

Development Impact Analysis

Full Buildout & 10 Year Outlook

June 2000

Town of Rico, Colorado

Prepared by:

Rural Planning Institute



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Introduction

Rural Planning Institute is a not-for-profit corporation providing high quality information and analysis designed specifically to meet the needs of small rural communities in the Rocky Mountain West. Currently, the organization is executing projects funded through the Colorado Governors' Office of Smart Growth Heritage Planning Grant program. Rural Planning Institute's mission is to enable communities to direct growth so that it enhances, rather than jeopardizes, the distinctive character of towns and counties that make them functional, desirable places to live, work, and visit.

Rural Planning Institute provides an array of services including comprehensive development impact reports. These reports enable cities and towns to make a *full cost accounting* of the impacts of new growth and development on local economies, infrastructure, fiscal resources, revenues, land use/physical attributes, environmental, and social resources. These reports are based on local information and tailored to the communities' specific needs. Rural Planning Institute strives to create information / data products that are accurate, easily understood, and readily applicable to practical problems and questions.

This development impact report analyzes growth in and around the Town of Rico over the next ten years, and considers the impacts of full buildout of the townsite and surrounding subdivisions.

All of RPI's reports are accompanied by at least one on-site presentation of all findings at a publicly noticed meeting.

Conducting development impact analysis is an expensive and time-consuming endeavor. However, the payoff for determining the costs of growth will far outweigh the relatively minimal up front effort and expense.

Development impact reports are an extremely useful tool for local governments and citizens alike because they allow communities to:

1) Calculate the incremental costs of growth.

Understanding the costs of growth at its fundamental level is the most flexible way to calculate the true costs of growth both now and in the future. This report contains the building blocks with which to understand and track future growth in your community. Once the costs generated by a single residence or commercial / industrial land use are known, simple arithmetic can be used to determine the cost of any number of units.

Within this report costs are broken down into residential /non-residential units, population, and vehicle trips. Each is thoroughly explained in the appropriate section of this report.

2) Link land uses to fiscal realities

One of local governments most powerful tools is the ability to exert influence over land uses. Because of the variable costs associated with different types of land use, governments can, given quality information, perform cost and benefit analysis of proposed uses. Cost benefit analysis is equally important when considering comprehensive planning, zoning and/or rezoning of land.

We know that certain types of land use are more intense than others and consequently we expect them to have greater impacts. For example, the average large grocery store generates far more vehicle trips, public safety calls, and solid waste than virtually any single family home. Clearly, this is a high intensity land use. On the other hand, large grocery stores can produce significant amounts of tax revenue, perhaps offsetting their costs. If our criterion is simple fiscal contributions, a grocery store may come out far ahead of single-family homes in a cost-benefit analysis. Of course, the financial “bottom line” is not always the single determinate in community decisions concerning land use. However, in many ways, development impact reports help us to quantify some quality of life issues.

Many people would agree that traffic jams, high crime rates, or not having ample amounts of clean drinking water represent serious quality of life issues. Unfortunately, many of these conditions arise when towns or counties grow faster than public and often even private services and infrastructure can service them. Consequently, services and infrastructure tend to degrade, quickly creating backlogs, which are difficult to rebound from. Another common phenomenon in the rural west (that is by no means new) is the dis-aggregation of industrial, residential, and commercial sectors between municipalities. In other words, houses are found in one town, shopping in another, and the jobs in yet another. An example of this might be the relationship between Rico, Cortez, and Telluride or Aspen, Carbondale, and Glenwood Springs. This foments a host of varying impacts that are unique to each community—not the least of which is increased traffic—all of which affect our everyday lives.

Frequently, planning and zoning takes place using only experience and intuition. While these are certainly important components of quality planning, RPI believes that comprehensive and accurate information is a critical element that is often missing. Ultimately, community involvement,

and sound judgment combined with accurate, objective information will yield the best results for long-range town and county planning.

3) Establish baseline information

In order to chart a course for the future, a town or county must know where it is right now. An extremely useful component of RPI's analysis is the establishment of current Level of Service (LOS) information concerning local government services and infrastructure. Typically, service levels are established on a per capita basis. For example, parks may be related in terms of acres per capita or library items as volumes per capita. While as numbers these may seem somewhat abstract and dry, they serve two important functions. First, they are an absolute, quantitative description of the service a typical citizen receives from any public good. Clearly, a library with 100 books serving a population of 10,000 is providing pretty poor service to the community. Alternately, a library that holds 10,000 books for every citizen is going to provide a tremendous level of service. Likewise with parks and open spaces, or fire protection. Higher levels of service in administrative departments often lead to better capacity to deal with day to day issues as well as the ability to make long range plans and freeing up staff to generate funding for ambitious community goals.

This report not only reveals existing conditions in the community now, but also makes comparisons to other localities and/or national standards--- providing some context of where it is now and where it may go in the future.

4) Lay the groundwork for fees and services

RPI's analysis and numbers are meticulously generated from the most up to date and accurate information available. When the cost of growth is realized, your local government may want to take steps to mitigate some of its impacts through fees and taxes. Because RPI is demonstrating the *incremental* costs of growth, not all of the per unit cost numbers can, or should, be converted into fees and taxes. To do so requires an additional step that involves identifying: who is going to bear the tax burden, for what, and for how long. However, given the establishment of the base numbers found in this report, this step is a relatively simple one for many departments and services. Please be aware, that road and street costs are an exception to this rule and often require significant additional work and analysis.

Important Concepts to Understand

It is imperative that two simple concepts be thoroughly understood prior to examining the results of this report.

1) Level of Service (LOS)

The idea of level of service will recur throughout this report. A simple analogy serves to illustrate the concept. Suppose that you entered a restaurant with a small kitchen, two tables, and two waiters; you sit at one of the tables and begin dinner. You would expect, given the ratio of waiters to tables, that the service be good. Now consider that you enter the same restaurant a week later, with the same kitchen and the same two waiters, to discover that they have added one hundred additional tables and that the restaurant is packed with people. Certainly, after having been seated, you would expect a significantly decreased level of service from the two waiters. Of course, the same happens with provision of government services and infrastructure. If new growth is not accounted for in police, fire, health, sewer and a host of other services while population is being added, we should expect to see a decrease in our overall level of service. Meaning, that perhaps we are stuck in traffic more often, our parks are more crowded, we must wait weeks to see a doctor, or that our water use is limited to certain times of day.

Level of service also allows the community to see where it stands in relation to other communities or even against national standards. It is a measuring stick from which the community can decide to increase or decrease its existing service. For example, your community has police service that is higher than the national standard, but your park system does not equal that of other, similar sized communities. You may decide to de-emphasize funding priorities for law enforcement and instead focus on growing your park system, while imposing a fee structure that ensures that new growth and development will not degrade the law enforcement that you currently have.

2) Projections vs. Forecasting

Projections and forecasts are often mistaken for the same, however this is inaccurate, and a distinction between the two is particularly important when considering development impact analysis.

The Rural Planning Institute always uses projections in its methodology. Projections are essentially an if-then statement about the future. If variable x grew at ten percent over the last ten years *and* the next ten years are relatively similar *then* variable x will continue to grow at 10 percent. Strictly speaking, projections are never wrong because they

simply make the assumption that a trend observed over time will continue into the future. In fact, projections are often extremely accurate, particularly over 5-15 year periods. Because projections are based on historical trends, they take into account the typical ups and downs over time. For example, unemployment observed over the last ten years would have been high in the late eighties and early nineties, and quite small in the late nineties – a typical business cycle. An average taken between 1985 and 2000 would reflect this and the consequent projection into the next fifteen years would reasonably predict the same.

Forecasts represent a significantly different concept. They are a judgmental statement that represents a best guess about future conditions. Forecasts typically utilize a wide array of disparate variables and then combine them with the forecasters expertise and experience to generate a “prediction” of future conditions. In certain situations, forecasts can certainly be useful, however, they are inappropriate for fiscal forecasting. Why? Would the Town of Rico be wise to gear all of its current budgeting toward servicing a ski resort that may or may not develop? Probably not, there are simply too many variables involved and it would be impossible to make an accurate prediction. Furthermore, forecasting methodologies may vary widely, making it difficult for third parties to understand how results are achieved.

Virtually all of RPI's numbers are predicated on projections. In some cases the projections are modified. For example, we have modified the number of vehicle trips down from national statistical averages to account for higher rates of walking in Rico.

This report is a powerful tool to be used in planning Rico's future. Please do not hesitate to call Rural Planning Institute for clarification or with questions concerning any element of this project.

General Methodology

Most purely residential developments have associated fiscal losses. For this reason, most Cities and Counties try to balance residential development with revenue generating commercial developments. Housing is usually subsidized by revenue generated in the commercial sector. Based on this assumption, this analysis takes three steps:

1. Unit projection
2. Population projection
3. Estimating increased demand on public services
4. Translating increased demand into fiscal costs and comparing this to projected revenues.

The increase in permanent population occupying the added units is the primary source of increased demand on public services for services like police, schools, parks and open space, streets. Residential development is costly for public services because it always implies an increase in population, whether it is permanent, part-time, or visitor.

While residential development adds population and increases demand on public services, it generates only a limited amount of revenue. Revenue generated by residential development is generally limited to development fees (impact fees, development review fees, etc.), property taxes, real estate transfer tax, and sales tax revenues generated by the local spending of the additional residents. How much local resident spending occurs in Rico (as opposed to Cortez, Telluride, or other) is an unknown but relevant question.

The first step for evaluating Rico's future growth impacts on public services is to project residential and non-residential units. With this, we can then project a population based on average household sizes. The American Housing Survey division of the Census Bureau establishes these same relationships between unit types and occupants, but the results are presented by statistical areas that do not reflect local geographic regions.

The projected population of Rico, along with the total number of units constituted the main variables for projecting impacts on public services. Projections of impacts on public services were derived by:

1. Calculating current level of service (LOS) based on service per capita or service per housing unit depending on the type of service and then;
2. Multiplying the level of service per capita or housing unit by the projected number of new residents (or units) to obtain an estimate for the increased demand.

The development impact assessment profession calls this methodology *average costing*.

Increased demand estimates are converted into costs using various sources and established ratios which are compared to projected revenues generated by the residents and units of new growth. Revenues from residential development consist of property taxes, , sales taxes from resident expenditures, and various development and impact fees. The revenue projection methods varied for each revenue source. The fiscal impact sections of this report detail specific methods. The costs of maintaining existing service levels are compared to the projected revenues in the final fiscal summary to estimate the cost of the development annually and during the initial buildout.

Important Note on the Methodology: In deriving cost estimates, the major assumption is that the level of service will be maintained. In other words, the cost estimates are estimates of the amount it would cost to maintain the existing level of service for the various public services accounted for in this analysis. In reality, the Town of Rico and other public service agencies do not necessarily have to invest the funds to maintain the existing level of service. However, if they do not invest the money in capital improvements and increased service levels to meet the demand generated by the additional residents and unit, the public will experience a decline in level of service (e.g. fewer books per capita in the library; over-crowding in schools; decreased service levels in the Clerk's office, the planning office, the City Attorney's office, and other governmental departments, etc.).

Analysis

UNIT PROJECTION

Introduction

Residential units can be any type of residential dwelling (single family detached, apartment, condo, townhouse, etc...). The residential dwelling is the fundamental unit for measuring activity associated with the residential sector of a community. The quantity of residential units enables the calculation of peak population, traffic, water use, wastewater production, and many other key factors in the computation of development impacts.

Methodology

Accomplishing the *2010 outlook* and *full-buildout* elements of this development impact analysis required a 2010 residential unit projection and a calculation of the maximum residential buildout of Rico under the 1999 Rico Land Use Code and the 1996 Rico Regional Master plan.

The first step for generating a 2010 residential unit projection was to track past trends. The Census Bureau counts residential units every 10 years. In 1990 the Census Bureau counted 133 residential units in Rico. A hand count of units in Rico conducted by an RPI analyst and the Town Manager revealed total residential units count of 176 for Rico in 2000. The 2010 projected residential units consisted of a straight projection of the 1990-2000 unit growth.

Calculating the residential unit buildout of Rico involved two steps: 1) calculating potential additional units in the historic platted townsite and in the other platted subdivision within the town and, 2) calculating the potential additional units in potential subdivision lots allowed under the Master plan.

The first step in calculating potential additional units in the townsite and platted subdivisions was a hand-count of existing residential units. The vacant subdivision lots and townsite lots were then calculated by subtracting the developed lots from the total lots in Rico. Application of

the existing zoning to the vacant lots then yielded the potential additional units in the platted townsite and existing subdivisions. For example, the buildout figures account for the fact that the Residential zone district requires two historic townsite lots to develop a residential unit. Adjustments were also made to account for the development of a limited number of residential units (probably apartments) in the Commercial zone districts.

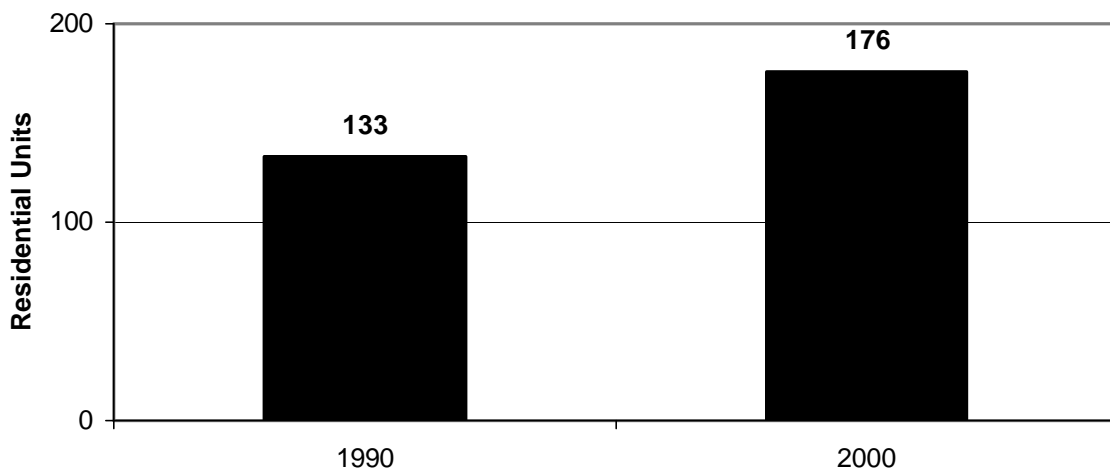
Summary	
Additional Units	43
Average Units/Year	4.3
Average Annual Growth	3.2%

The provisions in the Rico Regional Master plan limits the maximum lots allowed to use designated collector streets to access the highway and the rest of the townsite. The maximum number of lots allowed under these limitations constitutes the potential additional units from potential subdivision allowed under the Master plan.

Projected Change

Forty-three additional residential units were developed between 1990-2000. Projecting this trend to 2010 yields a residential unit projection of 219 Units. Most of the 43 units built in the 90's were built in the second half of the decade, while residential development in the first few years of the decade was relatively slow.

Figure I. Residential Unit Growth 1990-2000



The 'straight projection' methodology imbeds a relatively modest average annual growth of 4.3 unit/year into the 2010 residential unit projections. Many things could happen to change this growth rate. For instance, were Rico to build a wastewater treatment system, property owners that have been "sitting on" their lots waiting for the system may build soon after it was constructed, thus creating a spike in residential and commercial development. Furthermore, the proximity of Rico to powerful economic forces in Mountain Village and Telluride could change the direction in Rico in unpredictable ways. Other factors such as speculative building, aggressive marketing, or residential development filling a new market niche (e.g. a currently non-existent niche in Rico such as large luxury homes) could vary future trends as well. Nonetheless, the straight projections will be applied in this development impact analysis since analysis has justified no clear rationale for discerning if or how the next ten years may be different from the past ten years.

Figure II illustrates the full buildout of the townsite and platted subdivisions under current zoning (507 units) and the buildout of the townsite, platted subdivisions, plus potential units allowed by the Master plan (712 total units). Currently, Rico has about 1/3 of the units allowed under current zoning in the townsite and platted subdivisions and about 1/4 built out when potential subdivisions allowed under the Master plan are included.

Figure II. Rico Residential Unit Buildout

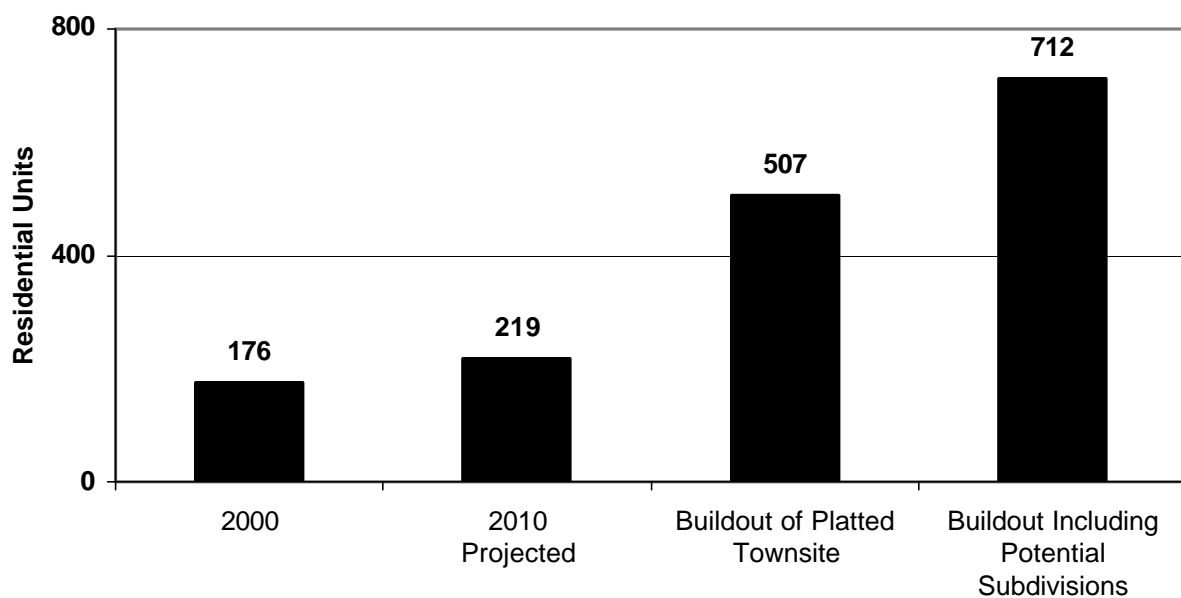
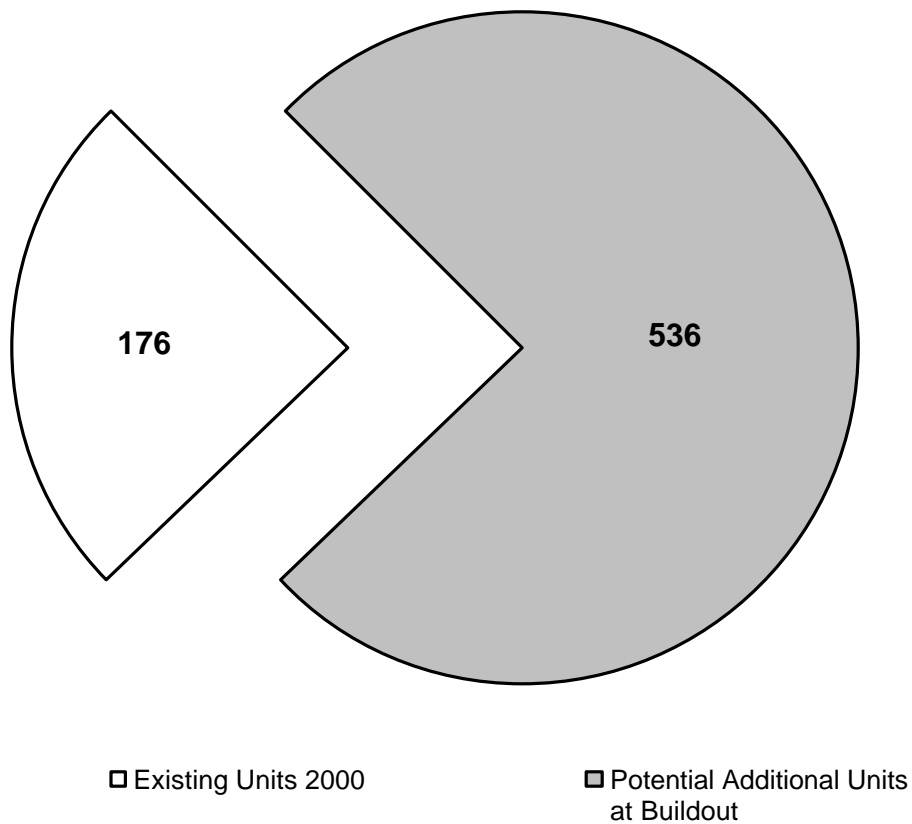


Figure III shows that Rico is only 25% built out to the allowances of existing zoning and vacant lots.

Figure III. Current Stage of Potential Buildout under Master Plan



POPULATION PROJECTIONS

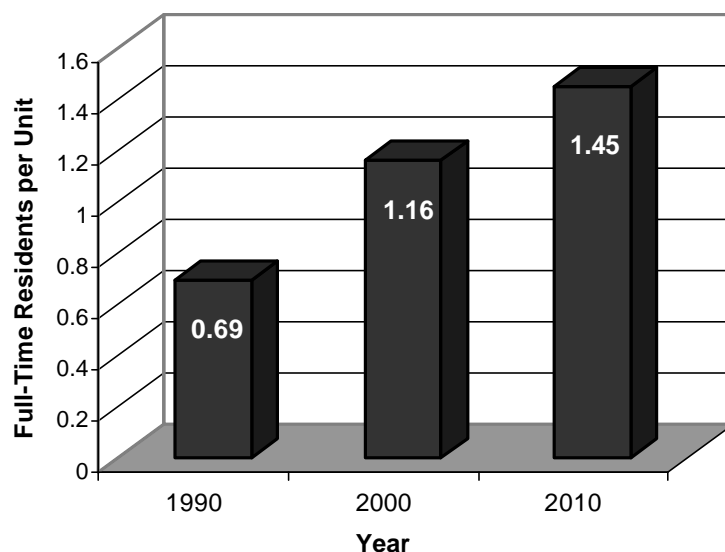
Introduction

Population projection is another fundamental variable for development impact analysis. When measuring population growth for the purpose of calculating impacts on Town services and facilities, the full-time residential population must be distinguished from peak residential population. In Rico, the individuals who are part of the *full-time residential population* occupy their residential units year-round. However, many residences in Rico are only occupied during the warmer months of the summer and fall. When the residential units are all occupied during peak season in Rico (i.e. July & August), the occupants make up the *peak residential population*. Since Town facilities and services must be designed to serve peak demand levels, development impact analysis is based on the peak residential population. If Town facilities and services are not designed to accommodate peak residential population, the level of service will decline dramatically during the busiest time of the year.

Figure IV. Full-Time Residents per Unit 1990-2010

Methodology

The full-time residential 2010 population projection is a straight projection of the full-time residential population growth measured by a hand count conducted by the Census in April 1900 and 2000. The peak residential population is derived from the multiplication of the US Census Bureau's American Housing



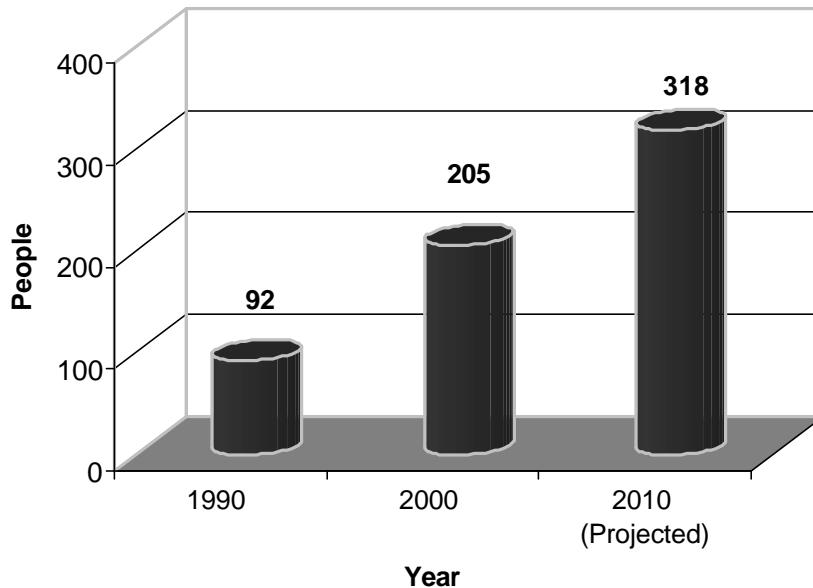
Survey standard of 2.5 average residents per household by the existing and projected number of residential units.

Projected Change

The estimated resident population for the Town of Rico in 2000 was 205 people, an increase of 113 people over 1990 resident population of 92 people. In terms of full-time resident population growth, Rico was the 16th fastest growing municipality in the state with 123% growth between 1990-2000. Projecting this same growth in residents between 2000 and 2010 yields a projected full time resident population of 318 people in 2010. See **figure V** for an illustration of the trend

An additional 113 permanent residents between 2000-2010 will mean an increase of 55% over the current population.

Figure V. Census Full-Time Population



An interesting trend emerges from the full-time resident population projections. Full-time population residence occupancy has increased in the last 10 years and should continue to increase. In 1990, the ratio of full time population to residential units was .69 full time residents per unit. In 2000 the ratio was 1.16 full time residents per unit, and by 2010 the ratio is projected to be 1.45 full time residents per unit (see **figure IV**).

This trend is explained in large part by the conversion of formerly seasonal residential units into full time use and the growing Rico family size.

The Peak Residential Population is a function of the number of residential units. In 2000, there were 176 residential units, multiplied by the standard 2.5 residents per unit yields a peak residential population of 440 (over double the full time resident population of 205). Similarly, with the 2010 peak population, and the buildout peak population estimates.

An additional 113 permanent residents will mean an increase of 55% over the current population.

NON-RESIDENTIAL GROWTH

Introduction

The basic land use types to consider when conducting a development impact analysis are residential and non-residential land uses. Non-residential land uses includes commercial, industrial, and institutional land uses; anything from restaurants and lodging to mill works and town hall. Non-residential land uses in usually involve some level of employment. That employment is a direct indicator of the level of activity associated with that non-residential land use. For example, one or two employees can easily run a small five or six unit motel, while successful restaurants and bars often require more employees. Restaurants have more customers, sales, traffic, water use, and generally more activity associated with it than small motels. With increased activity, come more impacts on town services and facilities. For this reason, the non-residential employee is the basic unit for estimating and projecting the impacts of non-residential development on Town services and facilities. An additional advantage of using the non-residential employee is that existing data covering several communities in Colorado make the conversion of non-residential employees into square footage by type of establishment or institution a matter of arithmetic¹.

¹ Merged Survey Database from 17 Colorado Communities as presented by RRC Associated, Boulder, CO, in Town of Snowmass Village 1999 Employer Survey

Methodology

The first step in projecting non-residential employees was to count the existing non-residential employees, or more strictly speaking, the non-residential employees occupying non-residential space. Informal phone surveying combined with other employment documentation revealed that there are 21 employees, on average, occupying non-residential space in Rico. Employment fluctuates seasonally, so the average number of employees constitutes the base for the projections.

Figure VI. Non-Residential Employee and Square Feet

	Employee Projections	Estimated Non-Residential Square Feet
Estimated Employees Occupying Non-Residential Space 2000	21	25,150
Projected Employees Occupying Non-Residential Space 2010	50.2	44,532
Projected Total Employees at Full Buildout (Including Potential Subdivisions)	492	214,689

Non-residential employee projection methods vary by type of non-residential use. The projection factors include retail sales, SH 145 traffic, full-time population, and residential units. For example, the growth in gas station/convenience store employees was projected to grow at the same rate as the traffic on SH 145 while retail non-residential employees were projected to grow at the same rate as retail sales. The non-residential employees were similarly projected for other non-residential types based on the appropriate projection factors.

Projected Change

Non-residential activity is projected to increase substantially between 2000-2010 from a total of 21 to 50 while the non-residential square footage is projected to increase from 25,150 sq. ft. to 44,532 sq. ft. according to the employee-sq. ft. conversion data mentioned above.

TOWN ADMINISTRATION

Introduction

Incremental growth has impacts on town administration that are less obvious than those on other departments and districts, but impacts on town administration are just as real and can affect the quality and efficiency of town services in significant ways. Town administration is the headquarters for all town operations, and any drop in service levels from the headquarters will ultimately affect the entire town. More people and business activity ultimately create more of a demand for town administrative services. For an administration, this means more staff, facilities, and equipment to accommodate the additional staff. This fact is born out by the fact that larger towns (like Durango or Grand Junction) have larger administration staffs than smaller towns (like Ridgway or Pagosa Springs). The key to maintaining a quality service level for town administration is for the town to increase administration resources in proportion to the growth in population and business activity in the town. Failure to maintain this proportionate increase, will degrade the service levels for the entire town.

Methodology

The Administration and Town Hall, like any other town service and facilities, must have the capacity to meet peak demand levels in order to avoid a decline in the level of service during peak season. Peak Impacts on the operations of Rico Administration are related to the peak population and the non-residential employees. Therefore, in order to maintain the existing level of service, resources for administration employees and facilities require an increase proportionate to the increase in peak population plus non-residential employees. Both the 2010 and full buildout projections for annual operations cost use this proportionate increase methodology. The capital improvements necessary by 2010 were based on cost assessments conducted by the Town for a phase 1 remodel of town hall and an equipment needs list.

Projected Change

Currently, Rico has approximately 1.7 full time equivalent employees devoted to providing administrative services (see **figure VII**). Given the combined increase of 139 in demand units (peak residential population plus non-residential employees), the Town will need an additional 1.2 full time equivalent employees by 2010.

Fiscal Implications

Operations costs for maintaining the existing level of service will increase from \$69,322 in 2000 to \$121,161 in 2010.

Figure VII. Rico Administration Operations Summary

Operations Summary	
Total FTE 2000	1.7
Non-Res Generated FTE 2010	0.3
Residential Generated FTE 2010	2.6
Total FTE 2010	2.8
Additional FTE Required	1.2
Salary Cost	\$ 47,863
Overhead	\$ 12,171
Projected Cost Increase 2010	\$ 69,322
Total Admin Budget 2000	\$ 121,161
2010 Projected Admin Budget (2010 Dollars)	\$ 250,865
Annual Operations Per Commercial Employee (2001 Dollars)	\$ 418
Annual Operations Cost Per Residential Unit (2001 Dollars)	\$ 1,044
Full Buildout Projected Budget (2001 Dollars)	\$ 948,732

The remodel of town hall and the equipment needed by 2010 will cost the Town a total of \$430,000, which is a cost of \$716 per demand unit in 2010. This means that it will cost \$1,789 per demand unit in 2010 to accomplish these capital improvements while the cost for non-residential development will vary with the square footage or employment.

Figure VIII. 10-Year Administrative Capital Improvements

10 Year Capital Improvements	
Courthouse Remodel	\$ 413,500
Office Equipment	\$ 16,500
Total	\$ 430,000
Cost Per Demand Unit 2010	\$ 716
Cost Per Residential Unit 2010	\$ 1,789

Considerations & Recommendations:

- Essentially, the Town will need one more full-time administration employee by 2010 or a decline in level of service will occur. Funding for this position will have to come from a steady year-to-year source, like sales tax.
- The Town needs to explore funding sources for capital improvements. An excise tax or impact fee designed to build long term capacity for the administration may be a sound solution.

SCHOOLS**Introduction**

Currently, Rico does not have a school, so 10 of Rico's 15 students are bussed to Dolores RE4a in the Town of Dolores and the remaining 5 attend school in Telluride. Rico pays substantial sums of property taxes to Dolores RE No. 2 school district, even though not a single Rico student attends this school. Observant citizens and Town officials are concerned about this education arrangement since it is wrought with fiscal inequities particularly because locals have concluded that a "Rico Baby-Boom" is underway. An old elementary school lies vacant on Glasgow Avenue, and Rico residents and Dolores Re No. 2 District officials believe that opening the elementary school is a good first step in addressing the existing and forthcoming education difficulties in Rico. This section quantitatively describes the current situation with Rico students and school district revenues in the present and in 2010. The 2010 projections assume that the Rico Elementary school will be opened by then.

Figure IX. New Student Projection

	2010 Projections	Annual Costs	Local Share
Residential Units	219		
Students per Unit	0.19		
Total Students	42		
Students in Rico Elementary	26	\$ 89,502	\$ 32,611
Middle School Students	8	\$ 70,334	\$ 41,919
High School Student	8	\$ 70,334	\$ 41,919
Total		\$ 230,170	\$ 116,449

Methodology

The number of additional students is estimated by multiplying the students per residence type figures generated by a Rico School District Study¹ by the assumed number of residences of that type.

Projected Change

In 2000, Rico had 15 students. Dolores RE No. 2 district officials cited a recent survey in Rico than indicated significant increase in Rico School aged students by 2002 (36 total). Like most student projections, the Rico student projections below come from multiplication of residential unit projections by students per household ratios. Given the 2002 Rico student projections provided by the school district, the student per residential unit ratio is .19. The relatively low rate is due in part to the seasonal residents in Rico. Applying this student per residential unit ratio to the projected 176 units yields a potential for 42 Rico students by 2010, 26 of which are projected to be elementary students.

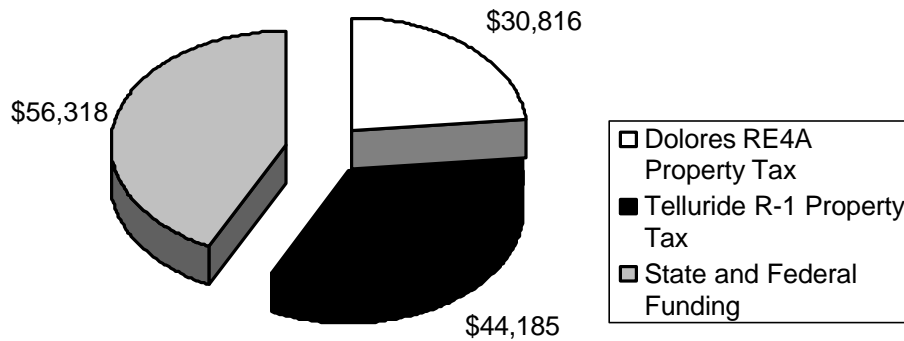
Figure X. Property Taxes & School Districts

Year	Property Tax Paid by Rico to Dolores RE No. 2	Property Tax Costs to Dolores RE No. 2	Property Tax Costs to Dolores RE4A and Telluride R-1
2000	\$ 118,344	\$ -	\$ 75,001
2010	\$ 314,795	\$ 42,948	\$ 110,415

Fiscal Implications

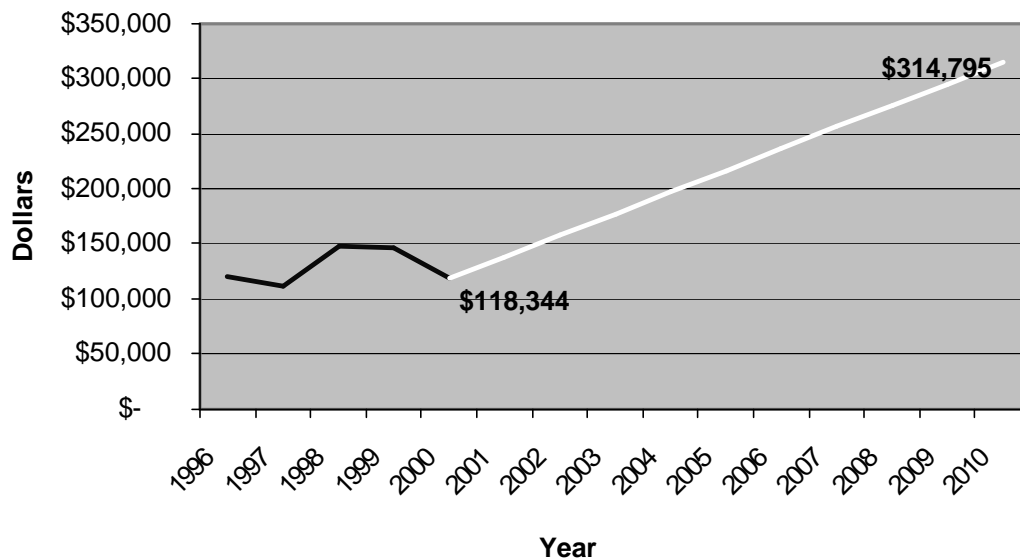
Currently, Rico Students are educated with property tax revenues from Dolores RE4A and Telluride R-1 School Districts and State Revenue. See **Figure XI** below for a breakdown of funding for the 2000 School District. The district that is conspicuously absent from the funding breakdown in **Figure XI** is District RE No. 2, the district in which Rico is located and

Figure XI. 2000 Funding Breakdown for Educating Rico Students



that collects property tax from Rico property owners. **Figure XII** shows past trends and future projections of property tax collections from Rico by the school District if the mill levy continues to stay the same and assessed

Figure XII. Projected Property Tax Paid by Rico to the Dolores RE No. 2 School District



valuation in Rico continues to climb at the same rate it has climbed for the past several years. In 2000, Rico property owners paid \$118,344 in taxes to a school district that has no Rico students enrolled. Unless the unlikely possibility of a change in school district boundaries occurs, this trend will continue until Rico pays well over \$300k per year in property taxes to the school district.

Figure XIII. Impact of Project on Local Schools

	2010 Projections	Annual Costs	Local Share
Residential Units	219		
Students per Unit	0.19		
Total Students	42		
Students in Rico Elementary	26	\$ 89,502	\$ 32,611
Middle School Students	8	\$ 70,334	\$ 41,919
High School Student	8	\$ 70,334	\$ 41,919
Total		\$ 230,170	\$ 116,449

Assuming that the elementary school does open by 2003, **Figure XIII** summarizes the total annual costs and the local share (paid mostly by property taxes) of the cost of educating Rico Students.

Figure XIV summarizes the same for the full buildout of Rico. With 214 students at full buildout, it would make sense to have K-12 education in Rico.

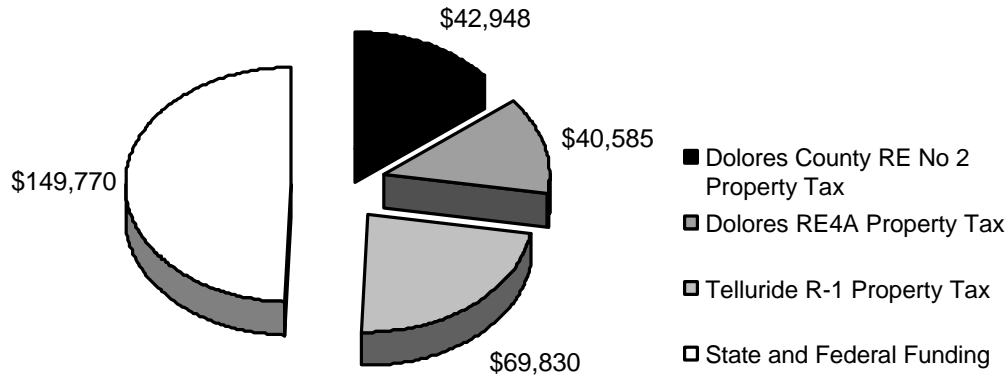
Figure XIV. Impact of Project on Local Schools Full Buildout

	Full Buildout Projections	Annual Costs (2001 Dollars)	Local Share (Property Taxes)
Residential Units	712		
Students per Unit	0.3		
Total Students	214		
Elementary Students	134	\$ 454,091	\$ 154,391
Middle School Students	41	\$ 387,439	\$ 131,729
High School Student	38	\$ 357,636	\$ 121,596
Total		\$ 1,199,165	\$ 407,716

The funding breakdown for 2010, assuming that the elementary school opens, includes revenue from the state and all three school districts. This

projection includes annual funding of \$42,948 from Dolores RE No 2 Property Tax. Property taxes from the other two school districts are still significant since all Rico middle school and high school students will need to go to school in Telluride or Dolores. Telluride R-1 expenditures are

Figure XV. 2010 Funding Breakdown for Educating Projected Rico Students



especially high because they fund over 90% of their total budget through property taxes.

Figure XVI compares the revenues generated by Rico property tax to the property tax costs to the three school districts for educating Rico students. Even with the Rico Elementary open, significant fiscal inequities will still exist in 2010 with Rico paying over \$300k annually to Dolores County RE No. 2 while the school district only expends \$42,948 annually on educating Rico Students. Meanwhile, Dolores RE4A and Telluride R-1 will be expending over \$110k annually on educating Rico students while receiving no property tax revenue.

Figure XVI. School District Revenues & Costs

Year	Property Tax Paid by Rico to Dolores RE No. 2	Property Tax Costs to Dolores RE No. 2	Property Tax Costs to Dolores RE4A and Telluride R-1
2000	\$ 118,344	\$ -	\$ 75,001
2010	\$ 314,795	\$ 42,948	\$ 110,415

Considerations & Recommendations

The only way that fiscal equity can be approached regarding the education of Rico students with the current district boundaries is to aim for educating all Rico students in Rico as soon as possible. State and District officials have criteria for determining when a new school is feasible. It would be worth finding out what those thresholds are and tracking school aged children in Rico closely so that no time is wasted once a K-12 school becomes feasible. Building schools requires land. The Town of Rico could begin setting aside land for future school structures by exacting land from future subdivisions or require a cash-in-lieu payment to purchase land for schools. In short, Rico should do what it can to educate Rico students in Rico as soon as possible.

PARKS & OPEN SPACE

Introduction

Acquiring and maintaining public parks and open space can be an important part of community development. Rico can be said to have a high level of service with regard to parks and open space because Federally designated national forests and wilderness areas surround Rico and it is within relatively short driving distances of several national parks and monuments. However, developing open space and parks within towns can help to not only create inviting spaces but also may serve as valuable land use tools. While this report uses a standard based methodology to generate a hypothetical parks system for the town, it is recommended that the Town employ the survey techniques advocated by the National Parks and Recreation Association to assimilate its own comprehensive parks Master plan. Working through a park comprehensive planning process facilitates the towns understanding of its needs, wants, and actual current patterns of use. A comprehensive planning document is also a powerful tool with which to pursue the large grants that parks acquisitions costs typically demand.

Methodology

Because there is not currently a formal system of parks and open space, Rural Planning Institute used the technique of analog communities to produce an initial framework for a parks system in Rico. Analog

communities (also known as case study) methodology has two distinct benefits, particularly with regard to the generation of parks/open space systems.

First, the technique allows potential developers of a park system to visit a neighboring community and experience their system first hand. This is the ultimate qualitative evaluation of park system numbers. For this report, RPI used the park systems of Ouray, Ridgway, and Boulder Colorado for the analog communities. Ouray and Boulder are widely regarded as having excellent park systems with Boulder consistently gaining national level recognition for its parks infrastructure.

Second, this technique helps towns acquire relatively accurate ongoing maintenance costs – which are a critical, although often overlooked, consideration when deciding on the level of park infrastructure to develop.

Projected Change

The projected residents for Rico in 2010 was multiplied by the hypothetical park system to yield the acreage of new parks needed to achieve a proposed level of service. (Figure XVII) In addition to the initial expense of purchasing additional parks and open space, the City would have to fund the ongoing operations costs of the additional ~3.5 acres of in-town parks.

Figure XVII. 2010 New Park / Open Space Projections

Park Types	Standards	Standard per capita	Rico LOS	Acquisition/ Development Costs per unit	Total Acquisition/ Development Costs	Maintenance/ operating Costs	Total Maintenance/ operating costs (annualized)	Total first year costs
Mini Park	1.5 acres per 1000	0.0015	0.897	\$ 35,825	\$ 322,942	\$ 3,377	\$ 3,029	\$ 325,972
Community Park	2.5 acres per 1000	0.0025	1.495	\$ 35,825	\$ 538,237	\$ 3,377	\$ 5,049	\$ 543,286
Natural Areas/open space	1 acre per 1000	0.0015	0.897	\$ 50,000	\$ 44,850	\$ 217	\$ 195	\$ 45,045
Athletic Parks					\$ -			\$ -
Tennis Courts	1 per 2000	0.0005	0.299/1	\$ 27,000	\$ 27,000	***		\$ 27,000
Soccer/Softball Field	1 per 4000	0.00025	0.1495/1	\$ 108,000	\$ 108,000	***		\$ 108,000
Trails	8.5' per capita^	8.5'	5083'	\$ 2	\$ 10,166	****		\$ 10,166
Biking Trails/ concrete	7.5 per capita	7.5'	4485'	\$ 4	\$ 21,120			\$ 21,120
TOTAL								\$ 1,080,588

Fiscal Implications

The cost of acquiring an additional ~3.5 acres of parks and open space is difficult to estimate, but with a conservative estimate of approximately \$360,000 per acre (in town lot purchase) & \$50,000 per acre (periphery open space or bulk purchase), this translates into \$906,029. When operations and built costs are factored in, the total first year costs for this proposed park system exceeds one million dollars. Of course, the acquisition costs of make up the bulk of the total costs and oftentimes municipalities can defer this significant expense by purchasing land with grant monies or accepting donations. Maintenance costs can also be significant depending on the amount of park use.

Considerations & Recommendations

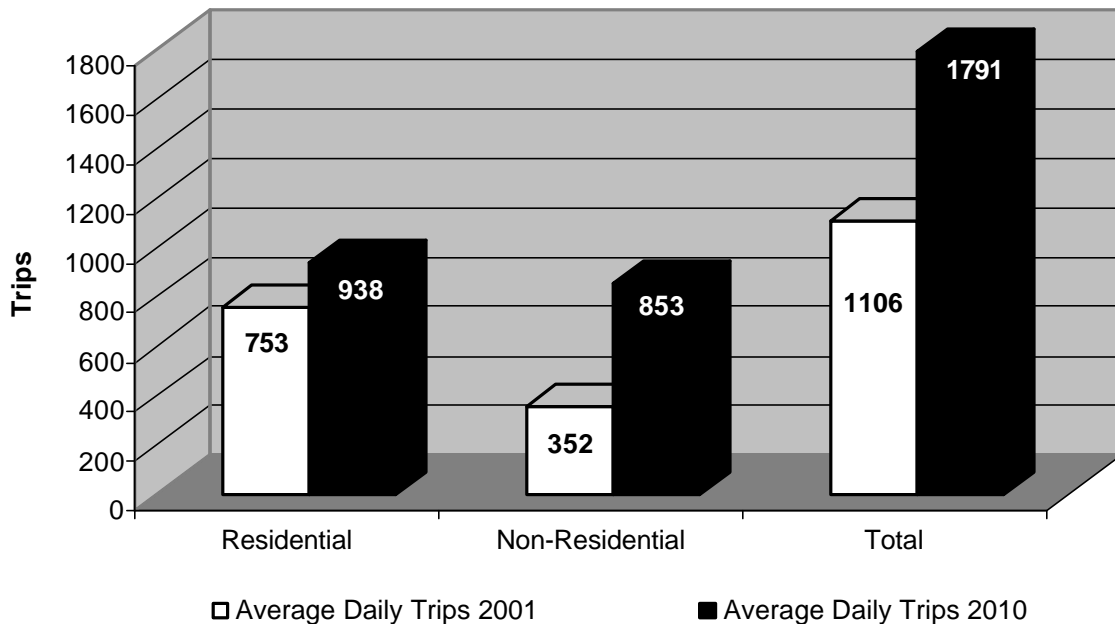
- Rico should consider generating a comprehensive parks planning document
- Be aware of the busy state highway while planning park locations – maintenance costs rise with park use, due to the leisure drive aspect of the scenic byway, many people may stop and utilize a park that was originally intended to meet local citizen needs
- Extensively landscaped community parks can require significant amounts of water (hundreds of thousands of gallons) for irrigation during the summer months – this may put a severe strain on the water plant if treated water is used – a raw water system is an economical solution
- Open space is a benign land use – it generates few impacts and few revenues, but it has proven to increase property values on land that is proximal to it
- Park acquisitions funding is more marketable to funding agencies if a proposed park is fulfilling a unique niche (such as regional facility) or is in some way connected to a regional park system (e.g. regional trail connectivity).
- Park revenue raising is very straightforward, revenue systems may be generated using the methodology outlined above.

STREETS

Introduction

Increased traffic is one of the most noticeable effects of growth, particularly considering Rico’s small size and location that geographically constrains the flow of traffic. New land uses nearly always cause new traffic. When someone builds a home on a vacant residential lot, additional traffic is generated by the residents in the house, whether they are full-time or part-time residents. If a town does not have a grocery store, and one moves in, it will produce traffic where none existed before. The incremental increase in land uses in turn leads to an incremental increase in traffic. Land uses require site-specific improvements to accommodate on-site traffic, however, they also contribute to impacts on the overall streets system by adding more to the total traffic in town. This incremental addition of more traffic to a streets system will eventually lead to the need for streets capacity improvements at key intersections and streets throughout town, in addition to increasing the need for maintenance.

Figure XXVIII. Existing and Projected Trips in Rico



The purpose of this analysis is to estimate existing traffic and project 2010 traffic and apply a calculated cost per traffic unit to the projections and generate a projected cost for streets maintenance and capital improvements.

Methodology

Traffic impact analysis consists of three basic steps: 1) inventory the type and intensity of land uses, 2) generate the average daily trips associated with the inventory of land uses using the Institute of Transportation Engineers Trip Generation Manual (the 'ITE') and, 3) use the average daily trip generation as the means for assigning fiscal impacts to the inventory of land uses. **See Figure XIIX.**

The first step in the methodology was to consider 2000 residential unit counts and 2010 projections and combine them with non-residential employee and square feet of floor area for both the existing 2000 inventories and 2010 projections. The land use inventories and projections, when applied to the trip generation formulas in the ITE, produce the total average daily trip generation for Rico in 2000 and the projected average daily trip generation in 2010. Adjustments were then made to these raw trip generation figures to account for walking and biking, out-commuting, to avoid double counting any trips. Dividing the 2000 streets operations budget by the total trips yielded a cost per trip for operations. The projected 2010 streets operations budget projections was obtained by multiplying projected 2010 trips by the 2000 cost per trip plus an inflation factor. The capital improvements costs necessary by 2010 were divided by the projected trips in 2010 to obtain a cost per trip for capital improvements.

Projected Change

Rico land uses in 2000 produce 1106 Average Daily Trips (ADT), with residential development producing the majority of those trips (753 ADT). The projected land uses in 2010 (accounting for the projected increase in residential units and non-residential land use) will increase the ADT in Rico from 1106 to 1791, an overall increase of 61%.

The projected land uses in the coming decade will swell the ADT in Rico from 1106 in 2000 to 1791 in 2010, an overall increase of 61%.

Fiscal Implications

The cost per ADT for streets operations is currently \$30 per year. Given the adjusted trip generation rates, that means a single family residence costs the Town \$129 annually for streets operations and maintenance. The operations/maintenance cost for non-residential land uses varies with the land use type and intensity. Given the cost per trip, the projected 2010 trips, and CPI inflation estimates, the total streets budget for 2010 is projected to increase from \$32,965 in 2000 to \$70,333 in 2010. The streets fund in Rico is not projected to increase at the same rate as the operations and maintenance costs leading to an annual budget shortfall of \$18,000 by 2010. This shortfall projection assumes that the Town will strive to maintain the same level of service for streets operations and maintenance in terms of expenditure per ADT. See **Table XIX** below for a summary of these results.

Figure XIX. Street Maintenance Costs & Revenues

Summary		
	2001	2010 Projected
Cost per Trip for Ongoing Streets Expenses	\$ 30	\$ 39
Annual Ongoing Expenses	\$ 32,965	\$ 70,333
Streets Fund Revenues	\$ 30,100	\$ 52,325

Several capital improvements are necessary in the next ten years to keep up with the current level of service for streets including equipment purchases and the construction of a streets maintenance facility. **Table XX** summarizes the capital improvements and the per trip cost in 2010 to accomplish those improvements. The cost for each residential unit in 2010 to accomplish the necessary capital improvements is \$794. It will cost each residential unit \$794 in 2010 to accomplish these capital improvements while the non-residential land uses' costs will vary by land use type and intensity.

Figure XX. Streets Capital Improvements

Capital Improvements Necessary by 2010 to Maintain Current Level of Service	
Streets Facility	\$ 260,000
Equipment	\$ 72,500
Total	\$ 332,500
Street Equipment Fees Fund Balance 2001	\$ 25,419
Cost per Trip for Capital Improvements	\$ 186
Trips Caused by One Residential Unit	4.3
Cost per Residential Unit for Capital Improvements	\$ 794

Considerations & Recommendations

Rico currently has a streets fee adopted by ordinance. The street fee applies only to development that requires the widening of existing streets or construction of new streets. In order to fully mitigate the impacts on the streets system, local governments need to mitigate three different types of impacts:

- 1) site specific impacts, like necessary street widening on the access road to a development, or intersection improvements made necessary by new development,
- 2) impacts on the entire streets system, including the facilities and equipment necessary to construct and maintain street improvements, and
- 3) increased maintenance demand generated by additional traffic.

The current streets equipment fee in Rico covers the site specific improvements made necessary by new development, but it does not mitigate the impacts on the entire streets system. Every increment of new development in Rico adds traffic that will in turn be dispersed throughout the entire streets system. If the number of residential units doubles, and the non-residential sector increases significantly, intersections will begin to need turnlanes, stop lights may become necessary to maintain safety standards, road facilities. Additional road equipment will be necessary to accomplish these improvement and for increased maintenance. As traffic in Town increases overall, improvements will be necessary to maintain a safe and efficient flow of traffic. In order to mitigate the impacts on the

entire streets system, the fee would have to be revised to include this element. The fee would also need to be based on trips, the fundamental traffic measurement unit, since streets impacts are related to traffic on the road system.

LAW ENFORCEMENT

Introduction

Currently, Rico does not have a police department, and relies instead on Sheriff response from either San Miguel or Dolores County. Consequently, the response times are extremely slow; averaging between 1-1 1/2 hours with good road conditions. Following, is an analysis of the impacts of future development on the San Miguel and Dolores County Sheriffs' offices as well as a fiscal projection of the cost of operating a municipal police department within Rico.

Methodology

The National standards for police officers per capita of peak residential population were employed to calculate the number of police officers needed by Rico in 2010 and at full buildout. Given the peak residential population of 440 in 2010 Rico will need one, fully equipped, officer to meet national standards for per capita police protection². The cost of staffing and equipping one officer is an average of costs derived from regional law enforcement agencies.

Projected Change

Figure XXI compares the relationship of Rico with one police officer to national standards for police protection. One officer would put Rico above the national standards for at least the next ten years. Adding a single full time officer in Rico could have positive effects on several aspects of public safety. These might include: significantly faster response times, crime-detering effect, and speed enforcement on highway 145. **Figure XXI** also shows the estimated number of officers necessary at the full buildout of Rico under the Master plan (3.6 officers).

² 1 officer per 1000 of peak population

Figure XXI. Police Service Standards

National Standard Police per Capita	0.002
2010 Officer per Capita with 1 Officer	0.0023

Fiscal Implications

Surveys of other law enforcement departments in the region indicated that the annual cost of staffing

and equipping a police officer in 2000 is just under \$65,000 annually. Rico will probably not need to budget that much from the general fund or other taxes because a single officer can usually generate more than \$10,000 annually in fees and fines, especially in towns located on busy highways.

Figure XXII. Cost of Staffing a Police Officer

Annual Cost of Staffing 1 Police Officer	\$ 64,278
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Figure XXIII. Proportionate Shares & Costs for Police

	Proportionate Share	Total Cost	Allocated Cost
Residential Units	0.77	\$49,494.21	\$ 226.00 per unit
Commercial Trips	0.23	\$14,783.99	\$ 17.32 per trip

LIBRARY

Introduction

The Rico Library provides access to books, other media, reference materials, and computers for all citizens to use. Currently, Rico’s branch of the Dolores County Library has about 3,070 items available², 3,000 of which are books and 70 of which are other items such as videotapes and audio recordings.

Methodology

The demand for library circulation items is related to the population of the service area. Demand for library materials is often expressed in volumes (and other media) per capita. The national planning standard for populations the size of Rico is 13.8 volumes per capita³. The demand for library materials generated by growth over the next ten years is calculated by dividing the circulation materials by the population and deriving a volumes per capita level of service. Multiplying the volumes per capita by the projected population growth yielded the additional demand for library materials.

Projected Change

Figure XXIV. Library Materials

Comparison ratios (peak population)	Rico	National Average
Book per capita	6.8	13.8
Audio items per capita	0.114	0.234
Video items	0.023	0.191

Given the 2000 Rico peak population of 440, there are about 6.8 books per capita at the library in and .1 other media items per capita. To maintain the existing level of service given the projected 583 residents in 2010 the library would have to add an additional 972 books and 15 Items of other media.

New library items require additional space. The Rico Library is currently full and there is very little, if any room for additional materials.

Fiscal Implications

Given that expenditures increase with the volume of material in circulation, it will cost an additional \$5,993 per year to maintain the existing level of service given the new growth over the next ten years. Rico’s share of the Dolores County library budget (usually around 20%) in 2010 (projected to be \$6,254) will not cover the cost of meeting the additional demand leading to an annual revenue shortfall of about \$4,600 from the nearly \$11,000 necessary to maintain the existing L.O.S. in 2010. In order to maintain the existing level of service, the library will have to come up with an additional \$4,619 annually just to maintain the current level of service. If Rico prioritizes library services, and wants to meet the minimum national standards for library circulation per capita, it will cost over \$22,000.

Figure XXV. Library Costs & Revenues

	Costs	Revenues
Annual Budget 2000	\$ 4,880	\$ 4,880
Cost to maintain current LOS in 2010 (annual, includes inflation)	\$ 10,873	\$ 6,254
Annual Cost to Achieve National LOS in 2010 (annual, includes inflation)	\$ 22,240	\$ 6,254
Cost to Maintain Current LOS at Full Buildout (annual)	\$ 26,841	N. A.
Cost to Achieve National Level of Service at Full Buildout (annual)	\$ 54,900	N. A.

WATER

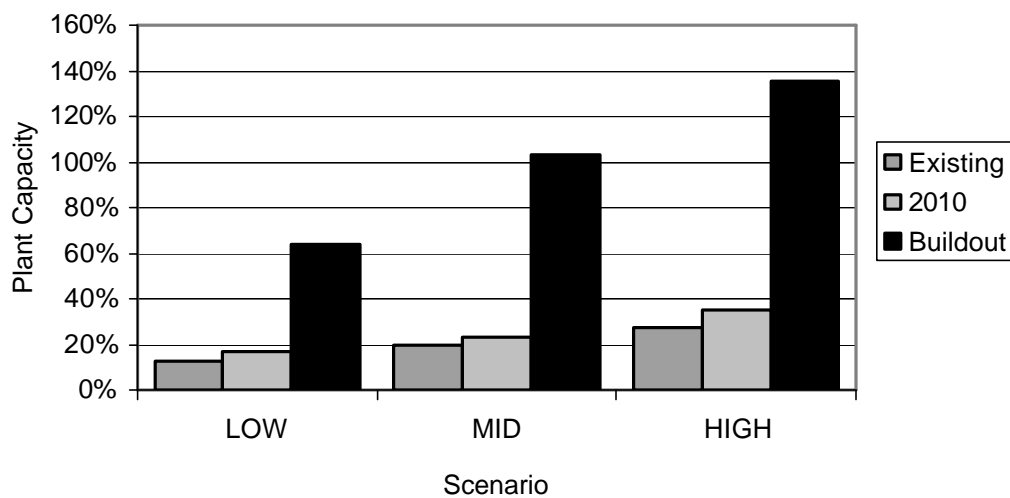
Introduction

Treated water service infrastructure is a major component of every municipal governments budget. This section analyzes existing Rico water plant flows and residential and non-residential usage by unit type. Results are reported in three categories (low, mid, high) and projections based on historical and unit usage are projected to 2010 and hypothetical buildout.

Methodology

Because the quality of existing water records was dubious, RPI computed the approximate current water consumption by backing gallon usages out of the known monthly revenues/fee structure, and through interviews with the public works operator and the regional water commissioner. A variety of intricate calculations were employed to achieve reasonably accurate existing and projected flows. Results were cross-checked with some businesses and existing water flow reports. Water use projections were based on low, mid, and peak scenarios to account for both seasonal variability and the margin of error inherent in these types of computations. Low usage represents the simple gallonage allotment provided to residential and non-residential units for the basic monthly fee.

Figure XXVI. Water Usage Scenarios



Mid range estimates are founded on what is believed to be actual monthly usage, and peak usage represent maximum summertime daily flows.

Projected Change

Projected change over the next decade is predicted to be well within the existing plants capacity, even for peak flows. After the recent improvement is finished, the existing fee structure should more than cover operating costs.

Figure XXVIII demonstrates that Rico’s existing plant may be adequate until peak populations reach 1300 people or 440 units are built. It is important to note that if higher rates of occupancy continue that the number of units needed to reach capacity will decrease inversely to occupancy.

Figure XXVII. Water Revenue Scenarios

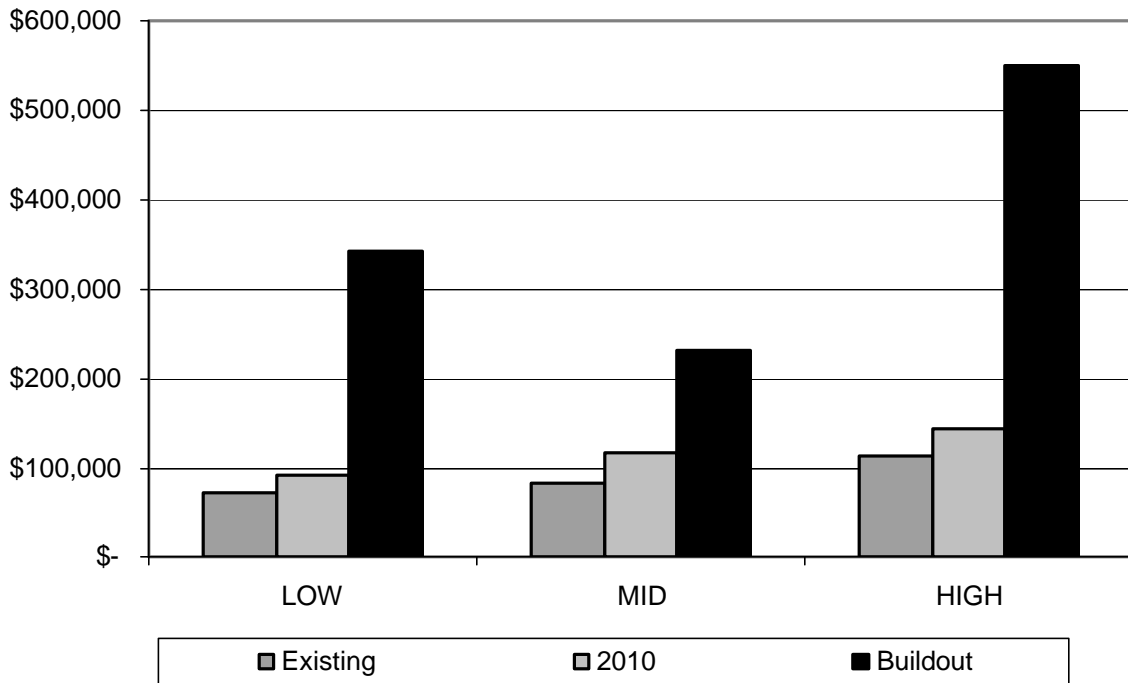
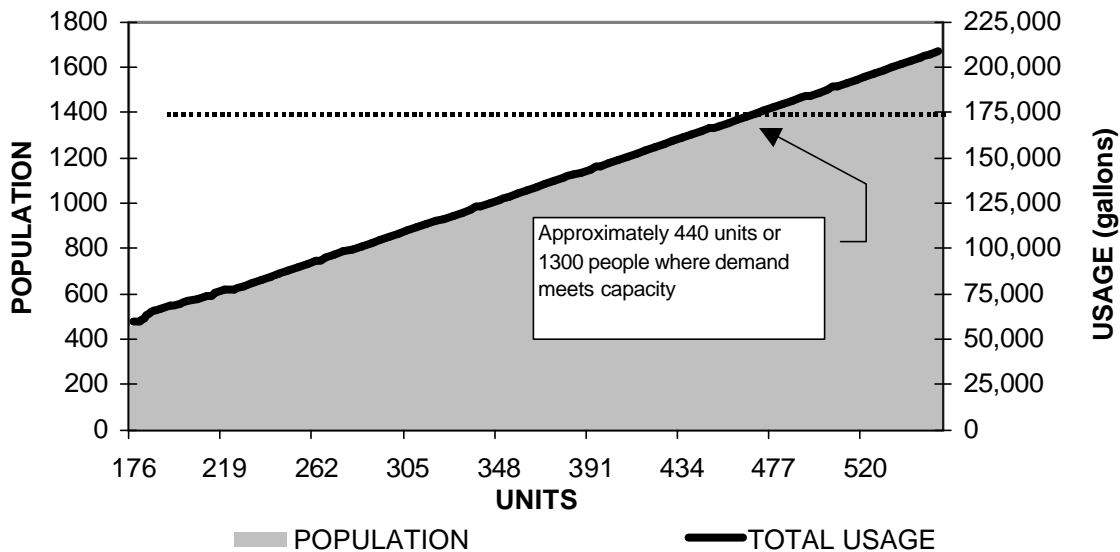


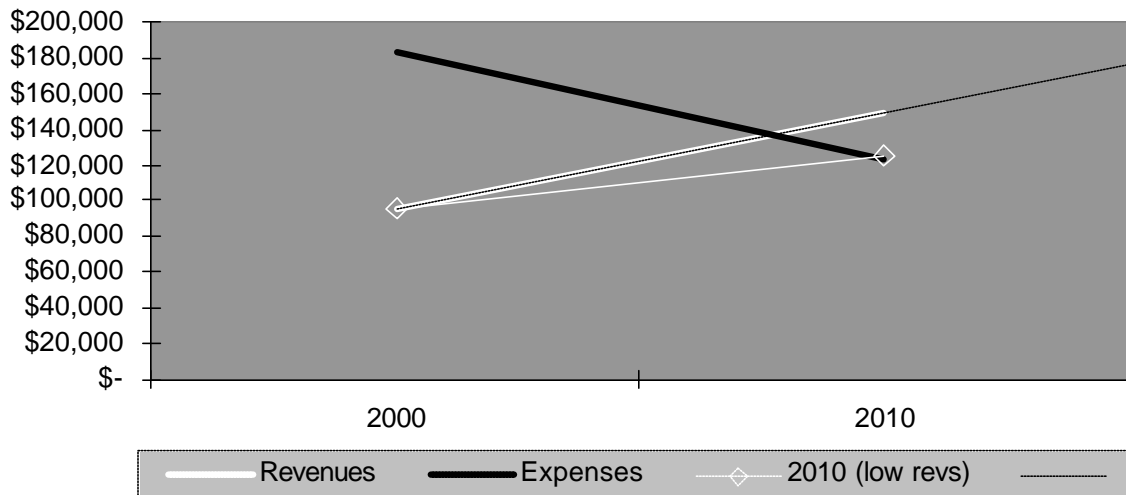
Figure XXVIII. Water Units & Population Capacity Thresholds



Fiscal Implications

Figure XXIX establishes that, given existing trends, Rico revenues should outpace expenditures to 2010. The low revenue scenario suggests that revenues will just meet costs if water consumption drops community wide. If this scenario materializes or trends imply that it is changing, Town may consider either decreasing its monthly allotments or making modest increases in the fee structure.

Figure XXIX. Water Revenues vs. Expenditures



Considerations & Recommendations

Rico seems to be in a positive position with its current treatment capacities. However, the Town has a very serious problem with its existing water rights. Without belaboring the point, the Town should consider this issue its highest priority for resolution.

With regard to the fee structure and current and projected revenue streams, the Town should be building a small surplus for the foreseeable future. This surplus may be increased if the Town fixes its serious leakage problems (calculated in this report at 30% although it may be significantly higher). Fixing leakage and promoting efficient use of water (perhaps requiring high efficiency fixtures in all new development and remodels) will extend the useful life of the existing plant capacity – saving Rico significant long term debt on capital outlays and maintaining relatively low service fees.

Existing water plant capacity can be an important lever for justifying phasing of development. Development should not outpace the ability of water infrastructure to serve it; given current growth rates, this should not be an issue over the next decade. However, as shown in the figures above, if growth rates advance significantly, and the Town approaches buildout, water plant expansion will become necessary.

In light of the above, Rico should consider keeping scrupulous records of both daily water plant production and consumption (i.e. at the plant, and at the commercial and residential meters). Accurate record keeping greatly enhances the tracking of trends over time (allowing the generation of an accurate and balanced fee structure) and facilitates keeping the plant running at highest efficiencies (it also illuminates the actual system leakage).

WASTEWATER

Introduction

Currently, the Town of Rico does not have a consolidated wastewater treatment system. Rather, zoning requires that each house be located on a (minimum) 5,000 square foot lot to host an ISDS system. The current system may be considered less than optimal for a variety of reasons. First, one of the primary reasons for incorporating a municipality is to

provide urban services to a relatively compact cluster of residences, businesses and institutions. Second, the current situation contradicts in intention, if not by law, the firm recommendations established by the Colorado Department of Health for urban wastewater management. Finally, ISDS systems are not as reliable and harder to regulate than a centralized system.

Methodology

Wastewater production is essentially a function of treated water use. Typically, 90% of the treated water that flows into a home returns to the wastewater system during the winter (non-irrigation) months. Because capital infrastructure plans and funding mechanisms are in a state of flux for the Rico wastewater system, Rural Planning Institute did not spend many resources analyzing this theoretical system. Rather, the possible flows given treated water demand have been projected, with the intention that these numbers aid developers and town government understand potential future influent & effluent levels.

Projected Change

Figure XXX. Rico Sanitation Flows

Total Allotted Usage (low range) (commercial +residential)	Daily total usage	Annual Usage
Existing	19,836	8,044,408
2010	25,699	10,422,191
Buildout	96,521	39,144,809
Total Actual Usage (mid range) (commercial +residential)	Daily total usage	Annual Usage
Existing	29,556	15,352,500
2010	35,291	18,058,750
Buildout	156,201	76,965,000
Total Usage (high range) (commercial +residential)	Daily total usage	Annual Usage
Existing	41,490	21,644,500
2010	53,820	27,827,600
Buildout	204,480	102,419,000

State law requires that a wastewater treatment facility must begin construction to increase capacity when the flows reach 95% of capacity. Facilities are required to submit a “pre-design report” when the facility reaches 80% of capacity.

Considerations & Recommendations

Urban sewer systems can have both positive and negative effects. Urban sewer systems decrease pollution and may allow the town to up-zone existing lots providing for a higher density, more compact municipal space.

Also, there may be a number of owners with empty lots within the townsite that have been waiting for the installation of a consolidated wastewater system prior to developing their property. If this speculation is correct, a wastewater system may actually increase the unit growth rate within the townsite. It may also encourage development on the town's periphery as developers become interested in being annexed and connecting to urban infrastructure.

The steps involved for permitting and constructing a wastewater treatment plant are significant and may take from one to two years to complete. In brief, they include: establishment of primary effluent limits, site application, submission of plans and specifications, actual construction, and finally issuing of the discharge permit.

Rico should also consider that a consolidated wastewater system requires an operator with a class C license. This license requires that the operator apprentice at the class B level for one year with oversight from a higher-level operator. If the town anticipates building a system, training and certifying the current employee now may save time and expense in the future.

Finally, when considering a system, it should be remembered that a lagoon system requires a significant amount of land, and as noted in the parks section, – land acquisition costs can be high. Another alternative is a mechanical system that takes up far less physical space although it may cost more up front and in ongoing operating costs.

FIRE & AMBULANCE

Introduction

The Rico Fire and Ambulance District provides fire and ambulance service to area residents and property, travelers on SH 145, to backcountry travelers in distress, and even to emergencies outside of the district altogether. The district provides all of these services with a relatively small budget, in large part because of the local volunteers and support that form the backbone of the District. Since the Fire and Ambulance District must respond to such a wide range of demands, it should be especially vigilant about tracking trends in order to properly plan for increased demand. The purpose of this analysis is to isolate the important elements of growth that affect demand for fire and ambulance services and then project them to estimate the resources necessary to meet that demand.

Methodology

The fire district responds to 4 different types of calls relevant to projecting growth in demand:

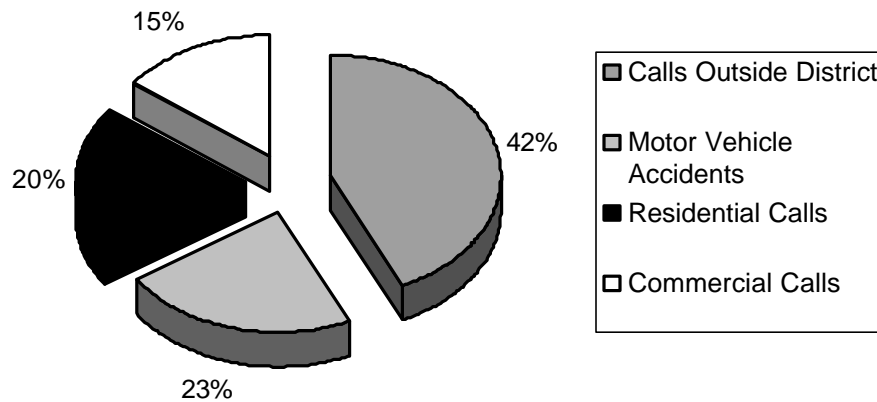
1. calls to residences inside the district
2. calls to non-residential properties within the district
3. calls to motor vehicle accidents (MVAs)
4. calls from outside of the district

This portion of the analysis focuses on the first three call types, leaving out the calls from outside of the district due to lack of information. The first step was to breakdown the fire/ambulance services demand by the first three call types above. This was accomplished by categorizing each call from 1999-April 2001 accordingly. Then, the appropriate shares of resources or costs were projected according to their respective indicator trends (e.g. residential units, and non-residential employees, Highway traffic). Capital improvements needed by 2010 were obtained from the Rico Fire Chief and broken down according to the proportionate shares of the costs discussed above.

Projected Change

The proportionate share of fire/ambulance district resources is summarized according to the calls breakdown from 1999-2001 in **Figure XXX** below.

Figure XXXI. 1999-2001 Fire / Ambulance District Call Breakdown



Almost half of the District’s calls, and therefore almost half of their resources go towards responding to calls outside of the district. Motor Vehicle accidents on the highway are the second largest demand generator for the fire ambulance district. Resources are expended according to the calls, so in order to project demand, projections for expenses were based on factors that relate directly to the potential calls. The demand types and their respective projection factors follow in **figure XXXII**.

Figure XXXII. Fire / Ambulance Call Projection Factors

Demand Type	Projection Factor
Residential Demand	Residential Units
Non-Residential Demand	Non-Residential Employees
Motor Vehicle Accidents	SH 145 Traffic Volume

Figure XXXIII. Fire / Ambulance Projection factor trends

	Residential Units	Employees	SH 145 Trips
Current in District	176	22	1591
District 10 Year Projection	219	53	2336
Percent Increase	24%	142%	47%

Fiscal Implications

The increasing trends above will result in a proportionate increase in demand for Fire/Ambulance services. An increase in demand will lead to a proportionate increase in operations expenses. The main and most consistent source of revenue for the Fire District is the property tax from the mill levy on District property. Currently, the \$38,746 operations budget is covered by the mill levy, plus other revenues, like a small contribution from Dolores County Ambulance, and private donations. If assessed valuation continues to increase as it has in the District for the past several years, this operations budget should nearly be covered by the property tax alone despite the projected increase.

Figure XXXIV. Fire / Ambulance Operations Costs & Revenues

Year	Annual Operations Cost for in District Calls	Annual Revenues from District Property Taxes
2000	\$ 38,746	\$ 29,600
2010 (Projected)	\$ 82,918	\$ 79,777
Full Buildout (Projected)	\$ 190,116	unknown

To lower the district I.S.O. rating enable the district to function as a back country rescue unit some capital improvements are necessary. These improvements include some new hose and a used rescue vehicle. Also included in the capital improvements for the next 10 years is the debt remaining on the resent construction of the Firehouse, which is located on land donated by the Town. **Figure XXXV** summarizes these improvements.

Figure XXXV. Fire / Ambulance Capital Improvements Needed

Debt 2001-2010	\$ 65,762
Capital Investment 2001-2010	\$ 20,000
Total Non-Operations	\$ 85,762

Capital expenses will need to be covered by revenue sources other than the existing. Although the Fire District does have some alternate funding sources, but they may not produce reserves adequate to pay for capital improvements.

Operations costs and capital improvement costs can be broken down into costs per demand units based on the share each type of growth will contribute to Fire/Ambulance demand. **Figure XXXVI** summarizes the per demand unit costs for annual operations and capital improvements needed by 2010.

Figure XXXVI. Fire / Ambulance per Demand Unit Costs

	Annual Operations	Debt and Capital Investment 2001-2010	Capital Investment 2001-2010
Per Residential Unit	\$ 57	\$ 79	\$ 18
Per Non-Residential Employee	\$ 343	\$ 244	\$ 57
Per S.H. 145 Average Daily Trip	\$ 7	\$ 9	\$ 2

Non-Residential Employees cost the District nearly \$350 apiece annually for operations alone. One reason they are so expensive is because the non-residential sector has relatively few employees but generates 15% of the total demand for Fire/Ambulance Services. The costs associated with additional SH 145 traffic could add up quickly considering that Average Daily Trips have been increasing by about 75 per year (additional \$525 per year for operations).

Considerations & Recommendations

- Property Taxes are expected to nearly cover the projected increase in operations costs for calls within the District

- Increased demand outside of District and on SH 145 may degrade service to residents and properties within the district if alternate funding sources are not explored
- Additional funding sources will be needed to fund the capital improvements

FISCAL SUMMARY: THE BOTTOM LINE

All of the Town and special district services will need to increase resources as the Town grows. The 2010 outlook for annual operations involves significant deficits for every Town department and the Library for maintaining the existing or prescribed level of service (in the case of police and parks). The only exception to these conclusions is the Fire District which, when the non-property tax revenues are included, should produce a budget surplus.

Figure XXXVII. Fiscal Summary of all Departments

Department	Revenues 2010	Annual Costs 2010	Annual Balance	2000-2010 Capital Improvement Costs
General Fund w/out Police	\$ 183,310	\$ 250,865	\$ (67,554)	\$ 430,000
General Fund with Police	\$ 203,310	\$ 315,143	\$(111,833)	\$ 430,000
Streets	\$ 52,325	\$ 70,333	\$ (18,008)	\$ 332,500
Parks	\$ 6,335	\$ 8,272	\$ (1,937)	\$ 1,072,316
Library	\$ 8,882.80	\$ 10,873	\$ (1,990)	?
Fire/Ambulance In District Calls	\$ 90,351	\$ 82,918	\$ 7,433	\$ 20,000

The Town will experience an incremental growth in expenses to maintain service levels over the next 10 years, leading to an annual deficit of just under \$132k in 2010 (including 1 police officer). In addition, existing revenue sources will certainly not pay for the Town's capital improvements necessary by 2010 totaling over \$1.8 million.

Town Annual Balance 2010	\$ (131,778)
Town Capacity Related Capital Improvements 2000-2010	\$1,834,816

Conclusions and Recommendations

Maintaining a designated level of service as Rico grows will cost Rico in two ways:

1. Ongoing operations and maintenance
2. Capacity building capital improvements

Funding strategies will need to be designed with this fact in mind. Following is a brief discussion of some the funding strategies and their characteristics, advantages and disadvantages.

Increasing Sales and Property Tax Revenues

Increasing general fund tax revenues is probably the best long-term solution for increased operations costs associated with forthcoming growth and possibly providing some funding for some limited capital improvements costs. This can be accomplished in two ways:

1. Voting to increase sales and/or property tax rates
2. Developing the Commercial Sector

While neither of these methods is simple, it may be worth the effort because the resultant revenue is consistent year to year and not directly linked to new development (as with development fees or taxes).

Impact Fees

While impact fees do not require a vote, they do have limitations. Governments or districts can only use impact fees for building capital facilities capacity made necessary by new development, not for deficiencies or operations. Funds from impact fees must be 'earmarked' for defined capital improvements. Impact fees are subject to rigorous legal standards: demonstration of need, rational nexus, and rough proportionality. No Colorado enabling legislation currently exists securing their imposition but many communities currently have impact fees in place that are considered legal. In short, while impact fees can be a quick source of revenue absent voter approval, they are limited in their application and fairly difficult to administer.

Excise Taxes

Excise taxes require a vote of the people. Excise taxes are generally deposited in the general fund and can be for capital improvements, operations, debt, or deficits. Different rates can be applied to different types of development, if, for example, Rico decides that it wants to give commercial development a break so as not to discourage its development. The Excise Tax would be a good fit for Rico's capital improvements, and would allow some flexibility in collections, expenditures, and administering.

The combination of an aggressive effort to develop the commercial sector to cover ongoing operations costs and an excise tax funding strategy for future capital improvements would allow the Town and the Districts to maintain the existing level of service while the Town could expand its services (such as a parks/open space program).

³ Burchell, Robert W. et. al., *Development Impact Assessment Handbook*, Produced by the Urban Land Institute, 1994, & Public Libraries in the United States: FY 1996, National Center For Education Statistics, 1999