



NOTICE: THIS DOCUMENT REPRESENTS THE UNDERSTANDING OF THE PALMER LAKE BOARD OF TRUSTEES OF THE ITEMS INCLUDED IN THE PROPOSAL BY BUC-EE'S TO ANNEX AND DEVELOP WITHIN THE TOWN OF PALMER LAKE. IT IS FOR INFORMATIONAL PURPOSES ONLY. THE BOARD HAS NOT MADE ANY DETERMINATION AS TO WHETHER THE ANNEXATION SHOULD BE APPROVED AND, IF SO, ON WHAT TERMS AND CONDITIONS. THE BOARD WILL NOT MAKE THOSE DETERMINATIONS UNTIL THE APPROPRIATE POINT IN THE PROCESS, AT A PUBLIC MEETING.

DATED: July 25, 2025

Buc-ee's Proposed Development Cost/Obligations Commitment bullet points and discussion items for possible Annexation Agreement and development

1. **WATER:** Buc-ee's to pay all costs associated with items a-c below, including, but not limited to design, engineering, construction, installation, permitting and testing necessary for the drilling and placing into operation of Well A-1 (referred to below as "the Town redundant well") and Well A-3 (referred to below as "the additional well") and completion and approval by CDPHE of the water treatment plant (WTP) associated with the additional well. While the above costs will be borne by Buc-ee's, the work associated with Well A-1 and Well A-3 will be performed by or at the direction of the TOPL.
 - a. Arapahoe Formation Well A-1, per 2023 report
 - b. Arapahoe Formation Well A-3 and associated WTP, per 2025 report
 - c. 12' water line along County Line Rd, per 2025 report

Final construction plans, including all specifications, budgets and schedules, for items a-c above, along with other applicable project public improvements, will be included in a mutually agreed upon development agreement ("Development Agreement") that will be entered into by Buc-ee's and the TOPL prior to final approval of the subdivision plat and PD. If the Town and Buc-ee's are unable to reach mutually agreeable terms, then the annexation will not move forward.

Explanation regarding water:

Town of Palmer Lake Redundant Well

The Town of Palmer Lake had a Preliminary Engineering Report for Water System Improvements – 2022 prepared by the Town’s engineering consultant, GMS, in 2022, with an addendum #1 issued to that report in 2023. That study, including the addendum, is referred to as the Water PER or the 2023 report. All of that engineering analysis by GMS was performed before Buc-ee’s approached the Town regarding possible annexation and reflects the Town’s water system and needs independent of whether Buc-ee’s develops. The Preliminary Engineering Report – Town of Palmer Lake Water System Improvements for the Proposed Buc-ee’s Travel Center prepared by GMS, referred to as the 2025 report, updated the water system analysis with current data to consider the proposed Buc-ee’s Development addition. According to GMS’s analysis:

- The Town has both surface water and groundwater water rights which outpace the Town’s capacity to access and produce water from those rights. The Town’s current production capacity is 593,200 gallons per day (gpd)
- Of that capacity, the Town currently uses approximately 424,900 gpd as a maximum day demand
- The additional demand from Buc-ee’s would use approximately 113,600 gpd as a maximum day demand of the Town’s current production capacity, leaving 479,600 gpd as a maximum day demand for other uses in Town. Average daily use by Buc-ee’s is anticipated to be 37,500 gpd.
- The water sources the Town currently has include:
 - o Surface water supply which diverts water from Monument Creek
 - o Well A-2 which diverts from the Arapahoe aquifer, one of the four Denver Basin aquifers
 - o Well D-2R which diverts from the Denver aquifer, another one of the Denver Basin aquifers.
- The analysis by GMS prior to Buc-ee’s request to annex to the Town indicated the Town needed to drill a well to serve as a redundant source should one of the two existing wells be taken out of service for any reason, whether due to a pump or other system failure or simply for routine maintenance. This new well (Well A-1) is referred to as the Town’s redundant well. The anticipated cost of the Town’s redundant well according to the 2023 Water Report is \$4,297,027. Regardless of whether the Buc-ee’s annexation moves forward, the Town will need to obtain a well permit, design, drill and implement the Town redundant well.
- The Town had anticipated paying for the Town redundant well through loans or bonds, to be repaid through user fees by the Town’s residents and businesses.
- As part of its proposal, Buc-ee’s is offering to pay the full cost of permitting, designing, drilling and implementing the Town’s redundant well. This obligation of Buc-ee’s

would not be satisfied until the Town's redundant well is in successful operation, consistently producing a minimum of 345,600 gpd and of a water quality deemed acceptable under all applicable domestic or drinking water standards. This project would provide the Town and its residents a benefit in the amount of \$4,297,027.

Water improvements needed to satisfy Buc-ee's anticipated water demand

As summarized above, Buc-ee's will pay all costs associated with providing all water improvements and infrastructure needed to provide water to Buc-ee's, including (1) an additional well referred to as the additional well (Well A-3), (2) a water treatment plant that would treat the water from the additional Well A-3 before it is introduced into the Town's treated water supply system, (3) all pipes and lines needed to deliver the treated water from the new WTP to the Town's treated water system, and (4) a 12" water supply line along County Line Road from the Town to the Buc-ee's site. That supply line will have sufficient capacity to serve a number of properties along County Line Road between the Town's current boundary and the proposed Buc-ee's site. Buc-ee's has agreed not to seek reimbursement from the Town or other users of the line who may hook into it in the future. Those who tap into the line will need to pay the Town's tap and service fees and all related charges as required for all Town water users, under the Town Code. The 2025 Report contemplates that the additional well would be very similar to the Town's existing well A-2. The obligation of Buc-ee's in connection with the additional well would not be satisfied until the well is in successful operation, consistently producing a minimum of 345,600 gpd and of a water quality deemed acceptable under all applicable domestic or drinking water standards.

The annexation and development of the Buc-ee's property would not move forward unless both the Town's redundant well and the additional well are successfully drilled and placed into operation, as described above.

Aquifers as a water supply. Some concern has been expressed about continued reliance by the Town on the various Denver basin aquifers. Although there is some recharge of the aquifers from various sources, they are a limited supply. The Town should use the water rights in the aquifers that the Town has been granted, as any nonuse would be so minimal compared to the overall use of the aquifers by other water users, that the Town's nonuse would not extend the life of the aquifers to any measurable degree. However, over a longer time horizon the Town should pursue renewable water sources. With the current state of Colorado water law and water supply, the most likely source would be some type of participation interest in a larger, regional or multi-entity project such as the Colorado Big Thompson Project (CBT), the Northern Integrated Supply Project (NISP) or the Southern Delivery System (SDS), for example. However, participation in such projects will require a substantial financial commitment by the Town, as the projects are very expensive and take a number of years for planning, acquisition of the necessary water rights and entitlements, and design and construction.

Water rights associated with the Buc-ee's parcel. All water rights associated with the Buc-ee's parcel will be deeded to the Town. This includes primarily ground water rights in the Denver basin aquifers, underlying the Buc-ee's parcel.

Water conservation. In addition to the development complying with Town standards that encourage water conservation and efficient use of water the development will not include a car wash.

2. **SPECIFIC ROAD IMPROVEMENTS:** There is a short section of existing County Line Road that needs improvements to the entire roadway surface from the intersection of County Line Road and Interstate 25 west to a point where previous roadway improvements ceased approximately one-quarter mile west of the intersection of County Line Road and Beacon Lite Road. These improvements are currently not the obligation of the Town, but will become the Town's obligation if Buc-ee's is annexed. However, the Buc-ee's project would involve a substantial amount of roadway improvements that will be made and paid for by Buc-ee's. Buc-ee's has agreed to repair this segment of roadway in a manner consistent with the most recent paving installation completed west of County Line Road to Palmer Lake, with such roadwork to be completed concurrently with all other infrastructure improvements related to the Buc-ee's development to ensure consistency in quality and timing with the Buc-ee's project. The specifications and schedule for this work will be included in the Development Agreement. Buc-ee's will repair this segment of roadway in a manner consistent with the most recent paving installation completed west of County Line Road to Palmer Lake. This roadwork will be completed concurrently with all other infrastructure improvements tied to the Buc-ee's development, ensuring consistency in quality and timing across the broader project, as set forth in the Development Agreement and construction drawings. The Town's short section of improvements will be in addition to other roadway improvements required for the project as set forth in the Development Agreement. Those other roadway improvements will be the sole responsibility of Buc-ee's to design and construct to all applicable standards. The roadwork to be performed by Buc-ee's includes, among other items, substantial improvements to the I-25 and County Line Road Interchange. All roadwork, including that related to the interchange, will be solely the financial responsibility of Buc-ee's and under no circumstances will the Town pay for any road improvements related to or the result of the Buc-ee's development.

Maintenance of County Line Road. The Town has initiated discussions with El Paso County and Douglas County regarding maintenance of the portion of County Line that would be added to the Town of Palmer Lake if the annexation proceeds. There is a substantial disparity between the two counties in their estimates of annual charges and their suggested approaches, though the discussions have been very preliminary to date.

Douglas County estimates the cost to plow the roadway at \$60,000 per year. El Paso County estimate \$12,000 per season, but has suggested an exchange of services agreement, instead, as it has done with other municipalities. This is an item that needs substantial further discussion.

3. FINANCIAL ASPECTS

- a. **Sales Tax Revenues.** Buc-ee's has committed to building a 74,000 square foot store. The Town charges sales tax of 3% (which does not apply to the sale of fuel). As an incentive to bring Buc-ee's to the Town of Palmer Lake, Buc-ee's will receive 1% and the remaining 2% will be retained by the Town. Buc-ee's estimates are that the revenues from the Town's 2% of taxable sales will generate \$1,000,000 in annual sales tax revenue for the Town's general fund. If the Town's sales tax rate is increased or decreased in the future, the amount Buc-ee's receives would remain at 1%. This sharing of sales tax revenues would last for a period of 20 years, after which all sales taxes would belong exclusively to the Town.
- b. **Use Tax Revenues.** The Town charges a 2% use tax on the materials used to build Buc-ee's. The anticipated cost of those materials is \$18,975,000, which would generate \$379,500 in use tax revenues to the Town. This is a one time benefit to the Town, not an annual amount. The Town would not share back any portion of the use tax with Buc-ee's.
- c. **Property Tax Revenues.** The improvements Buc-ee's proposes to make to the property would increase its assessed value and, in turn the property taxes Buc-ee's would owe. The fiscal impact study previously provided to the BOT incorrectly used the appraised value of the improved property to determine the amount of property tax. The study should have used the assessed value, which is 27.9% of the appraised value. Using the assessed value, those improvements and increased value are estimated to result in approximately \$124,066 in additional property taxes the Town would receive annually which includes 11.238 mills for the Town general fund and 10 mills for the Town's fire department. There would also be a residual benefit to other governmental entities who receive property taxes, such as El Paso County (\$40,086 estimated annually), School District 38 (\$219,064 estimated annually), Monument Fire District (formerly Tri-Lakes) (\$107,487 estimated annually), and Pikes Peak Library District (\$17,881 estimated annually) because of the increased assessed value of the property.

d. Impacts on police and fire/EMS services.

Some concerns have been raised regarding increased crime. Most of the information provided to the Town by members of the public is anecdotal and relates primarily to truck stops. Buc-ee's will not operate as a truck stop and will prohibit semi-trailers. Buc-ee's has not needed or used private security services in its Johnstown location and intends to follow the same approach with Palmer Lake. To get a more accurate reading of possible police service impacts from a Buc-ee's, Police Chief Smith contacted a number of police departments in other communities that have a Buc-ee's, including Calhoun Georgia; Crossville Tennessee; Terrell, Texas; and Smith's Grove Kentucky.

Chief Smith indicated that all departments he contacted had positive comments related to working relationships between Buc-ee's and their police and fire departments, as well as positive comments related to emergency operations. The stores have generators and allow public safety to fuel and use the locations as a staging area.

Some Towns allocated funds to public safety, but all said it was a positive impact on their towns in the way of infrastructure projects. The Smith Grove, Kentucky Chief stated that the off ramp to the location was not improved by the state and creates traffic issues during times of heavy volume.

Some of the towns noted an increase in calls on weekends and holidays. Two towns, Terrell, Texas and Smith's Grove Kentucky had to increase their staffing or budget. Terrell increased their police budget by \$400,000. Smith Grove, Kentucky added one officer. The others indicated little or no impact on their staffing or budget. In general, the police departments indicated little to no adverse impact, and less than anticipated.

Similar concerns were raised regarding fire and EMT services. Trustee Shana Ball, who is familiar with fire and EMS operations, spoke with the fire departments in the same towns where the Police Chief spoke with the various police chiefs. Each fire department she contacted saw an increase in their budget from the revenue increase to the community. Call volume was fairly similar for each department with calls ranging from 5 to 15 calls specifically to Buc-ee's for minor issues only. Eagle Lake had a cardiac arrest related call once where travelers pulled off the road to the Buc-ee's specifically to seek help. Departments did not require more firefighters in order to service the Buc-ee's in their towns but were able to hire more firefighters with the revenue that was gained. She did not receive any negative remarks from any of the departments she spoke with.

Shared Emergency Response: Emergency response services for the development will operate under a shared service framework involving coordination with existing Tri-Lakes area departments.

- e. **COMMUNITY CONTRIBUTION:** Buc-ee's will provide a one-time community contribution to the Town in the amount of \$350,000, to be paid within 30 days of opening.
 - f. **OPEN SPACE:** In addition to reserving a portion of the Buc-ee's parcel to the Town for open space or public lands, Buc-ee's will pay \$150,000.00 to Town. This contribution will be allocated to specific public uses or capital improvements to be determined by the Town after receiving input from Buc-ee's.
4. **PD PLANS GENERALLY.** The Buc-ee's project is proposed by the applicant to be zoned as a Planned Development (PD). PD zoning is intended to allow flexibility to the Town and a developer to accommodate innovative patterns of development standards, dimensional requirements and permitted uses that are specific to a particular parcel of land and that are negotiated between the Town and the developer and set forth in a development plan for the property. As part of the PD process, Buc-ee's will submit a number of plans to the Town for its review, including landscaping and irrigation, lighting, signage, architectural and design standards, and other plans required by the Town's code, such as drainage, traffic, roadway, pedestrian, and parking plans. All those plans will be subject to review and approval by the Town as part of the PD process. As a result, the plans will need to be acceptable to the Town as well as to Buc-ee's, in order for the PD to move forward and be approved. Once the plans are approved by the Town, they will be final and can only be amended by agreement of the Town and Buc-ee's.
- a. **LANDSCAPING:** PD documents, as presented for approval, will include landscape and irrigation plans, screening for neighboring properties, and use of water efficient xeriscaping.
 - b. **LIGHTING:** There are lighting standards in the Town Code at Section 14.20.050. The Town also passed Ordinance 13-2017, setting forth lighting standards that, through an oversight, are not part of the Town Code, though they should have been. That is an issue the BOT should address in the near future. However, since the Buc-ee's application involves a PD, the lighting standards should be developed specifically for the Buc-ee's project, in a manner acceptable to the Town and the applicant. Those site specific standards are not constrained by the Town's general lighting standards. Toward that end, Buc-ee's has indicated the PD documents, as presented for approval, will include lighting plans. According to Buc-ee's, compliance with CDOT's recommendation of dark sky compliant lighting in a letter dated 5/28/25 is not

- feasible at this Interstate adjacent location. However, Buc-ee's will endeavor to achieve a level of lighting that minimizes the necessary impacts often associated with commercially zoned developments. The proposed Buc-ee's lighting plan will comply with the Town of Palmer Lake Code Chapter 14.20 Lighting Regulations. The fixtures specified in the lighting plan will be fully shielded, full cut-off, downward directed, mounted as low as practical, and produce 0' candles at the property line, except at the driveways where additional lighting is needed for safety reasons. Buc-ee's safety protocols and liability obligations require lighting of exterior improvements to levels that maximize customer safety at all times. Typically, these exterior bulbs are LED having a temperature rating of 5,000 Kelvin. Bulbs of this temperature (white) create shorter wavelengths that may contribute to light "bounce" or "skyglow". Consequently, in areas where effects of this phenomenon may be more acute, Buc-ee's chooses to use 3,000 Kelvin LED (yellow) lighting which produces longer wavelengths. These longer wavelengths (>560nm) minimize the possible effects of skyglow and limits the potential for adverse impacts to wildlife.
- c. **SIGNS:** PD documents, as presented for approval, will include sign plans which will include TOPL in the "city panel" and sign lighting specifications.
 - d. **ARCHITECTURAL AND DESIGN STANDARDS:** PD documents, as presented for approval, will include architectural and design standards and plans, which will include colored exterior elevations and materials.
 - e. **ALL OTHER PLANS:** All other plans required by the TOPL Code will be provided as part of the PD process, such as grading, drainage, traffic, roadway, environmental, pedestrian and parking plans.
- 5. **EMERGENCY STAGING:** During fire and other emergencies, the Buc-ee's parking lot will accommodate the requirements of local law enforcement and emergency response personnel.
 - 6. **MINIMUM DEVELOPMENT REQUIREMENTS:** The store shall be +/- 74,000 sf generating substantial sales tax revenues, with fueling stations and related facilities and structures, to be more fully described and subject to TOPL approval during the approval process. The store shall include one touch screen kiosk, at Buc-ee's expense, to advertise the TOPL, local artists, events, things to do in the area, etc. Content shall be provided at TOPL expense and be subject to Buc-ee's approval.
 - 7. **TIMING:** Various dates, including construction start date, construction completion date and store opening date, will be as mutually agreed upon by Buc-ee's and TOPL in the Development Agreement.

8. **WASTE WATER TREATMENT:** Wastewater treatment will be provided by Monument Sanitation District. Buc-ee's has provided a will serve letter from the District.
9. **SUBDIVISION:** The site will be subdivided pursuant to TOPL Code concurrent with zoning/PD approval.
10. **DISCONNECTION:** In the event the development of the site does not occur pursuant to the mutually agreed upon schedule in the Development Agreement, the TOPL shall have the right to de-annex (disconnect) the site, without objection from Buc-ee's. Such disconnection may include all or part of County Line Road and/or Beacon Lite Road, as determined by the Town at the time of disconnection. In the event the TOPL and Buc-ee's are unable to mutually agree upon the Development Agreement, or if the requested zoning/PD is not approved, Buc-ee's shall have the right to de-annex (disconnect) the site, without objection from the TOPL.
11. **DEVELOPMENT AGREEMENT:** In addition to the other agreement terms set forth above, most of which will be memorialized in an Annexation Agreement, the parties will enter into a Development Agreement that will include the required on-site and off-site improvements, together with standard TOPL conditions, including construction, inspection, testing, initial acceptance, final acceptance, performance guarantee, warranty guarantee, etc. of all improvements built by or at the direction of Buc-ee's
12. **BREACH AND LIMITATION OF REMEDIES:** If either party breaches the Annexation Agreement or the Development Agreement, the remedies of the non-breaching party will be limited to specific performance, requiring the breaching party to do what they agreed to do. However, neither party will be allowed to recover monetary damages against the other party, unless the breach involved failure to pay money the breaching party agreed to pay.
13. **REIMBURSEMENT:** Consistent with the Town's policy of requiring development to "pay its own way", Buc-ee's has entered into an agreement to reimburse TOPL for all out of pocket expenses incurred by TOPL associated with the project. TOPL shall provide Buc-ee's with a budget and scope of the anticipated expenses. Any material changes to the budget and scope shall be reviewed and discussed by the parties. Due to outside opposition, both TOPL and Buc-ee's acknowledge that some of the expenses of the TOPL are not typical and will be accommodated and reviewed as such.