



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

BUC-EE'S TRAVEL CENTER FISCAL IMPACT ANALYSIS

FINAL REPORT

Prepared for:
Town of Palmer Lake

Prepared by:
Economic & Planning Systems, Inc.

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EPS #243128

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1. Introduction and Summary of Findings

This report summarizes the analysis and conclusions of Economic & Planning Systems (EPS) regarding the anticipated fiscal and economic impacts of the proposed Buc-ee's Travel Center annexation and development on the Town of Palmer Lake, Colorado. The report was prepared under a contract between EPS and the Town dated October 22, 2024.

Background

The Town of Palmer Lake is currently reviewing a proposal from Buc-ee's, Ltd. for the annexation and planned development zoning of 41.2 acres of land located at the southwest corner of Interstate 25 (I-25) and County Line Road for the development of a Buc-ee's Travel Center. The proposed annexation would require the Town to complete a flagpole annexation of approximately 1.5 miles of County Line Road from the current town boundary to the subject property.

If annexed, and the required zoning and site plan approvals are received, Buc-ee's is planning to develop 24.9 acres at the site with a highway adjacent travel center including a 74,000 square foot retail convenience store, 120 fueling positions, 12 electric vehicle (EV) charging stations, and 780 parking spaces. Pending approvals, Buc-ee's is hoping to break ground in late summer 2025 with anticipated completion in late 2026.

Buc-ee's is a Texas-based chain of travel centers founded in 1982 in Lake Jackson, Texas. The first store was a modest 3,000 square foot convenience store with a few gas pumps. The chain expanded throughout Texas over the next 20 years and built more expansive retail stores in the early 2000s featuring a wider range of food and merchandise including Texas BBQ and tourist memorabilia, other fresh foods, and is known for its large and clean restrooms. The first travel center outside of Texas was built in Alabama in 2019. The chain now has 50 locations in nine primarily southern states. The first Colorado store was opened in Johnstown in March of 2024 and includes a 74,000 square foot retail store and 116 fuel pumps.

Scope of Work

The Town of Palmer Lake solicited a proposal from EPS to complete a third-party objective evaluation of the economic and fiscal impacts of the proposed development on the Town. The Study will be paid for by Buc-ee's under a cost reimbursement agreement with the Town. The Town selected EPS to complete the Study based on its experience completing similar fiscal impact studies for major commercial developments in other Colorado towns including Timnath, Johnstown, Parker, and Castle Rock.

This fiscal impact analysis includes estimates of annual revenues from property taxes and sales taxes, and the estimated annual expenses expected to be incurred by the Town by providing services to the site and development. It also includes one-time revenues from construction use tax and one-time costs associated with extending infrastructure to the site from the existing town limits, which includes the necessary equipment each department will need to acquire as listed in other Town reports.

The analysis and findings are presented in three sections following this Introduction and Summary of Findings as follows:

- **Existing Conditions** – This section summarizes EPS' analysis of existing economic, demographic, and fiscal conditions in the Town of Palmer Lake.
- **Buc-ee's Fiscal Impact** – This section presents estimated revenues and expenses generated by the proposed Buc-ee's Travel Center on the Town's departments required to provide services including Administration, Police, Fire, Public Works (Roads), and Water. It also includes one-time revenues associated with building construction and one-time costs associated with the development of roads and utilities needed to serve the proposed development and purchasing other capital equipment needed to serve the project in the future.
- **Annual Budget Summary** – This section summarizes the estimated annual impacts of the Buc-ee's Travel Center on the Town's budget based on the first full year of operations projected to be in 2027.

Summary of Findings

Below is a summary of initial findings of the fiscal impact analysis for a new Buc-ee's Travel Center in the Town of Palmer Lake.

1. Buc-ee's is expected to generate a significant increase in annual sales tax revenues to the Town.

Based on data provided by Buc-ee's, Ltd, EPS estimates the proposed Palmer Lake travel center will generate \$31.8 million in taxable retail sales in 2027, the first full year of operations (does not include gas sales). At the Town's 3.0 percent sales tax rate, this would generate an estimated \$955,087 in sales tax revenues for the Town in 2027. Buc-ee's would increase estimated total sales tax revenues in 2027 from \$2.2 million to \$3.1 million, which is an increase of 30.7 percent.

2. Buc-ee's is estimated to also generate \$379,500 in one-time revenues from use taxes paid for by the developer on the project's construction materials.

Buc-ee's estimates the total development cost for the project at \$63.3 million not including land. Based on average costs, approximately 30 percent of the construction budget is estimated to be for materials that would be subject to use tax at the Town's 3 percent rate resulting in \$379,500 paid out over two years of expected construction in 2026 and 2027.

3. *Buc-ee's is expected to generate an increase in General Fund revenues by 28.7 percent from \$5.57 million in 2025 to \$7.17 million in 2027, the first full year of operation for the travel center.*

In addition to annual sales taxes and one-time use tax, Buc-ee's is estimated to generate approximately \$229,476 in annual property taxes to the Town in 2027.

4. *The proposed Buc-ee's project will trigger the need for the Town to increase its level of service for several key functions.*

The most impacted departments are Police, Fire, Roads, and Water. Based on inputs provided by key department heads, the impact of the proposed project on the annual operating budget of each department was estimated. The Town's General Fund expenditures are estimated to increase by 23.7 percent from \$4.23 million in 2025 to \$5.23 million in 2027 based on the estimated service level increases and accounting for 2.0 percent annual cost inflation.

5. *The Buc-ee's annexation and development will require the Town to make approximately \$5.9 million in additional one-time capital infrastructure investments.*

This includes new equipment for the Police, Fire, and Road Departments, water facility upgrades, as well as road and utility improvements to County Line Road from the existing town boundary to the Buc-ee's site 1½ miles to the east.

6. *Buc-ee's is expected to invest \$10.52 million in transportation improvements as part of its site development costs.*

The transportation improvements include an expansion and reconfiguration of the I-25 and County Line Road interchange ramps, signalization and reconstruction of County Line Road and Beacon Lite Road including turn lanes and signalization.

7. *Buc-ee's will have a significant impact on the water infrastructure of the Town.*

The water utility improvements include water taps and a 10,900 foot 12-inch trunk line extension to connect to the Buc-ee's site. Additionally, the Town will need to replace 1,600 feet of water line and construct a new A-3 well and water treatment plant to support the increased water usage throughout the town.

8. *Buc-ee's is expected to request the Town to provide an economic development incentive as part of the development agreement negotiation.*

As summarized in the report, Buc-ee's has negotiated a sales tax incentive agreement with many of the cities and towns where it has built its travel centers. The amount of sales tax revenue generated by the project that is shared varies by community based on multiple factors including the amount of up-front capital investment required, projected annual sales, and other

economic and political considerations. The data for 12 centers built between 2016 and 2024 provided by Buc-ee's had an average rebate of 1.1 percent of projected sales tax over 20 years and an annual average of \$326,500 in annual payments. The data provided does not include all Buc-ee's travel centers built over that period.

9. *Any retail sales tax incentive negotiated between the Town and Buc-ee's will reduce the net increase in sales tax revenues to be retained by the Town over the time period of revenue sharing.*

Many of the communities where Buc-ee's has located have agreed to a sales tax sharing agreement as an economic development incentive. Should the Town of Palmer Lake agree to providing an incentive, the estimated \$955,087 in new sales taxes to the Town's annual budget will need to be adjusted.

2. Existing Conditions

The Town of Palmer Lake is located at the north edge of El Paso County, close to the top of Monument Hill. The proposed Buc-ee's site at the intersection of I-25 and County Line Road is approximately 1.5 miles east of the current town boundary of Palmer Lake, 20 miles north of downtown Colorado Springs, and two miles north of the Town of Monument.

Demographics

In 2024, the population of Palmer Lake was 2,643, an increase of 468 residents since 2000 as shown in **Table 1**. Most of this growth was between 2000 and 2010, with a total of 245 residents added, or 52.3 percent of the total growth.

Table 1. Population and Households, 2000-2024

Description	2000	2010	2020	2024	2000-2024		
					Total	Ann. #	Ann. %
Population	2,175	2,420	2,636	2,643	468	20	0.8%
Households	841	955	1,072	1,130	289	12	1.2%
Average HH Size	2.59	2.53	2.46	2.34	-0.25	-0.01	-0.4%

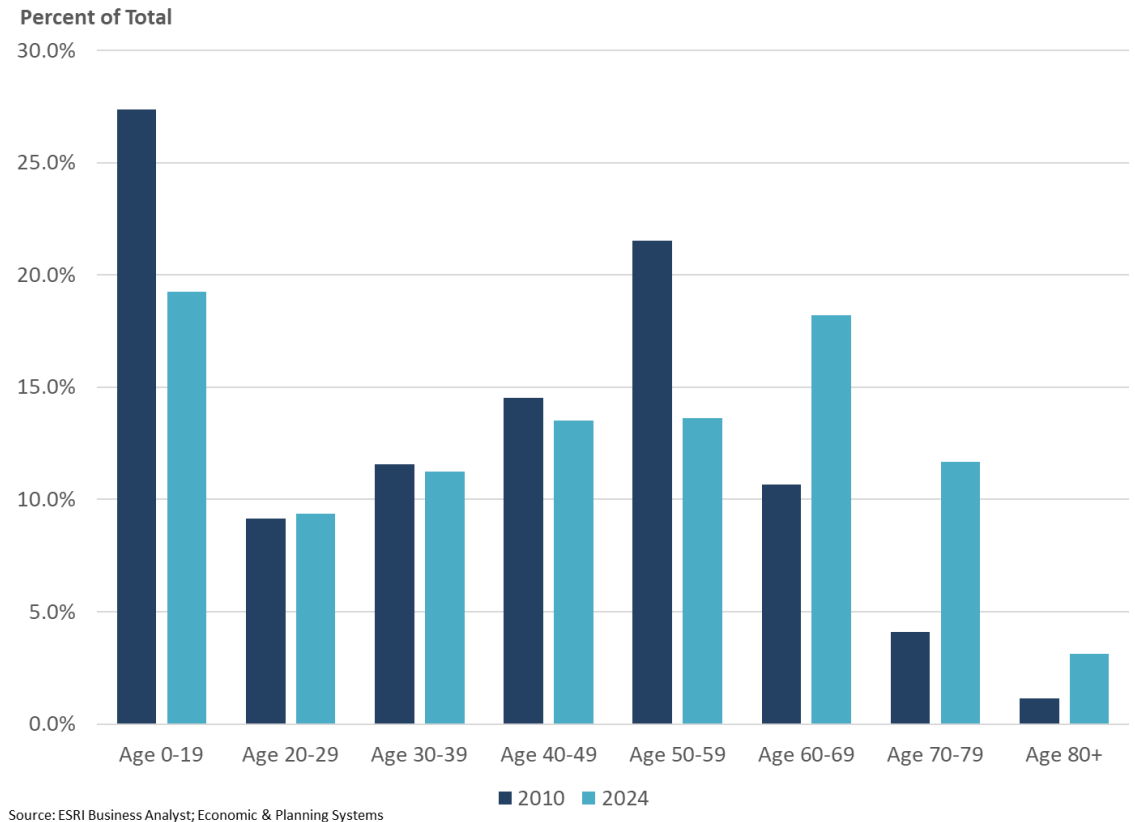
Source: U.S. Census Bureau, 2000-2020; ESRI Estimate, 2024; Economic & Planning Systems

From 2000 to 2024, the Town of Palmer Lake gained a total of 289 households, increasing from 841 to 1,130 households, as shown. Household growth was strongest from 2000 to 2010, like the population growth, accounting for 39.4 percent of the total household growth from 2000 to 2024.

Similar to national and regional trends, the average household size in Palmer Lake has decreased from 2.59 persons per household in 2000 to 2.34 persons per household in 2024. This decrease has been much more pronounced since 2010, with the average household size decreasing from 2.46 to 2.34 persons per household in 2024.

Since 2010, the percentage of total residents over the age of 60 has increased from 15.9 percent to 33 percent of the total population, as shown below in **Figure 1**. Meanwhile, those under the age of 19 have decreased from 27.4 percent of the total population in 2010 to 19.3 percent in 2024. This change, combined with a trend in households becoming smaller, is reflective of a combination of an aging population and more retired age households moving to the town.

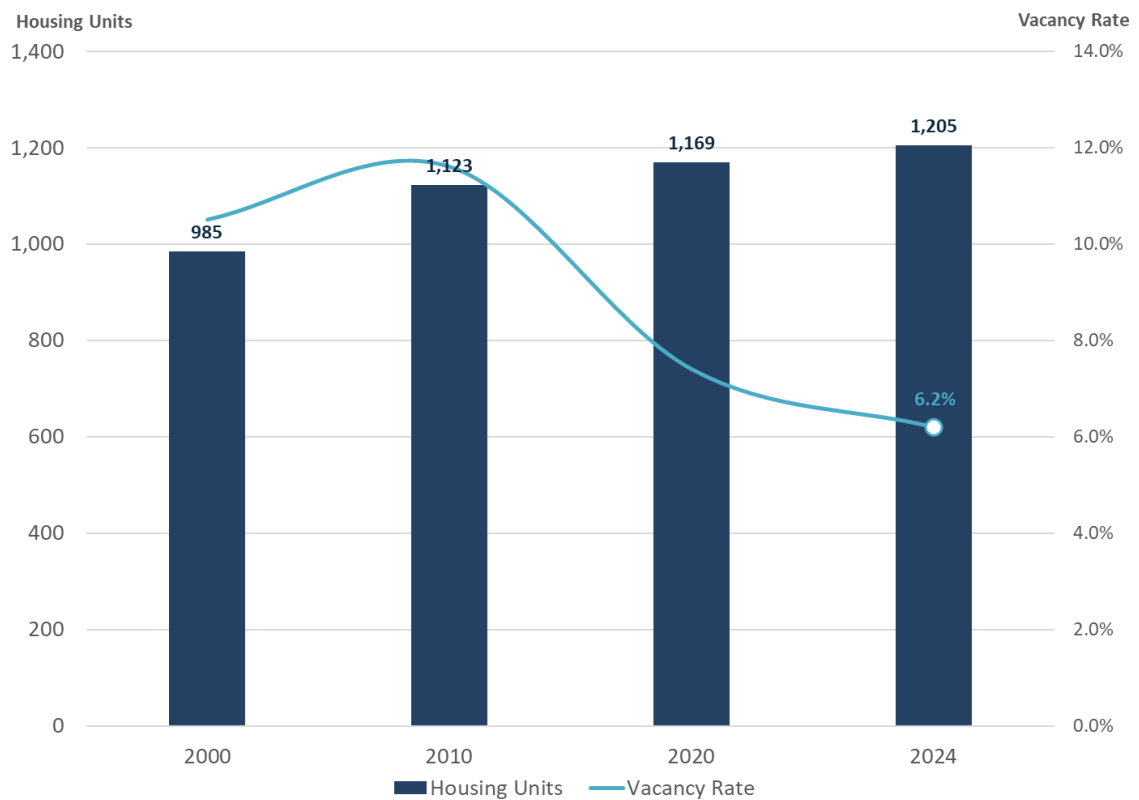
Figure 1. Population by Age Group, 2010-2024



Housing Units and Vacancy Rate

The Town of Palmer Lake has experienced modest growth in its housing inventory since 2000 with a total of 220 housing units added, which averages approximately 9 units per year, or 0.8 percent annually, as shown in **Figure 2**. This modest growth in housing is due to individual builds, as opposed to new subdivisions. With more households added than housing units, the vacancy rate has lowered from 10.5 percent in 2000 to 6.2 percent in 2024.

Figure 2. Housing Units and Vacancy Rate, 2000-2024



2025 Town Budget

The Town of Palmer Lake 2025 General Fund budget is summarized in **Table 2** and **Table 3**. Revenue sources include property tax, sales tax, fees and licenses, fines, grants, and donations. Expenditure sources are split between five departments—Administration, Police, Fire, Public Works (Roads), and Public Works (Parks).

General Fund Revenues

Revenues in Palmer Lake are split into three categories: Taxes, Fees and Licenses, and All Other. As shown in **Table 2**, property taxes are estimated at \$ 1.17 million or 21 percent of total revenues. Sales taxes are estimated at \$2.07 million or 37 percent of total revenues. Grants are also shown as a major revenue source at \$1.47 million; however, grants are a variable revenue source and fluctuate widely year to year. The FY 2025 budget anticipates a \$1.3 million road grant. By contrast, grant revenues were \$330,000 in 2023 and \$780,000 in 2024.

Table 2. Revenues, 2025 Budget

Revenues	\$ Amount	% of Total
Taxes		
Property Tax	\$1,172,378	21.1%
Specific Ownership Tax	\$108,000	1.9%
Highway Users Tax	\$103,000	1.8%
Sales/Use/Excise Tax	\$2,076,000	37.3%
All Other Taxes	<u>\$50,000</u>	<u>0.9%</u>
Subtotal	\$3,509,378	63.0%
Fees and Licenses		
Franchise Fees	\$142,000	2.6%
Permits	\$60,000	1.1%
Drainage Impact Fees	\$15,000	0.3%
Licenses	\$31,725	0.6%
Lodging Fees	<u>\$40,000</u>	<u>0.7%</u>
Subtotal	\$288,725	5.2%
All Other		
Fines	\$60,000	1.1%
Interest	\$85,567	1.5%
Departmental	\$71,500	1.3%
Grants and Donations	\$1,465,761	26.3%
Miscellaneous	<u>\$87,600</u>	<u>1.6%</u>
Subtotal	\$1,770,428	31.8%
Total Revenue	\$5,568,531	100.0%

Source: Town of Palmer Lake; Economic & Planning Systems

General Fund Expenditures

General Fund Expenditures in Palmer Lake are split into four categories: Salaries and Benefits, Professional Services, Administrative/Operations, and Capital Outlays. As shown in **Table 3**, the greatest expenditure is Salaries and Benefits, which is estimated to account for 46.6 percent of total expenditures in 2025. This is followed by Capital Outlays, which accounts for 31.6 percent of total expenditures. Administrative/Operations and Professional Services account for 13.3 and 8.4 percent respectively of total estimated expenditures. Total expenditures are estimated at \$6.0 million, which exceeds revenues by approximately \$400,000.

Table 3. Expenditures, 2025 Budget

Expenditures	\$ Amount	% of Total
Salaries & Benefits		
Administration	\$312,049	5.2%
Police	\$1,154,866	19.1%
Fire	\$1,031,443	17.1%
Public Works - Roads	\$317,600	5.3%
Public Works - Parks	=	=
Subtotal	\$2,815,958	46.6%
Professional Services		
Administration	\$345,600	5.7%
Police	\$114,400	1.9%
Fire	\$17,700	0.3%
Public Works - Roads	\$31,300	0.5%
Public Works - Parks	=	=
Subtotal	\$509,000	8.4%
Administrative/Operations		
Administration	\$260,700	4.3%
Police	\$169,475	2.8%
Fire	\$138,025	2.3%
Public Works - Roads	\$187,800	3.1%
Public Works - Parks	<u>\$47,600</u>	<u>0.8%</u>
Subtotal	\$803,600	13.3%
Capital Outlays		
Administration	\$26,200	0.4%
Police	\$12,000	0.2%
Fire	\$15,000	0.2%
Public Works - Roads	\$1,825,996	30.2%
Public Works - Parks	<u>\$30,000</u>	<u>0.5%</u>
Subtotal	\$1,909,196	31.6%
Total Expenditures	\$6,037,754	100.0%

Source: Town of Palmer Lake; Economic & Planning Systems

This fiscal analysis looks at the impact of the Buc-ee's project by cost of service and focuses on the Police, Fire, Public Works (Roads) Department in the General Fund and the Water Fund. EPS used the budget data to separate cost by function as shown in **Table 4**. When examining the expenditures by department, Public Works (Roads) accounts for the largest expenditure category with 39.1 percent of total expenditures. This is followed by Police (24 percent), Fire (19.9 percent), Administration (15.6 percent), and Public Works (Parks) (1.3 percent). Expenditures for 2025 are estimated to cost \$5,343 per household, or \$2,284 per capita.

Table 4. Expenditures by Department, 2025

Department	Expenditures	% of Total	Cost per HH	Cost per Capita
Administration	\$944,549	15.6%	\$835.88	\$357.38
Police	\$1,450,741	24.0%	\$1,283.84	\$548.90
Fire	\$1,202,168	19.9%	\$1,063.87	\$454.85
Public Works - Roads	\$2,362,696	39.1%	\$2,090.88	\$893.94
Public Works - Parks	\$77,600	1.3%	\$68.67	\$29.36
Total	\$6,037,754	100.0%	\$5,343.15	\$2,284.43

Source: Town of Palmer Lake; Economic & Planning Systems

Administration

In the proposed 2025 budget, expenditures for Administration are estimated to be \$944,549, or \$836 per household, as shown in **Table 5**. Estimated expenditures are divided rather evenly between Salaries and Benefits, Professional Services, and Administrative/Operations. The remaining 2.8 percent of expenditures are estimated to be Capital Outlays.

Table 5. Administrative Department Expenditures, 2025

Description	Expenditures	% of Total	Cost per HH	Cost per Capita
Salaries & Benefits	\$312,049	33.0%	\$276.15	\$118.07
Professional Services	\$345,600	36.6%	\$305.84	\$130.76
Admin/Operations	\$260,700	27.6%	\$230.71	\$98.64
Capital Outlay	\$26,200	2.8%	\$23.19	\$9.91
Total	\$944,549	100.0%	\$835.88	\$357.38

Source: Town of Palmer Lake; Economic & Planning Systems

Police Department

In the proposed 2025 budget, expenditures for the Police Department are estimated to be \$1.5 million, or \$1,284 per household, as shown in **Table 6**. The majority of expenditures are dedicated to Salaries and Benefits, which account for 79.6 percent of total expenses.

Table 6. Police Department Expenditures, 2025

Description	Expenditures	% of Total	Cost per HH	Cost per Capita
Salaries & Benefits	\$1,154,866	79.6%	\$1,022.01	\$436.95
Professional Services	\$114,400	7.9%	\$101.24	\$43.28
Admin/Operations	\$169,475	11.7%	\$149.98	\$64.12
Capital Outlay	\$12,000	0.8%	\$10.62	\$4.54
Total	\$1,450,741	100.0%	\$1,283.84	\$548.90

Source: Town of Palmer Lake; Economic & Planning Systems

Fire Department

In the proposed 2025 budget, expenditures for the Fire Department are estimated to be \$1.2 million, or \$1,064 per household, as shown in **Table 7**. Like police, the majority of expenditures are dedicated to salaries and benefits, which account for 85.8 percent of total expenses.

Table 7. Fire Department Expenditures, 2025

Description	Expenditures	% of Total	Cost per HH	Cost per Capita
Salaries & Benefits	\$1,031,443	85.8%	\$912.78	\$390.25
Professional Services	\$17,700	1.5%	\$15.66	\$6.70
Admin/Operations	\$138,025	11.5%	\$122.15	\$52.22
Capital Outlay	\$15,000	1.2%	\$13.27	\$5.68
Total	\$1,202,168	100.0%	\$1,063.87	\$454.85

Source: Town of Palmer Lake; Economic & Planning Systems

Public Works – Roads

In the proposed 2025 budget, expenditures for the Roads Division of the Public Works Department are estimated to be \$2.4 million, or \$2,091 per household, as shown in **Table 8**. The majority of these costs are associated with Capital Outlay projects, which account for 77.3 percent of total expenditures for the division.

Table 8. Public Works (Roads) Expenditures, 2025

Description	Expenditures	% of Total	Cost per HH	Cost per Capita
Salaries & Benefits	\$317,600	13.4%	\$281.06	\$120.17
Professional Services	\$31,300	1.3%	\$27.70	\$11.84
Admin/Operations	\$187,800	7.9%	\$166.19	\$71.06
Capital Outlay	\$1,825,996	77.3%	\$1,615.93	\$690.88
Total	\$2,362,696	100.0%	\$2,090.88	\$893.94

Source: Town of Palmer Lake; Economic & Planning Systems

Water Fund Revenue and Expenditures

The Water Fund is an enterprise fund separate from the General Fund budget. It is self-sustaining and needs to generate sufficient revenue from fees and services charges to cover its costs. For the proposed 2025 budget, the Water Department is anticipated to have \$1.86 million in revenues and \$1.82 million in expenditures, as described in more detail below.

Water Fund Revenues

In the proposed 2025 budget, the Water Department is estimated to bring in \$1.86 million in revenues, as shown in **Table 9**. The majority of these revenues are from water billings, which account for \$1.44 million, or 77.4 percent of total revenue.

Table 9. Water Fund Revenues, 2025

Revenues	\$ Amount	% of Total
Water Billing Revenue	\$1,438,257	77.4%
Water Improvement Fee	\$79,626	4.3%
Water Loan Revenue	\$217,596	11.7%
Water Tap Fees	\$75,090	4.0%
Water Meter/Parts	\$2,550	0.1%
Late Fees/Service Fees	\$15,000	0.8%
Water Reserve/Savings Interest	<u>\$30,000</u>	<u>1.6%</u>
Total Revenue	\$1,858,119	100.0%

Source: Town of Palmer Lake; Economic & Planning Systems

Water Fund Expenditures

The Water Department is estimated to have \$1.82 million in expenditures in 2025, or \$1,612 per household, as shown in **Table 10**. The three major expenditure categories for 2025 are Salaries and Benefits (31.8 percent); Capital Outlay (25.0 percent); and Administration/Operations (24.3 percent).

Table 10. Water Fund Expenditures, 2025

Department	Expenditures	% of Total	Cost per HH	Cost per Capita
Salaries & Benefits	\$579,304	31.8%	\$512.66	\$219.18
Professional Services	\$132,600	7.3%	\$117.35	\$50.17
Admin/Operations	\$443,300	24.3%	\$392.30	\$167.73
Capital Outlay	\$454,800	25.0%	\$402.48	\$172.08
Debt Service	\$211,887	11.6%	\$187.51	\$80.17
Total	\$1,821,891	88.4%	\$1,612.29	\$689.33

Source: Town of Palmer Lake; Economic & Planning Systems

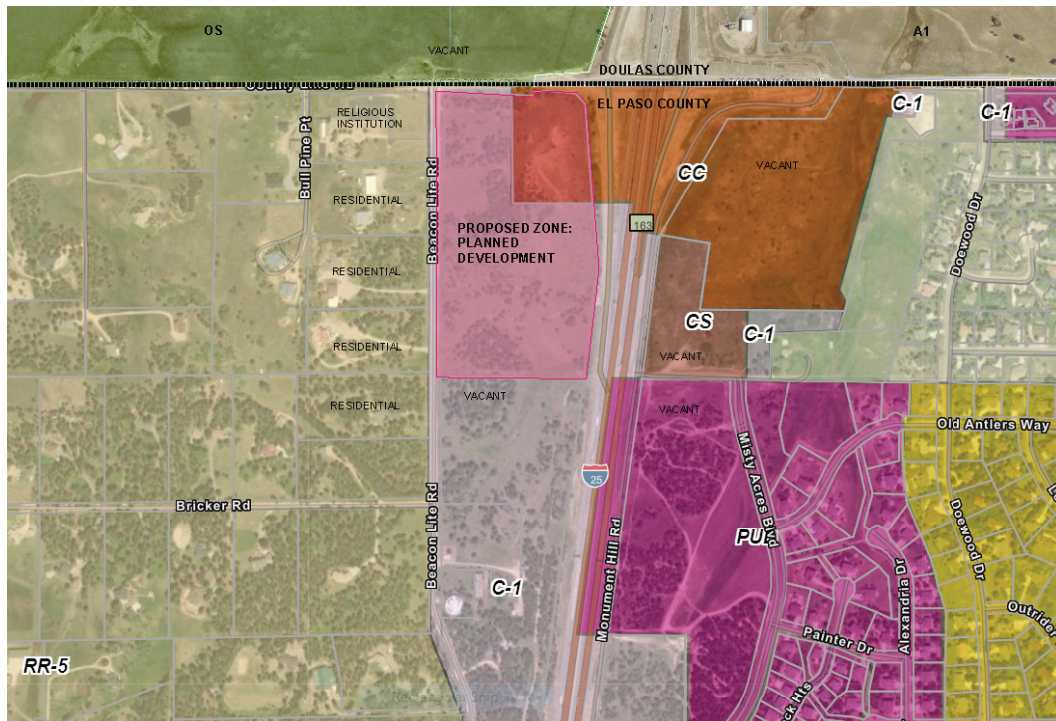
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3. Buc-ee's Fiscal Impact

Proposed Development

The proposed Buc-ee's Travel Center will be located on 24.9 acres of the total 41.2-acre annexation at the southwest corner of I-25 and County Line Road in El Paso County as shown in **Figure 3**. Buc-ee's is proposing to develop the site with a 74,000 square foot retail store, 120 fueling positions, 12 electric vehicle (EV) charging stations, and 780 parking spaces. Pending approvals, Buc-ee's is hoping to break ground in late summer 2025 with anticipated completion in late 2026.

Figure 3. Proposed Buc-ee's Site



Sales Tax Estimate

Buc-ee's is a private company, and there is no published data on its annual sales. Buc-ee's management provided publicly available data on the annual sales estimates upon which recent travel center sales incentives agreements were negotiated.

The company provided average data from twelve Buc-ee's Travel Centers approved for development between 2016 and 2024. The incentives agreements were based on a minimum average annual sales level averaging \$30 million in 2024 dollars as shown in **Table 11**. In many cases, actual annual sales in the initial year of operation have exceeded these figures. However, it is a reasonably conservative figure upon which to estimate the expected impact of the proposed project on Town of Palmer Lake sales tax revenues.

The sales projection is based on the average estimated 2024 sales of \$30 million, which is then adjusted by 2.0 percent per year from 2024 to 2027. As shown, EPS estimated retail sales in 2027 at \$31.8 million, which would generate \$955,087 in sales tax revenue based on the Town's current 3.0 percent sales tax rate.

Table 11. Palmer Lake First Year Sales Tax Estimate, 2027

Description	\$ Amount	% of Total
Buc-ee's Sales Tax, 2027		
2024 Average Annual Sales (Buc-ee's)	\$30,000,000	--
Inflation	2.0%	--
2027 Average Annual Sales (Buc-ee's)	\$31,836,240	--
Town of Palmer Lake Sales Tax Rate	3.0%	--
Average Annual Revenue	\$955,087	44.2%
Town of Palmer Lake Sales Tax, 2027		
2025 Sales Tax Revenue (Estimate)	\$2,076,000	--
Inflation	2.0%	--
2027 Sales Tax Revenue (Estimate)	\$2,159,870	69.3%
Estimated Growth	\$955,087	30.7%
2027 "First-Year" Sales Tax Revenue	\$3,114,958	100.0%

Source: Town of Palmer Lake; Developer Financial Documents; Economic & Planning Systems

The addition of \$955,087 in sales tax from Buc-ee's would result in an estimated \$3.11 million in total Town of Palmer Lake sales tax in 2027, which represents a 30.7 percent increase in the Town's annual sales tax collections between 2025 and 2027.

Use Tax Estimate

The Town will also collect one-time use tax on the construction of the proposed travel center. Use tax in Colorado applies to construction materials and not labor. EPS estimated use tax based on 30 percent of the project construction costs (not including land) totaling \$63.2 million (This percentage estimate was based on the Developer's experience with other travel center construction projects). The Town is estimated to capture \$379,500 in one-time use tax revenue, as shown in **Table 12**. For this projection, this revenue is split over the two years of expected construction (2026 and 2027).

Table 12. Use Tax Estimate

Description	\$ Amount
Buc-ee's Improved Value	\$63,250,000
Material Cost Rate	30.0%
Total Taxable Value	\$18,975,000
Use Tax Rate	2.0%
One-Time Use Tax Revenue	\$379,500

Source: Town of Palmer Lake; Developer Financial Documents; Economic & Planning Systems

Property Tax Estimate

Upon annexation, the Buc-ee's property will be added to the Town's property tax roll. The current total value of the two parcels that Buc-ee's intends to develop on is \$59,920 in the El Paso County Assessor records as shown in **Table 13**.

Table 13. Current Property Value

Description	Acreage	Assessed Value (AV)			Rate	Land Market Value
		Land	Improved	Total		
2025 Value (El Paso County)	24.9	\$59,920	\$0	\$59,920	27.0%	\$221,926
Palmer Lake Buc-ee's	24.9	\$1,917,000	\$17,077,500	\$18,994,500	27.0%	\$7,100,000

Source: El Paso County Assessor; Developer Financial Documents; Economic & Planning Systems

Based on the table above, EPS then estimated the growth in property tax revenues over the development period of the site. In 2026, it is estimated that the Town will collect an additional \$1,273 in revenue, as shown in **Table 14**. This revenue is based on the land value of the site prior to its sale in 2024. For 2027, this revenue is estimated to increase to \$229,467, which incorporates the full commercial sale value of the land (\$7.1 million) and half of its improved value since construction will not be complete until the end of 2026. For 2028, this revenue increases to the completed project total of \$403,405, which includes the full value of the land and improvements. Property taxes will change in the future based on biannual reevaluation of property by the County Assessor.

Table 14. Property Tax Revenues

Description	Acreage	AV/Acre	Total AV	Town Mill	Fire Mill	Town Rev.	Fire Rev.	Total Rev.
Revenues								
2026 Revenues	24.9	\$2,406	\$59,920	11.238	10.000	\$673	\$599	\$1,273
2027 Revenues	24.9	\$433,917	\$10,804,538	11.238	10.000	\$121,421	\$108,045	\$229,467
2028 Revenues	24.9	\$762,831	\$18,994,500	11.238	10.000	\$213,460	\$189,945	\$403,405

Source: El Paso County Assessor; Developer Financial Documents; Economic & Planning Systems

Figure 4 shows the combined annual impact of property tax and sales tax revenues from Buc-ee's over the next five years. Revenues from property tax will lag behind one year due to assessment periods and sales tax revenue will not be captured until the store is in operation.

Figure 4. Property and Sales Tax Revenue



Property Tax Revenues to Other Entities

In addition to the Town's mill levy, Buc-ee's will generate property tax revenue for several other taxing districts including El Paso County, Lewis-Palmer School District, and Pikes Peak Library District. The school district, with a 37.50 mill levy tax rate, will receive the largest share of the property tax revenue at \$405,000 in 2027 and \$712,000 in 2028. Combined, the total mill levy of other taxing entities is 47.905 mills, as shown in **Table 15**. This results in total property tax revenues of \$2,870 in 2026, \$517,591 in 2027, and \$909,932 in 2028.

Table 15. Property Tax Revenues to Other Entities

		<u>Taxing Entities</u>				
Description	Total AV	El Paso County	EPC Road & Bridge	Lewis-Palmer School Dist.	Pikes Peak Library Dist.	Total
Mill Rates						
2026 Tax Year	\$59,920	6.935	0.330	37.500	3.140	47.905
2027 Tax Year	\$10,804,538	6.935	0.330	37.500	3.140	47.905
2028 Tax Year	\$18,994,500	6.935	0.330	37.500	3.140	47.905
Tax Revenues						
2026 Revenues	\$59,920	\$416	\$20	\$2,247	\$188	\$2,870
2027 Revenues	\$10,804,538	\$74,929	\$3,565	\$405,170	\$33,926	\$517,591
2028 Revenues	\$18,994,500	\$131,727	\$6,268	\$712,294	\$59,643	\$909,932

Source: El Paso County Assessor; Developer Financial Documents; Economic & Planning Systems

Water Revenues

Once Buc-ee's is operational, it will be billed monthly by the Town's Water Department for water usage. Based on information provided by the Town, Buc-ee's is estimated to use 1,119,000 gallons of water monthly, as shown in **Table 16**. This results in an estimated monthly water bill of \$26,965, or \$323,579 in additional water revenues annually to the Town. Water usage revenues are set to offset annual operating costs including raw water purchases, treatment and distribution. The estimated increase in revenues is shown for informational purposes only. It is not considered a source of revenue growth to the Town.

Table 16. Water Revenues

Description	Revenue to City
Estimated Gallons per Month	1,119,000
Estimated per Month Revenue	\$26,965
Annual Revenue	\$323,579

Source: Town of Palmer Lake; Economic & Planning Systems

Expenditures

The proposed development is expected to trigger the need for the Town to increase its level of service for several key functions. These estimated service cost increases are shown by each department below in comparison to current levels in the Town budget. The estimates shown are based on the assessment of each department based on their knowledge of the proposed development. The Town lacks sufficient data on cost trends over time upon which to base a more quantitative forecast.

Administration

The administrative operations of the Town are anticipated to incur additional review responsibilities during the planning and construction of the Buc-ee's site. This may include additional time reviewing site plans, performing inspections, and attending public meetings, which may incur additional one-time costs.

Police Department

The Police Department, which had 1,070 dispatched calls in 2024, is expecting to incur additional patrol costs associated with assuming responsibility for providing service to the new travel center at the I-25 interchange, as well as for patrolling the one-and-a-half-mile segment of County Line Road being added to the Town's roads.

The Police Department estimates that an additional patrol route would be required, which would trigger the need for hiring two new patrol officers and purchasing one new patrol car. This results in a net increase of \$170,180 in annual operating expenditures and \$75,000 in one-time capital purchases, as shown in **Table 17**.

Table 17. Police Department, Buc-ee's Impacts

Description	Factor	Quantity	Cost
Salaries			
Patrol Officer	\$67,000	2	\$134,000
Benefits			
Patrol Officer	27.0%		\$36,180
Total Operating			\$170,180
Capital (One-Time)			
Patrol Car	\$67,000	1	\$67,000
Officer Equipment & Training	\$8,000	1	\$8,000
Total Capital (One-Time)			\$75,000

Source: Town of Palmer Lake; Economic & Planning Systems

These increased costs would result in a 15.8 percent increase in the annual operating budget, from \$1.45 million in 2025 to \$1.68 million in 2027.

Table 18. Police Department, 2027 Expenditures

Description	2025 Expenditures	% of Total	Added Cost	2027 Expenditures	% of Total	% Increase
Salaries & Benefits	\$1,154,866	79.6%	\$170,180	\$1,371,703	81.7%	18.8%
Professional Services	\$114,400	7.9%	\$0	\$119,022	7.1%	4.0%
Admin/Operations	\$169,475	11.7%	\$0	\$176,322	10.5%	4.0%
Capital Outlay	\$12,000	0.8%	\$0	\$12,485	0.7%	4.0%
Total Operating	\$1,450,741	99.2%	\$170,180	\$1,679,531	100.0%	15.8%
One-Time Capital	--	--	\$75,000	\$78,030	--	--

Source: Town of Palmer Lake; Economic & Planning Systems

Fire Department

The Fire Department's call volume in 2024 was 30 fire related calls and 505 EMT related calls. The Fire Department expects to experience a significant increase in the demand for EMT services due to the travel center visitor volumes as well as its being a 24-hour a day operation. The Fire Chief estimates the department would need to hire six new Fire/EMT staff, which allows for two, three person shifts on the requested additional fire truck. This would add an additional \$559,440 including benefits to the development budget, as shown in **Table 19**. In terms of new equipment, an additional Type 1 fire truck and four vehicle fire blankets are estimated to be required, which results in total one-time capital costs of \$406,000.

Table 19. Fire Department, Buc-ee's Impacts

Description	Factor	Quantity	Cost
Salaries			
Fire/EMT Officer	\$74,000	6	\$444,000
Benefits			
Fire/EMT Officer	26.0%		\$115,440
Total Operating			\$559,440
Capital (One-Time)			
Fire Trucks - Type 1	\$400,000	1	\$400,000
Vehicle Fire Blankets	\$1,500	4	\$6,000
Total Capital (One-Time)			\$406,000

Source: Town of Palmer Lake; Economic & Planning Systems

If this level of staffing increase and equipment costs were determined to be necessary, the department operating budget would increase by an estimated 50.6 percent from \$1.2 million in 2025 to \$1.81 million in 2027, as shown in **Table 20**. Additionally, the added equipment would result in a one-time capital cost of \$422,402.

Table 20. Fire Department, 2027 Expenditures

Description	2025		Added Cost	2027		% Increase
	Expenditures	% of Total		Expenditures	% of Total	
Salaries & Benefits	\$1,031,443	85.8%	\$559,440	\$1,632,553	90.2%	58.3%
Professional Services	\$17,700	1.5%	\$0	\$18,415	1.0%	4.0%
Admin/Operations	\$138,025	11.5%	\$0	\$143,601	7.9%	4.0%
Capital Outlay	\$15,000	1.2%	\$0	\$15,606	0.9%	4.0%
Total Operating	\$1,202,168	100.0%	\$559,440	\$1,810,176	100.0%	50.6%
One-Time Capital	--	--	\$406,000	\$422,402	--	--

Source: Town of Palmer Lake; Economic & Planning Systems

Public Works – Roads

The Public Works Department Road Division currently maintains 26 miles of road, of which only 6.5 miles are paved. The annexation of the Buc-ee's property will require the Town to assume responsibility for the maintenance of County Line Road from the current town boundary approximately 1½ miles to the I-25 interchange.

County Line Road is the dividing line between Douglas County and El Paso County and responsibility for the road is currently split between the two counties. The north section of the road is under Douglas County jurisdiction and the south portion is under El Paso County jurisdiction. The Town does not have the staff or equipment to take on responsibility for maintenance of the road including street sweeping, pavement repair, or most significantly snow plowing.

As shown in **Table 21**, the Public Works Director estimates the need for an additional maintenance employee at a salary of \$70,000 including benefits (total of \$88,220). In addition, a large plow truck sander would be needed with an estimated cost of approximately \$200,000. The annual operating cost for maintenance is estimated to increase by \$14,000 based on plow truck maintenance for six winter months (including chains, sand material, fuel, and repairs if it were to be added to the Town's inventory). This results in a total increase in operations and maintenance costs of \$102,200.

There may be potential for the Town to forgo or postpone the capital costs of acquiring a large plow truck by contracting with either El Paso or Douglas County to continue to plow and maintain the road. This option would be subject to discussions and negotiations between the Town and Counties.

The Town has also identified the need for roadway repair or repaving on a ½ to ¾ mile segment of County Line Road west of the Beacon Lite Road for which the Town estimates a cost of \$300,000 to \$500,000 (shown as \$400,000) in **Table 21**.

Table 21. Public Works (Roads), New Costs

Description	Factor	Quantity	Cost
Salaries			
Full-Time Staff	\$70,000	1	\$70,000
Benefits			
Road Maintenance Specialist	26.0%		\$18,200
Capital Maintenance (Annual)			
Plow Truck Maintenance	\$14,000	1	\$14,000
Total Operating & Maintenance			\$102,200
Town Capital (One-Time)			
Plow Truck with Sander	\$200,000	1	\$200,000
County Line Road Improvements	\$400,000	1	\$400,000
Total Town Capital (One-Time)			\$600,000

Source: Town of Palmer Lake; Economic & Planning Systems

The estimated costs would result in an increase in the Road Operating budget of \$102,200 per year, or a 22.4 percent increase, from \$556,700 in 2025 to \$681,391 in 2027, as shown in **Table 22**. There would also be an additional one-time capital cost of \$624,240.

Table 22. Public Works (Roads), 2027 Expenditures

Description	2025		Added Cost	2027		% Increase
	Expenditures	% of Total		Expenditures	% of Total	
Salaries & Benefits	\$317,600	57.1%	\$88,200	\$418,631	61.4%	31.8%
Professional Services	\$31,300	5.6%	\$0	\$32,565	4.8%	4.0%
Admin/Operations	\$187,800	33.7%	\$14,000	\$209,387	30.7%	11.5%
Capital Outlay	\$20,000	3.6%	\$0	\$20,808	3.1%	4.0%
Total Operating	\$556,700	100.0%	\$102,200	\$681,391	100.0%	22.4%
One-Time Capital	\$1,805,996	--	\$600,000	\$624,240	--	--

Source: Town of Palmer Lake; Economic & Planning Systems

Buc-ee's Site Transportation Costs

Buc-ee's also provided estimates for improvements to the I-25 and Palmer Lake Road interchange and access improvements to the site from Beacon Lite Road and Palmer Lake Road as shown in **Table 23** and summarized below.

Table 23. Buc-ee's Transportation Costs

Description	Factor	Quantity	Cost
Buc-ee's Transportation Costs (One-Time)			
1. I-25 SB Ramp Improvements	\$600,000	1	\$600,000
2. I-25 Southbound Signal	\$1,200,000	1	\$1,200,000
3. I-25 NB Ramp Improvements	\$450,000	1	\$450,000
4. I-25 Northbound Signal	\$1,200,000	1	\$1,200,000
5. Overpass Modifications	\$420,000	1	\$420,000
6. County Line Road Improvements	\$2,350,000	1	\$2,350,000
7. Beacon Lite Road Improvements	\$1,500,000	1	\$1,500,000
8. County Line/Beacon Lite Signals	\$2,800,000	1	<u>\$2,800,000</u>
Total			\$10,520,000

Source: Developer Financial Documents; Economic & Planning Systems

- I-25 Ramp and Signal Improvements – The southbound and northbound exit ramps will be rebuilt with new signals at the intersection with County Line Road totaling \$3.87 million (items 1-5).
- County Line Road improvements – County Line Road will be widened and rebuilt with access lanes to the Buc-ee's site, as well as a reconfigured intersection with Beacon Lite Road with an estimated cost of \$2.35 million (item 6).
- Beacon Lite Road – Beacon Lite Road will be paved with turn lanes and access to the Buc-ee's site, and the intersection of Beacon Lite Road and County Line Road will be signalized (items 7 and 8) with an estimated cost of \$4.3 million.

The site access and signalization improvements total \$10.52 million as shown. These are one-time improvements that will be made by Buc-ee's as part of its site development costs.

Buc-ee's Water Extension Costs

Buc-ee's estimates that the travel center will require approximately 1,119,000 gallons per month for water use. The Water Department estimates that Buc-ee's will use 25 percent of the Town's average daily water demand once fully developed. Two major one-time capital projects, a water line extension and water facility upgrades, will need to be completed in order for the Buc-ee's site to be fully operational.

The water line extension project will cost approximately \$5.7 million, as shown in **Table 24**. This includes a 12-inch water main extension of approximately 10,900 feet along County Line Road and Beacon Lite Road, the upsizing of 1,600 feet of pipe from 6-inches to 12-inches, the installation of six combination air/vacuum valve assemblies, the installation of 11 new fire hydrant assemblies, and the installation of 14 new gate valves.

Meanwhile, the water facility upgrades will cost approximately \$4.8 million with \$1.2 million reasonably attributed to the development of Buc-ee's based on its water usage. These facility upgrades include a new A-3 well in the Arapahoe aquifer and raw water piping to a new water treatment plant to treat the new A-3 well, and the installation of an 8-inch water line of 1,000 feet to connect the new water treatment plant to the water distribution system.

Table 24. Buc-ee's Water Costs

Description	Quantity	Cost
Waterline Extension		
12" Water Main Extension	10,900 feet	--
12" Water Main Replacement	1,600 feet	--
Combo Air/Vacuum Valve Assemblies	6 units	--
Fire Hydrant Assemblies	11 units	--
Gate Valves	14 units	--
Total		\$5,651,200
Facility Upgrades		
New A-3 Well	1 unit	--
New Water Treatment Plant (#2)	1 unit	--
8" Water Line Connection	1,000 feet	--
Subtotal		\$4,771,400
Percent Usage attributed to Buc-ee's		25.0%
Total		\$1,192,850
Total One-Time Capital Costs		\$6,844,050

Source: Buc-ee's; Town of Palmer Lake; Economic & Planning Systems

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4. Annual Budget Summary

This section of the report provides EPS' summary of the impact of the proposed Buc-ee's on the Town's annual budget starting in 2027, the first year of expected operations.

Projected Net Impact

To determine the net fiscal impact that the Buc-ee's Travel Center will have on the Town of Palmer Lake, new revenues for a 2027 budget year are projected below and compared against the anticipated increase in expenditures.

Overall Revenues

Using a scenario that projects sales tax revenues from the Buc-ee's Travel Center based on an average of recently completed Buc-ee's Travel Centers, sales tax revenue is estimated to increase from \$2.1 million in 2025 to \$3.1 million in 2027, as shown in **Table 11**. In addition, property tax revenue is estimated to increase by \$229,467 in 2027 (increasing to \$403,405 in 2028), as shown in **Table 14**. One-time revenue from use tax, as shown in **Table 12**, is split between 2026 and 2027 and totals \$379,500. All other revenue sources are increased using an inflation factor of 2 percent year-over-year. Therefore, as shown in **Table 25**, the General Fund revenue is projected to increase from approximately \$5.6 million in 2025 to \$7.2 million in 2027.

Table 25. Net Increase in Revenues

Revenues	Proposed 2025 Budget		Projected 2027 Budget	
	\$ Amount	% of Total	\$ Amount	% of Total
Taxes				
Property Tax	\$1,172,378	21.1%	\$1,449,209	20.2%
Specific Ownership Tax	\$108,000	1.9%	\$112,363	1.6%
Highway Users Tax	\$103,000	1.8%	\$107,161	1.5%
Sales/Use/Excise Tax	\$2,076,000	37.3%	\$3,304,708	46.1%
All Other Taxes	<u>\$50,000</u>	<u>0.9%</u>	<u>\$52,020</u>	<u>0.7%</u>
Subtotal	\$3,509,378	63.0%	\$5,025,461	70.1%
Fees and Licenses				
Franchise Fees	\$142,000	2.6%	\$147,737	2.1%
Permits	\$60,000	1.1%	\$62,424	0.9%
Drainage Impact Fees	\$15,000	0.3%	\$15,606	0.2%
Licenses	\$31,725	0.6%	\$33,007	0.5%
Lodging Fees	<u>\$40,000</u>	<u>0.7%</u>	<u>\$41,616</u>	<u>0.6%</u>
Subtotal	\$288,725	5.2%	\$300,389	4.2%
All Other				
Fines	\$60,000	1.1%	\$62,424	0.9%
Interest	\$85,567	1.5%	\$89,024	1.2%
Departmental	\$71,500	1.3%	\$74,389	1.0%
Grants and Donations	\$1,465,761	26.3%	\$1,524,978	21.3%
Miscellaneous	<u>\$87,600</u>	<u>1.6%</u>	<u>\$91,139</u>	<u>1.3%</u>
Subtotal	\$1,770,428	31.8%	\$1,841,953	25.7%
Total Revenue	\$5,568,531	100.0%	\$7,167,804	100.0%

Source: Town of Palmer Lake; Economic & Planning Systems

Overall Expenditures

To compare revenues and expenditures incurred by the development of Buc-ee's Travel Center, all new expenditures anticipated including one-time capital costs potentially incurred by the Town have been included in the projected 2027 budget. In addition to the newly incurred costs, the base costs from 2025 have been increased using an inflation factor of 2 percent year-over-year. As shown in **Table 26**, General Fund expenditures are projected to increase from \$4.2 million in 2025 to \$5.2 million in 2027. Not including inflation, Police expenditures are projected to increase by \$170,180 annually (**Table 17**) with \$78,030 in one-time costs. Fire Department expenditures are projected to increase by \$559,440 annually (**Table 19**) with \$422,402 in one-time costs and Public Works (Roads) expenditures are estimated to increase \$102,200 annually (**Table 21**) with \$624,240 in one-time costs. Water facility upgrades account for \$4.8 million in one-time costs. In total, the one-time costs incurred by the Town equate to \$5.9 million.

Table 26. Net Increase in Expenditures

Expenditures	Proposed 2025 Budget		Projected 2027 Budget	
	\$ Amount	% of Total	\$ Amount	% of Total
Salaries & Benefits				
Administration	\$312,049	7.4%	\$324,656	6.2%
Police	\$1,154,866	27.3%	\$1,371,703	26.2%
Fire	\$1,031,443	24.4%	\$1,632,553	31.2%
Public Works - Roads	\$317,600	7.5%	\$418,631	8.0%
Public Works - Parks	=	=	=	=
Subtotal	\$2,815,958	66.5%	\$3,747,543	71.6%
Professional Services				
Administration	\$345,600	8.2%	\$359,562	6.9%
Police	\$114,400	2.7%	\$119,022	2.3%
Fire	\$17,700	0.4%	\$18,415	0.4%
Public Works - Roads	\$31,300	0.7%	\$32,565	0.6%
Public Works - Parks	=	=	=	=
Subtotal	\$509,000	12.0%	\$529,564	10.1%
Administrative/Operations				
Administration	\$260,700	6.2%	\$271,232	5.2%
Police	\$169,475	4.0%	\$176,322	3.4%
Fire	\$138,025	3.3%	\$143,601	2.7%
Public Works - Roads	\$187,800	4.4%	\$209,387	4.0%
Public Works - Parks	\$47,600	1.1%	\$49,523	0.9%
Subtotal	\$803,600	19.0%	\$850,065	16.2%
Capital Outlays				
Administration	\$26,200	0.6%	\$27,258	0.5%
Police	\$12,000	0.3%	\$12,485	0.2%
Fire	\$15,000	0.4%	\$15,606	0.3%
Public Works - Roads	\$20,000	0.5%	\$20,808	0.4%
Public Works - Parks	\$30,000	0.7%	\$31,212	0.6%
Subtotal	\$103,200	2.4%	\$107,369	2.1%
Total Expenditures	\$4,231,758	100.0%	\$5,234,541	100.0%
One-Time Costs				
Administration	\$0	0.0%	\$0	0.0%
Police	\$0	0.0%	\$78,030	1.3%
Fire	\$0	0.0%	\$422,402	7.2%
Water	\$0	0.0%	\$4,771,400	80.9%
Public Works - Roads	\$1,805,996	100.0%	\$624,240	10.6%
Subtotal	\$1,805,996	100.0%	\$5,896,072	100.0%

Source: Town of Palmer Lake; Economic & Planning Systems

Net Impact

Overall, the Town of Palmer Lake would incur a net negative impact of \$4.0 million in Buc-ee's first year of operation (2027), as shown in **Table 27** and **Figure 5**. This projection accounts for a 2 percent inflation factor year-over-year. In 2025, no additional revenues or costs are added since this is considered the base year. In 2026, additional revenues include initial property tax revenue from the annexed site and half of the use tax associated with the development. In 2026, no new costs are expected to be incurred by the Town.

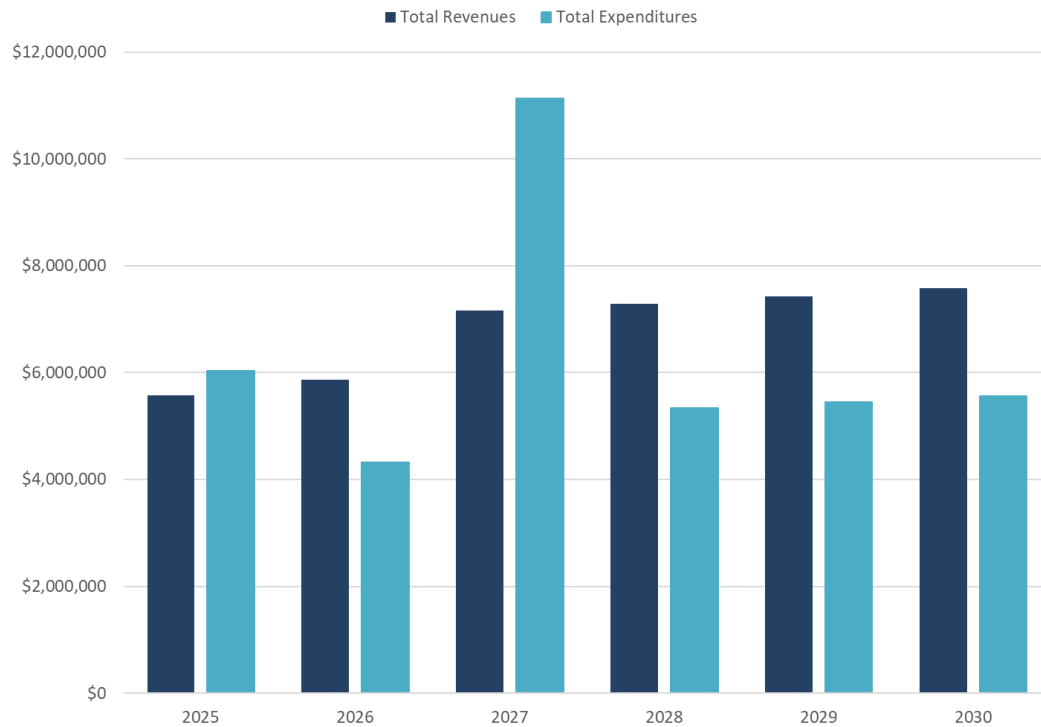
In 2027, or Buc-ee's first year of operation, an "interim" property tax that includes full land value and partial improved value is collected. In addition, the other half of the use tax is collected. This would also be the first year of sales tax collections, which brings total revenues up from \$5.9 million in 2026 to \$7.2 million in 2027. Meanwhile, new expenses would include an increase in operating costs for Police, Fire, and Public Works, as well as all one-time capital investments such as the County Line Road repair, water facility upgrades, and the purchasing of vehicles and equipment. This results in total expenditures increasing from \$4.3 million in 2026 to \$11.1 million in 2027.

In 2028, net revenues are estimated to increase to \$1.9 million as the one-time capital costs associated with Buc-ee's will be fully absorbed.

Table 27. Net Fiscal Impact

Year	Base Revenues	New Property Tax	New Use Tax	New Sales Tax	Total Revenues	Base Expenditures	New Operating	One-Time Capital	Total Expenditures	Net Impact
2025	\$5,568,531	\$0	\$0	\$0	\$5,568,531	-\$4,231,758	\$0	-\$1,805,996	-\$6,037,754	-\$469,223
2026	\$5,679,902	\$1,273	\$189,750	\$0	\$5,870,924	-\$4,316,393	\$0	\$0	-\$4,316,393	\$1,554,531
2027	\$5,793,500	\$229,467	\$189,750	\$955,087	\$7,167,804	-\$4,402,721	-\$831,820	-\$5,896,072	-\$11,130,613	-\$3,962,810
2028	\$5,909,370	\$403,405	\$0	\$974,189	\$7,286,964	-\$4,490,775	-\$848,456	\$0	-\$5,339,232	\$1,947,732
2029	\$6,027,557	\$411,473	\$0	\$993,673	\$7,432,703	-\$4,580,591	-\$865,426	\$0	-\$5,446,016	\$1,986,687
2030	\$6,148,108	\$419,703	\$0	\$1,013,546	\$7,581,357	-\$4,672,203	-\$882,734	\$0	-\$5,554,937	\$2,026,420

Source: Town of Palmer Lake; Economic & Planning Systems

Figure 5. Town Revenues and Expenditures

Source: El Paso County Assessor; Town of Palmer Lake; Developer Financial Documents; Economic & Planning Systems

Next Steps

As summarized in the report, Buc-ee's has negotiated a sales tax revenue sharing agreement with many of the cities and towns where it has built its travel centers. The amount of rebate received varies by community based on multiple factors including the amount of capital investment required, projected annual sales, and other economic and political considerations.

Any retail sales tax incentive negotiated will reduce the net increase in sales tax revenues to be retained by the Town over the time period of revenue sharing. Should such a revenue sharing agreement be completed, the net increase in sales tax revenues to the Town's annual budget will need to be recalculated.