622,432	-\$1,072,772	-\$538,590	\$101,513	\$723,541	\$1,327,588	\$4,099,175	\$10,364,942					

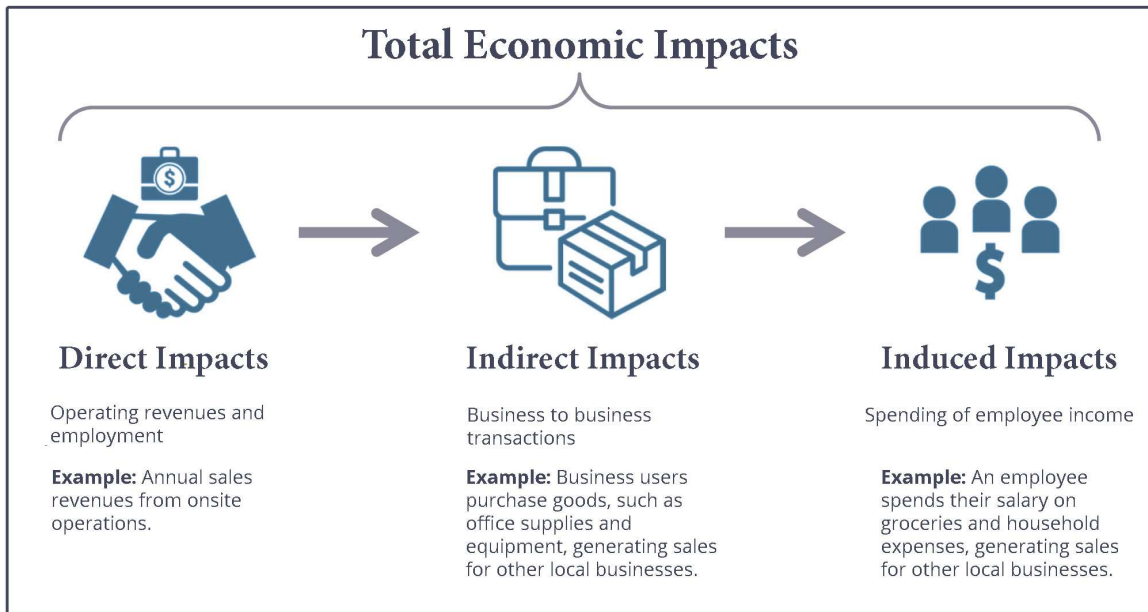
Source: Economic & Planning Systems

Economic Impact Analysis

This section quantifies the annual direct, indirect, and induced economic impacts of the First Street Farms development on the Littleton area (regional) economy. Economic impact defines the relationships (transactions) between industries, commodities (goods and services), and institutions (households, government, etc.) as illustrated in

Figure 1. Impacts are estimated using the Impact Analysis for Planning (IMPLAN) input-output model. Direct impacts include the total employment at First Street Farms by industry type. Indirect impacts are accrued from the jobs created by the transactions involved in maintaining the operations of the businesses occupying the development. Induced impacts represent jobs created by the spending of employee wages generated by direct and indirect employment.

Figure 1. Economic Impact Methodology



Source: Economic & Planning Systems, Inc.

Additionally, the one-time impacts accruing from the value of construction are estimated. The direct value of construction also generates indirect and induced spending in the area economy. The construction impacts are calculated on a total basis at buildout and for an average year based on the estimated buildout period.

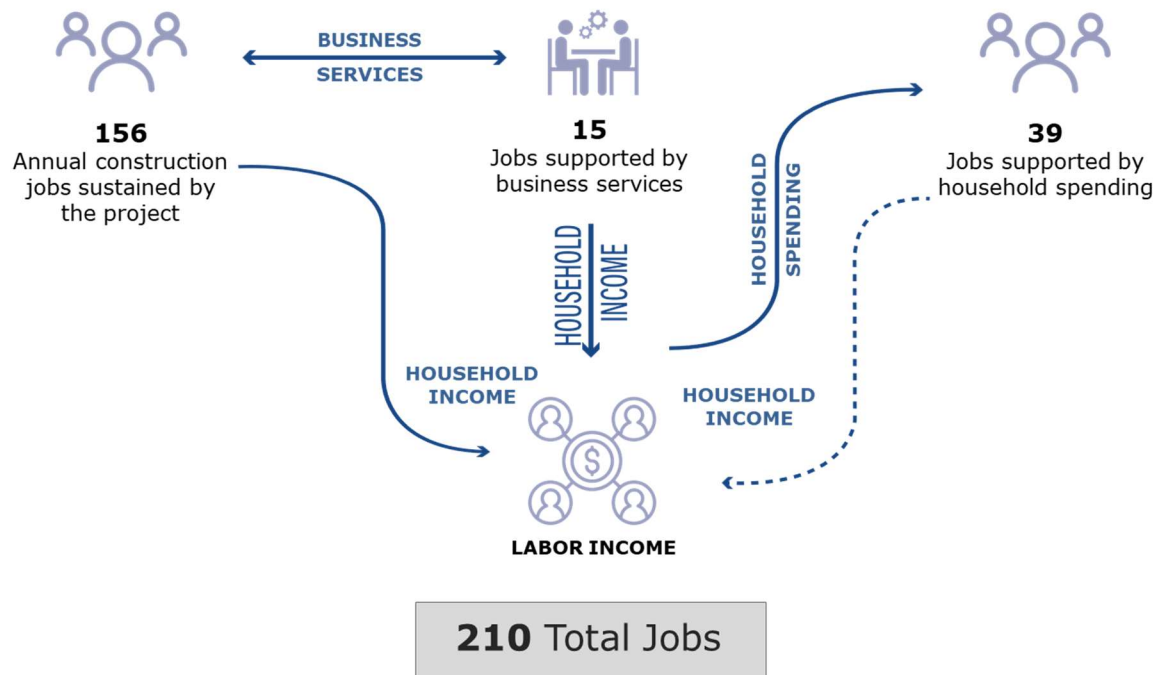
Key Assumptions

1. The current analysis utilizes input-output relations sourced from 2022 in the IMPLAN dataset, which is the most recent available dataset and provides the economic context calibrated to post-COVID conditions. Earlier data sets are significantly influenced by the effects of the COVID-19 Pandemic and associated economic shutdowns.
2. Economic impacts presented in this analysis are depicted in gross terms, without consideration for potential changes in resource allocation or shifts in consumer spending away from local alternatives.
3. The I/O methodology employed assumes that an industry's demand for goods and services leads to a corresponding increase in supply and subsequent employment.
4. Both total and average annual economic impacts are presumed to follow a linear development program.

One-Time Construction Impacts

Construction activity for FSF will sustain one-time employment and economic impacts. Over the buildout of FSF, an average of 156 direct jobs are supported by the construction, which in turn supports an additional 15 indirect and 39 induced jobs for a total labor impact of 210 jobs per year, as shown in **Figure 2**.

Figure 2. One-Time Sustained Construction Employment



The total economic impact from construction is \$30.6 million, which is comprised of \$20.0 million from direct spending, \$3.6 million from indirect spending, and \$7.1 million from induced spending as shown in **Figure 3**.

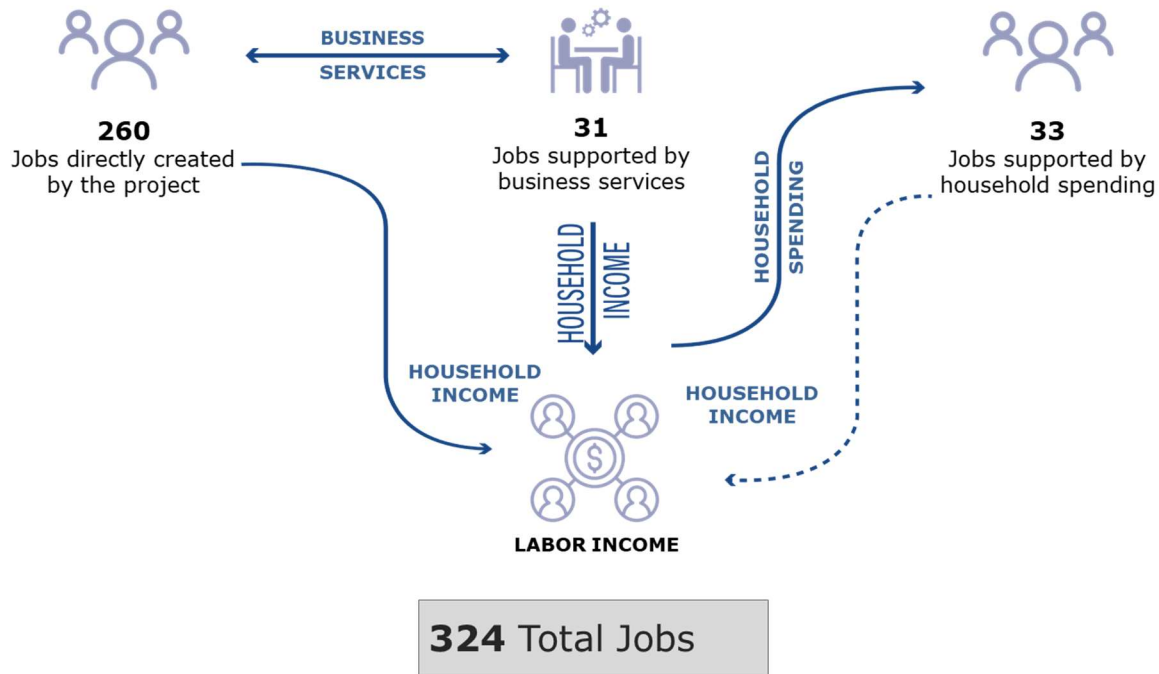
Figure 3. One-Time Construction Impact



Ongoing Annual Impacts

Operating revenues for the restaurant, beer garden, and event space total \$22.3 million annually. This revenue served as the basis for estimating economic impacts. Using IMPLAN's production functions, this level of output is expected to support approximately 260 direct jobs, along with 31 indirect and 33 induced jobs throughout the region, as shown in **Figure 4**.

Figure 4. Annual Employment Impact



Total annual economic impact is shown below in **Figure 5**. At full buildout, FSF is estimated to have a total annual impact of \$35.2 million on the regional economy, which is comprised of a direct impact of \$22.3 million, an indirect impact of \$6.9 million, and an induced impact of \$6.0 million.

Figure 5. Average Annual Economic Impact

