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# Development Impact Analysis:

## Existing Conditions & Annexation

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Town of Dolores, Colorado

November 2002

Prepared By:

**RPI Consulting Inc.**



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## Introduction & Important Concepts

Development impact reports enable Towns and Counties to make *full cost accounting* of the impacts of new growth and development on local economies, public infrastructure, fiscal resources, revenues, land use/physical attributes, and some environmental and social resources.

This report analyzes both the current costs of existing town lots and the projected costs of potential annexation zones north of the town.

RPI's reports may be accompanied by an on-site presentation of all findings at a publicly noticed meeting if requested by community staff or elected officials.

Development impact reports are a useful tool for local governments and citizens alike because they allow communities to engage the following issues:

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.

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 enough clean drinking water represent 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 quickly degrade, creating backlogs, which are difficult to rebound from.

Another common phenomenon in the rural west is the dis-aggregation of industrial, residential, and commercial sectors between jurisdictions. In other words, houses are found in one Town (or in the unincorporated County), shopping in another, and the jobs in yet another. These sprawling economies create 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. A useful component of development impact 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 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 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.

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

Development impact analyses are meticulously generated from the most current and accurate information available. When the cost of growth is realized, local government may want to take steps to mitigate some of the impacts through fees and taxes. Because the *incremental* costs of growth is demonstrated, 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, how much is being contributed by other mechanisms, 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. 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, , that public safety services are slowed, 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.

### 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.

RPI typically uses projections in its methodology. Projections are essentially an if-then statement about the future. That is, if variable x grew at ten percent over the last five years *and* the next five years are relatively similar *then* variable x will continue to grow at 10 percent. Projections simply make the assumption that a trend observed over time will continue into the future. In fact, projections are often accurate, particularly over 5-15 year periods. Because projections are based on historical trends, they take into account cycling over time. For example, unemployment observed over the last five 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 may be inappropriate for conservative fiscal forecasting that will be used to make policy decisions today. Why? Would a town 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 may be impossible to make an accurate prediction. Unfortunately, unless there are solid reasons to believe a development of a certain type or kind will occur, projections offer the most stable base upon which to base future budgets. Finally, forecasting methodologies may vary widely, making it difficult for third parties to understand how results are achieved.

Please do not hesitate to call Rural Planning Institute for clarification or with questions concerning any element of this project.



## General Methodology

The methodology used by RPI Consulting to conduct this development impact analysis consists of the following five steps:

### Demand Unit Measurement and Projection

1. Determining the Proportionate Share
2. Determining the Current Level of Service
3. Calculating the Cost of Maintaining the Current Level of Service Given the Projected Demand Units
4. Revenue Comparisons and Fiscal Summary

This basic approach applies to each department included in this analysis. Following is a more detailed explanation of each step.

### Demand Unit Projection

Demand units are the units of growth that generate additional demand for public facilities and services. Demand units differ for departments, depending on the nature of the service and facilities provided. The analysis of Dolores's general fund departments uses two types of demand units: residential units (or housing units) and non-residential square footage.

### Proportionate Share

RPI development impact analyses assign the cost of development to specific land uses. This requires a determination of what proportions the residential and non-residential portions of the projected growth will cost various departments, districts, and a subtraction of costs not directly related to the development. For example, a police department responds to calls in specific places, some of which are residential and others that are commercial or institutional. Accurate projection of the increased demand generated by a development with a certain amount of residential and non-residential development first requires a known proportion of how the department or special district's resources are directed to residential and non-residential land uses. Establishing these numbers represents the proportionate share.

### Calculating the Level of Service

The level of service (LOS) is defined as the amount of resources (employees, dollars, sq. ft., library items, etc.) per demand unit, and is expressed both in terms of day-to-day operations and maintenance and in terms of capital facilities (buildings, equipment, library circulation items, etc.). After the proportionate share has been applied to the resources, LOS can be expressed as a cost, number of employees, sq ft. of space, etc. per residential or non-residential demand unit. This is the fundamental measure of the incremental cost of growth. For example, the current LOS for administration

operations in Dolores is 5 administration employees per 1000 residential units and 2 employees per 1000 sq. ft. of non-residential floor area. These employees can also be converted into simple dollar costs by accounting for payroll costs and overhead.

If a department or district is planning major upgrades to their service levels Level of Service can be expressed in terms of Target Level of Service by a certain year.

### **Projecting the Cost of Maintaining the Current Level of Service Given the Projected Demand Units**

The incremental cost of growth, that is, the cost per demand unit, is multiplied by the projected demand units to obtain projected cost of maintaining the current level of service or target level of service in the case of projected densities within the reach analysis. This analysis builds off of a study completed for the town by concerning water and sewer.

### **Revenue Projections and Fiscal Summary**

In the final step, revenues are projected and compared to the costs. Revenue projections are all specific to the type of revenue and methodologies are explained throughout. For this five year outlook, most of the revenue projections are straight or adjusted linear projections. At this stage it becomes evident whether the development will pay its way to maintain the current or target level of service or if the LOS will inevitably decline short of additional funding.

## Executive Summary

### Purpose

This report analyzes the projected costs of development to Town of Dolores General Fund provided services on a department-by-department basis. These costs are examined both in terms of existing costs and the potential cost to serve annexed areas to the North of Town. Revenues are also computed.

### Summary of Findings

The population of Dolores has maintained an equilibrium over the last decade, and is not expected to spike or make any dramatic movements upward in the foreseeable future. However, the town may be approached by parcel owners who desire to develop and annex into the town. If this occurs, Dolores will experience some significant population growth and a subsequent demand on services.

Currently, Dolores is experiencing approximately a 15% revenue shortfall to maintain service levels for each new residential unit constructed.. Furthermore, nearly \$5,321 in capital facilities cost (per residential unit) are not accounted for in any revenue source. Over time these revenue shortages will manifest itself in service level shortfalls; either the capital improvements will not be made or money will be siphoned from the general fund to pay for the improvements, thus accelerating service drops in operations/maintenance.

Dolores Administration is capable of servicing approximately 200 additional residential units prior to requiring the hiring of an additional FTE. The administration analyses in this report includes the hiring of an additional FTE in 2003 and consequently existing service levels are higher than average when compared to similarly sized towns.

Law enforcement costs seem to be lower than they might be if this service was provided for in-house. Park services in Dolores are high compared to similarly sized communities. Open space and ball field facilities appear to be particularly well developed. Consequently the cost for maintaining these service levels in the face of new growth is substantial. Streets capital costs and maintenance are average. However, the town may want/need to undertake an incremental paving program in future years, either to comply with air quality standards or simply to add to the convenience of travel in town. Following are charts summarizing the incremental costs of development by general fund department:

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 Incremental Annual Operations Costs  
 for Town General Fund Departments
 

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Department	Per Residential Unit	Per 1000 Sq. Ft. Non-Residential Floor Area
Administration	\$ 230	\$ 98
Streets	\$ 148	\$ 193
Police	\$ 135	\$ 135
Parks	\$ 78	N/A
Total	\$ 591	\$ 426

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 Incremental Capital Facilities Costs  
 for Town General Fund Departments
 

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Department	Per Residential Unit	Per 1000 Sq. Ft. Non-Residential Floor Area
Administration	\$ 1,359	\$ 1,758
Streets <sup>1</sup>	\$ 438	\$ 519
Police	\$ 30	\$ 30
Parks	\$ 3,494	N/A
Total	\$ 5,321	\$ 2,307

Each new housing unit will cost the town an additional \$591 per year in operations costs and \$5,321 in one-time capital facilities expansion costs. Similarly, each 1,000 sq. ft. of non-residential floor area will cost about \$426 each year for operations and nearly \$2,307 in capital facilities expansion. The administration capital facilities costs are high because the Dolores Town hall and property are valued at nearly one million dollars. Similarly, the Dolores Parks system is well developed and possesses significant holdings, particularly when compared to other small towns in Colorado. Both because the Town is acquiring significant additional space in town hall when the Library moves and due to the extensive open space holdings the town has, they may want to allow these service levels to decline somewhat over time. However, it would be prudent to determine what the appropriate and satisfactory service levels are.

Please see the following report for extensive details on the subjects addressed in this summary.

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<sup>1</sup> These costs represent only development in existing town lots. See the streets section for a detailed review of costs adjusted for lot size and reach from town boundaries.

## Existing Conditions

In order to analyze the incremental costs associated with different land uses, it is first necessary to inventory existing land uses. It is also helpful, where data permits, to look examine past trends.

Figure 1. Dolores demand unit trends and projections

	1990	2001
Population	866	858
Residential Units	417	424
Average Household Size	2.55	2.27
Occupancy	82%	88%
Non Residential Sq. Ft.	-	327,455

### Population and Housing Units

Dolores lost population but gained a handful of housing units during the 1990's according to the U.S. Census. Housing occupancy increased by 6%, but household size fell – perhaps explaining why occupancy and housing units increased while population fell.

### Dolores Non-Residential Square Footage

Non-residential development includes all commercial structures, office space, warehouses, and government/institutional – everything but residential housing.

The Montezuma County Assessor appraisal system data allowed RPI to inventory all of the non-residential structures in Dolores. This database attributes allowed RPI analysts to sort the buildings by use (merchandising, office, warehouse, industrial, etc.) and to sum the square footages by use type. Property tax exempt properties (government, schools, fire stations, etc.) are not contained in the Assessor database and so RPI conducted phone interviews with key informants (post master, fire chief, Town manager, etc.). Dolores possesses 327,000 sq. ft., of non-residential base development, larger than average when compared to other towns in the region of similar size. **Figure 2** summarizes the non-residential square footage by type in 2001.

Figure 2. Dolores Non-Residential Sq. Ft. 2001

Assessor Category	Ft <sup>2</sup>
Retail/Restaurant	58,080
Lodging	41,615
Office	27,697
Special Purpose	61,650
Warehousing	15,145
Multi Use	4,256
Manufacturing	14,886
Mixed	34,203
Govt./Institutional	69,923
<b>Total</b>	<b>327,455</b>

## Administration

### Introduction

More people and business activity create more demand for Town administrative services. Increased demand translates into a need for more staff, facilities, and equipment. For example, bigger Towns, such as Durango or Grand Junction, have larger administration staffs and facility requirements than smaller Towns (e.g. Cortez or Pagosa Springs). The key to maintaining a quality service level for administration is to increase administration resources in proportion to the growth in population and business activity.

Failure to maintain this proportionate increase will degrade the service levels for the entire Town. This drop in service levels could manifest as a slowing turnaround for land use and building permits, difficulty in accessing Town officials with full schedules, election problems, crowded public meeting rooms, etc..

### Methodology

#### *Demand Units*

Residential: 2001 Housing Units, Projected Reach Demand Units

Non-Residential: 2001 Non-Residential Sq. Ft., Projected Reach Non-Residential Sq. Ft.

#### *Other Data*

- 2001 Town budget
- Town CIRSA Facility Inventory
- Staff list by department
- Town Administrator Interview

#### *Formulas*

Operations LOS = (Employees\*Proportionate Share) / Demand Units

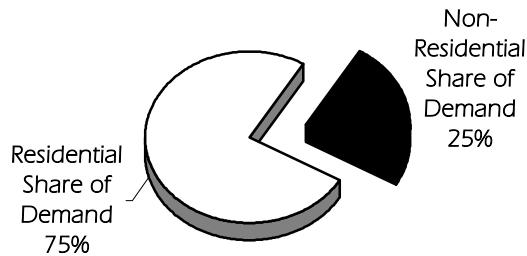
Operations LOS = (Cost / Employee) \* (Employees / Demand Unit)

$$\text{\$Capital Facilities LOS} = \frac{(\text{Town Hall Replacement Cost} * \% \text{ Town Hall Used by Admin.})}{\text{Demand Units}}$$

### Proportionate Share

Administration resources are expended in a 75-25 percent ratio between the residential and non-residential sectors respectively. This is simply the ratio of the assessed valuation of the residential and non-residential sectors. Ultimately, it is the increased activity in these sectors that drives the demand for administration services. Throughout this report, the breakdown between residential and non-residential demand is referred to as the *Proportionate Share*.

Figure 3. Administration Proportionate Share



### Current Level of Service

The level of service for administration is based on full time equivalent employees. As the staff increases, so do the operations costs: payroll, benefits, supplies, professional services, and general overhead.

The capital facilities current level of service expresses the cost of expanding the current administration facilities ( including Town Hall) to accommodate additional employees required by each new demand unit (residential unit or non-residential sq. ft.).

Figure 4 outlines the operations and capital facility costs associated with each new demand unit (i.e. residential unit or 1000 ft<sup>2</sup> non-residential<sup>2</sup>). It should be noted that the town may soon have the ability to increase its working space by moving employees into the space that currently houses the town library. This additional space will be sufficient to house as many as six new employees at the current service level standard of approximately (345 ft<sup>2</sup> per employee), allowing for significant expansion of Administrative (or possibly law enforcement) personnel.

<sup>2</sup> Non-residential is a category representing all land uses *except* residential – e.g. schools, commercial, public buildings, retail, service, office uses, etc..

Figure 4. Administration Current LOS

	Employees (FTE)	Operations	Capital Facility
Per Residential Unit	0.005	\$ 230	\$ 1,359
Per 1000 Sq. Ft. Non-Residential Floor Area	0.002	\$ 98	\$ 1,758

The numbers in the chart above may be utilized to determine the cost of new development to town both within and without the town of Dolores's boundaries. Because there is no proximal (i.e. how near or far) calculation to operations or capital costs (as there is with water/sewer/streets) infrastructure these numbers are applicable to all developments that require the services of town administration..

It is important to note that a failure to expend the above monies in the face of new development will not lead to a budgetary deficit. Rather, it will lead to a level of service deficit – i.e. Dolores services will decline over time.

The capital facilities cost for administration are higher than typical for a town this size. This is a result of the high valuation of Town hall (as determined from CIRSA insurance information) and the similarly high valuation of the property Town Hall resides on.

## Parks

### Introduction

Parks and recreation contribute greatly to the quality of life in small towns and big cities alike. Furthermore, they make a significant contribution to the package of amenities that make places attractive destinations to tourists. Land prices make parks and open space development quite challenging in the Rockies; in addition to land cost, development costs may be as high as \$100,000/mile for improved bike paths, \$100,000+ for a softball field, etc. For this reason, it is very important to monitor how development affects the existing park/open space system and establish mechanisms for funding additional acquisitions and development.

This analysis will give decision makers a set of tools by which to evaluate the Town's level of service for parks/open space and assess the impact projected future development proposal might have on the service levels.

### Methodology

#### *Demand Units*

Residential: 2001 Housing Units,

Non-Residential: For parks, all demand is attributed to residents.



*Data*

- 2001 Town budget
- Town CIRSA Facility Inventory
- Typical cost of raw land in and adjoining Dolores and the cost undeveloped Town site lots provided by local real estate offices
- Staff list by department
- Current parks inventory by type

*Formulas*

$$\begin{aligned} \$\text{Operations LOS} &= (\text{Cost} / \text{Demand Unit}) \\ \text{Capital Facilities LOS} &= ((\text{Park Land Inventory by Type}) / \text{Demand Units}) \end{aligned}$$

**Level of Service**

An updated parks inventory, current demand units, and parks operating budgets are central to the parks analysis. The level of service is expressed in terms of five different types of parks resources.<sup>3</sup> Many other classifications are commonly used in parks planning (mini-park, school park, greenway, various trails designations, etc.), however, RPI has chosen five park resources that appropriately characterize Dolores's current parks system.

Figure 5. Current Dolores Parks Level of Service

	# of Units in Dolores	Units	Level of Service 2001 (per 1000)	National/Regional Standards (per 1000)
Community Parks	3.5	Acres	4.1	2.5
Neighborhood Parks	0.5	Acres	0.6	1.5
Natural Areas/Open Space	8	Acres	9.3	1
Athletic Fields	4	Number	4.7	0.25
Trails	1.5	Linear Miles	1.7	1.6

The Dolores recreation/parks/ and opens space system is excellent when compared to national and regional standards—leading in every category with the exception of neighborhood parks. However, in a town the size of Dolores neighborhood parks tend to lose their significance as the town is small enough geographically that access is convenient for everyone.

Parks operations level of service costs are summarized in figure 6.<sup>4</sup>

<sup>3</sup> Community Park: Serves broader purpose than the neighborhood park. Focus is on meeting community-based recreation needs, as well as preserving unique landscapes and open spaces. Neighborhood Park: Remains the basic unit of the park system and serves as the recreational and social focus of the neighborhood. Focus is on informal active and passive recreation. Open Space: Land set aside for preservation of significant natural resources, remnant landscapes, open space, and visual/aesthetic buffering. Athletic Fields: Usually multipurpose fields for use in competitive sports (soccer, softball, ultimate Frisbee, etc.)

<sup>4</sup> A 100,000 dollar grant was extracted from the 2001 year budget as an anomaly.

Figure 6. Parks Operations &amp; Capital Costs

2001 Operations Budget	\$	33,0601
Operations Cost/Residential Unit 2001	\$	78
<b>Capital Costs</b>		
	Per Residential Unit	Per 1000 Sq. Ft. Non-Residential Floor Area
Parks	\$ 3,494	N/A

Dolores capital costs for maintaining service levels are higher than typical for a town of the size. This is directly related to the quantity and value of assets that Dolores holds in this department. Eight acres of open space and four ball fields represent significant investments.

## Law Enforcement

### Introduction

The Montezuma County Sheriff's Department provides law enforcement for the Town of Dolores on a contract basis. The increase in demand for law enforcement is driven by two trends: 1) growth in resident population, 2) growth in commercial activity.

### Methodology

#### *Demand Units*

Residential: 2001 Housing Units,  
Non-Residential: 2001 Non-Residential Sq. Ft.,

#### *Data*

- 2001 Town Budget
- Sheriff 1998-2001 historic hours logged in Dolores
- Sheriff 1998-2001 historic response data for Dolores
- Town CIRSA Facility Inventory
- Sheriff Interview

#### *Formulas*

$$\text{Operations LOS} = (\text{Officers} * \text{Proportionate Share}) / \text{Demand Units}$$

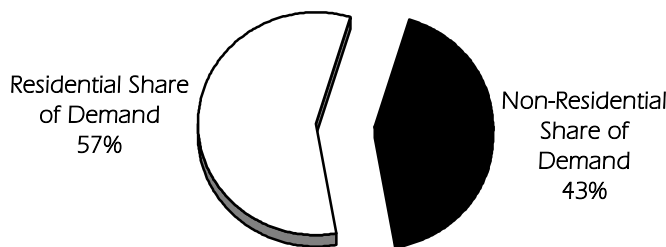
$$\text{\$Operations LOS} = (\text{Cost} / \text{Officer}) * (\text{Officers} / \text{Demand Unit})$$

$$\begin{aligned} \$\text{Capital Facilities LOS} &= (\text{Town Hall Replacement Cost} * \% \text{ Town Hall Used by Sheriff}) / \\ &\quad \text{Demand Unit} \\ \text{Projected Operations Cost by Annexation Scenario} &= (\$ \text{Operations LOS} * \text{Scenario} \\ &\quad \text{Demand Units}) \\ \text{Projected Capital Facilities Cost by Annexation Scenario} &= (\$ \text{Capital Facilities LOS} * \\ &\quad \text{Scenario Demand Units}) \end{aligned}$$

### Proportionate Share

The proportionate share of residential vs. non-residential was calculated using detailed response data for 2000-2001 provided by the Montezuma County Sheriff in the annual reports compiled for the Town of Dolores. Law enforcement responses consist of traffic violations and other crime. Traffic violations were allocated to non-residential and residential based on the total share of traffic attributed to each land use category (see Street section for detail on traffic generated by residential vs. non-residential land uses in the Town of Dolores). Other crime was allocated based on the categories into which the Sheriff categorizes responses. For example, shoplifting responses were attributed to non-residential land use while domestic abuse was attributed to the residential sector.<sup>5</sup>

Figure 7. Dolores Public Safety Proportionate Share



### Current Level of Service

Because law enforcement services are provided by the Montezuma County Sheriff’s department on a contract basis, RPI converted hours logged in the Town of Dolores into full time equivalent employees (FTEs). This enabled the Town to understand demands for law enforcement in terms useful for evaluating potential future needs for a Town police force.

Currently, the Sheriff’s department logs just over 4,300 hours per year. A full-time equivalent employee typically works 2000 hours per year. Therefore, the law enforcement staff generated by the Town of Dolores is equivalent to having 2.2 full-

<sup>5</sup> Traffic 58% / Crime 42%  
 Non-Residential Traffic 29% / Residential Traffic 29%  
 Residential Crime 28% / Non-Residential Crime 14%

time police officers working in the Town. Given the proportionate share, 2.2 full-time equivalent officers yields a current level of service of slightly less than 1 officer per 300 housing units and 3 officers per 100,000 ft<sup>2</sup> of non-residential floor area. Through pure coincidence, both the officers per residential unit and officers per 1000 sq. ft. of non-residential development are equivalent (.003). The costs per demand unit reflect the amount charged by the Sheriff's office to the Town for law enforcement.

Figure 8. Dolores Law Enforcement 2001 Level of Service

Public Safety Level of Service 2001			
	Operations (Officers)	Operations (Annual Cost)	Capital Facilities (One-Time Cost)
Per Residential Unit	0.003	\$ 135	\$ 106
Per 1000 s.f. Non-Residential Floor Area	0.003	\$ 135	\$ 106

Each officer needs a certain amount of space in the station to operate, and increased responses and traffic violations accompanying all new development means a larger volume of activity at the station. Currently, the station has about 115 sq. ft. per officer, which when applied to the current value of that square footage and the land on which it rests means that each housing unit and 1000 sq. ft. of non-residential space generates the demand for \$106 worth of police station space and land.

Currently capital costs for police are quite low because the service is subcontracted and this department has few on-site facility needs.

## Streets

### Introduction

Increased traffic is one of the most notorious and potentially expensive impacts of growth. RPI's strategy for analyzing streets impacts is broken into two categories:

1. Cost of development on the current in-Town streets system
2. Cost of expanding the streets system for various annexation scenarios (this is covered in the "Annexation Reach Analysis" section of this report).

The first approach is particularly useful because it gives the Town a cost estimate for the impacts of platted or future development within the current Townsite on the existing streets system. Analyzing annexation scenarios is useful because it produces cost estimates for expanding the streets system to accommodate new development.

### The Cost of Additional Development on the Town's Current Street System

#### *Methodology*

When someone builds a home on a vacant residential lot, additional traffic is generated by the residents in the house. Similarly, a new grocery store on a vacant lot

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 volume of in Town traffic. The incremental addition of traffic to a streets system will eventually lead to the need for capacity improvements at key intersections and collector/arterial streets throughout the Town in addition to increasing maintenance needs.

#### Measuring and Projecting Traffic

The fundamental assumption behind the methodology for calculating the costs of additional development on the existing Townsite is that streets system impacts increase proportionately with traffic. The unit of measurement for traffic, used worldwide by traffic engineers and planners, is the vehicle trip, and in this case, the Average Daily Vehicle Trip<sup>6</sup> (ADT). The first step is to measure the existing trips generated by development in the Town currently.

The estimate for traffic generated by non-residential development is obtained by applying the trip generation rates in the Institute of Transportation Engineers Trip Generation Manual (ITE) to the 2001 residential units (by type) and to the inventory of non-residential square footage by type obtained by analyzing the assessor database for the Town of Dolores.

Average daily trips are then adjusted to avoid double counting. For example, a single-family residence generates about 9.7 ADT and a grocery store generates about 111 ADT per 1000 sq. ft. This is the total driveway volume for both structures on a given weekday. The ITE has trip adjustment factors that eliminate the possibility of double counting. Furthermore, the ITE has calculated "pass-by trip" adjustments that adjust for the fact that a trip to a grocery store is often only a detour on the trip home. In short, the trip generation estimates are as accurate as possible short of the impossible task of hand counting every trip in Town.

#### Streets Capital Improvements Methodology

One of the key capacity related improvements in Town is the incremental paving of Town Streets (chip-seal is typically used in Towns similarly sized and located to Dolores) As Dolores grows, gravel surface streets, particularly those streets serving as collector streets to the highway, will require more frequent maintenance and dust will eventually cause a decline in Town's air quality significant enough to violate state enforced air quality standards. Also, increased maintenance and minor construction will require a proportionate increase in the Town's streets equipment fleet and shop.

To estimate the cost of incremental paving of the Town's streets system, RPI established the level of service by calculating the current linear ft of paved streets per vehicle trip in the Town. This calculation was performed using the Town's HUTF streets inventory often called the "HUTF signature sheet" which provides surface information and

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<sup>6</sup> An Average Daily Vehicle trip is the average number of times a car passes over a single line across a road in either direction in one day.

length of each street segment in the Town and the Average daily vehicle trip estimates discussed above.

### *Demand Units*

Residential: 2001 Housing Units by Type

Non-Residential: 2001 Non-Residential Sq. Ft. by Type

### *Data*

- 2001 Town budget
- 1999 ITE Trip Generation Manual
- Town CIRSA Facility Inventory
- CDOT website
- Town Equipment Inventory
- Chip-seal surfacing costs from Montezuma County

### *Formulas*

$$\begin{aligned} \$\text{Operations LOS} &= 2001 \text{ Operations Cost} / 2001 \text{ ADT} \\ \text{Incremental Paving LOS} &= (\text{Linear Miles of Chip Seal} / 2001 \text{ ADT}) \\ \$\text{Incremental Paving LOS} &= \\ &(\text{Incremental Paving LOS} * \text{Cost per Mile for Chip Seal}) \\ \$\text{Capital Facilities LOS} &= (\text{Total Value of Facilities and Equipment} / 2001 \text{ ADT}) + \\ &(\$ \text{Incremental Paving LOS}) \end{aligned}$$

### *Level of Service*

Given the total ADT in 2001 and the operations budget, it costs the Town \$148/yr for each new residential unit in Town for Streets operations and maintenance costs (existing streets system). The typical 1000 sq. ft. of non-residential sq. ft. costs about \$174 per year, reflecting higher traffic generation rates from non-residential sq. ft.

Figure 9. Dolores Streets Current Level of Service

	Maintenance (Annual Cost)	Incremental Paving (one-time)	Other Capital Facilities and Equipment (one-time)	Total Capital Costs
Per Average Daily Vehicle Trip	\$ 22	\$ 22	\$ 44	\$ 66
Per Single Family Residential Unit	\$ 148	\$ 148	\$ 291	\$ 438
Per 1000 ft <sup>2</sup> Non-Residential Floor Area	\$ 174	\$ 174	\$ 345	\$ 519

The cost of incremental paving is \$148 per housing unit and incremental expansion of the streets facilities and equipment fleet costs \$291 per housing unit (\$44/ADT as demonstrated in **Figure 10**) for a total cost of \$438 per housing unit for capital facilities costs on the existing streets system (one-time). Other key improvements will be required as traffic increases, such as intersection improvements and streets drainage, but estimating costs of such improvements will require some level of comprehensive transportation planning, traffic pattern analysis, and some planning level engineering.

Figure 10. Streets Facilities and Equipment LOS

Current Streets Equipment Value	\$	166,900
Current Streets Share of Maintenance Facility Value	\$	75,808
Total	\$	242,708
Facilities and Equipment per Trip	\$	44

Keeping a functional and safe streets system is one of the most challenging tasks with which small growing towns are charged. Streets maintenance, construction, and equipment are remarkably expensive and upgrades and replacement cycles are relentless. Preventing a slow decay in streets level of service as Town grow (or not grow) is a matter of raising the revenue necessary to maintain the current level of service, both for maintenance and capital expansion.

Maintaining the current level of service for each housing unit costs over \$500 per housing unit developed in the current town site for basic incremental capital expansion (paving, equipment, maintenance facility). Given the finding that the Town has no earmarked revenue for capital facilities, If the Town begins to experience higher rates of growth, it might consider conducting a streets impact fee support study to develop a mechanism for charging new development for its share of the capital facilities. Low growth rates make for poor annual revenues from impact fees since they are generally paid at the issuance of building permit.

## Revenue Projections for Residential Development

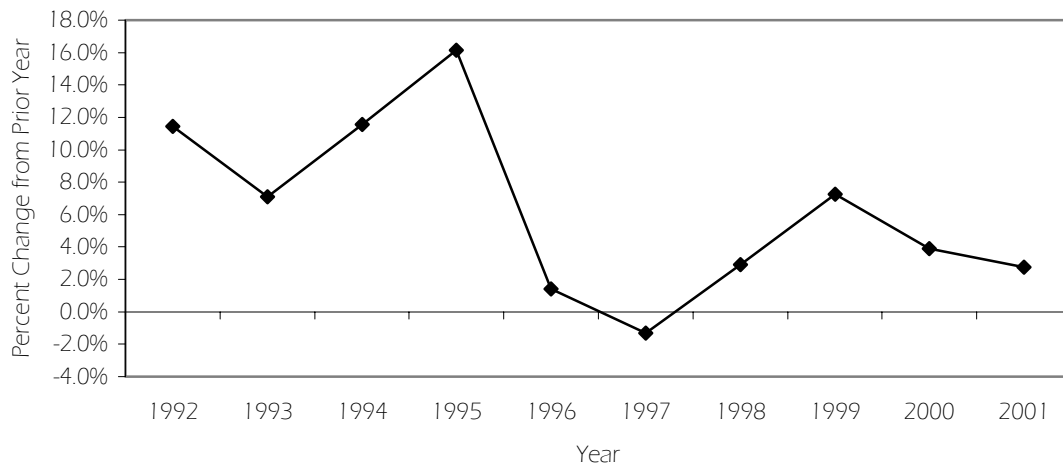
For the purpose of considering additional residential development up the Dolores Valley, RPI has calculated revenue projections on a per residential unit basis.

### Town Sales Tax

Despite flat population growth in Town, Dolores has experienced modest growth in sales tax revenue (almost an 80% increase between 1991-2001). This is probably due to Dolores' relatively strong non-residential sectors' ability to capture spending from the growing portions of the unincorporated County around Dolores and the increasing number of tourists and recreationists staying in or passing through Dolores.

Despite overall growth through the decade, the amount of growth from year to year fluctuates significantly, as is often the case with sales tax (see **figure 11**). While sales tax plays the largest role of all of the Town's revenue sources, it is probably the most instable.

Figure 11. Annual Change in Sales Tax Revenue



### Methodology

Calculating per residential unit sales tax revenue generation requires the establishment involved two steps:

1. Define Dolores service area and count residential units in this area
2. Isolate the spending driven by locals from that driven by tourists and regional recreationists.

The Dolores service area is simply defined as the geographic extent of the Town and unincorporated County that are likely to use services and purchase goods in Dolores on a regular basis. The service area was defined by locating all of the housing units within about a 10 minute drive from the Town of Dolores in both directions on S.H. 184. Since there are no significant retail or service centers going up the Dolores valley for nearly 70 miles up S.H. 145, the Dolores Valley to the County line is considered to be within the service area, which is more than a 40 minute drive. On the other hand S.H. 145 South to Cortez is considered to be primarily in the Cortez service area.

The ten minute range was established in the field by locating the nearest mile marker to the ten minute range on the highways discussed above. Using the Montezuma County GIS database merged with the Assessor database (containing data on improvements), RPI was able to count the residential dwellings accessed from the highway within the identified service area.

In order to ensure that tourist spending was not attributed to the residential population, second quarter ('off-season') tax revenues were used as the baseline measure of the residential population spending<sup>7</sup>. The amount of revenue in the other 3 quarters that exceeds the base line spending was attributed to tourists.

<sup>7</sup> Second quarter spending was multiplied by 4 to obtain the residential population spending.



*Data*

- 1990-2001 Quarterly Sales Tax Collections for Town from CO Dept. of Revenue
- Montezuma County GIS Parcel, Road, Municipal Boundary Data
- Montezuma County Assessor Data staff list by department
- 1990-2000 Census Data

*Results*

The analysis described above yields the results in **figure 12**. Most of the spending captured by the Town is from residents of the Town and surrounding portions of the County. The Revenue of \$241 per housing unit reflects an estimated nearly \$7,000 per household in the service area expenditures in the Town of Dolores. This amount of spending from each housing unit represents about 23% of the area's median household income. The general rule is that households spend just over 1/3 of their income on retail goods<sup>8</sup> so Dolores is "capturing" a respectable amount of spending given the proximity of major retail establishments in Cortez.

**Figure 12. Revenue Breakout**

2001 Tourist Spending Sale Tax Revenue	\$ 51,552
2001 Local Spending Sales Tax Revenue	\$ 182,818
Housing Units in Service Area	760
Annual Revenue per Residential Unit	\$ 241
Taxable Sales per Residential Unit	\$ 6,876
Taxable Sales per Person per Month	\$ 229
% of Median H.H. income	23%

## Property Tax Revenue

Although property tax plays less of a role than sales tax in the budget, it is a more stable, reliable revenue source than sales tax.

RPI analysts created a list of homes constructed in the last decade in Dolores by their assessed values, the value to which the Town's mill levy is applied to calculate property taxes.

This analysis yielded an average assessed value of \$13,750 for newer single family residential units in Dolores. Applied to the current Town mill levy of 11.921 mills, this yields an average annual revenue of \$164 per single family unit.

A parallel analysis yields an average annual revenue of \$134 per 1000 sq. ft. of non-exempt non-residential floor area.

<sup>8</sup> Census Bureau's Consumer Expenditure Report

## Fees, Fines, and Franchise Tax

The other remaining revenue sources that can be directly tied to additional development are fees and fines. Fees and fines were attributed only to the residential sector because this is the sector associated with the permanent population. The fees and fines per residential unit total \$14 per year.

Franchise tax is attached to utilities and is therefore related to the amount of activity occurring in a residence or establishment. One way to measure activity is to use traffic as an indicator. Higher traffic volumes associated with specific land uses indicate higher levels of activities, which will in turn generate more demand for utilities, thereby generating franchise tax. This analysis yielded a total franchise tax revenue from each residential unit of \$82/year and \$79/year from each 1000 sq. ft. of non-residential floor area.

## Summary

Having conducted the separate analyses for each of the four types of revenue directly attributable to development, they can be summarized and totaled as in **figure 13**.

**Figure 13. Revenue Per Increment of Development**

	Per Residential Unit		Per 1000 sq. ft. Non-Residential	
Average Property Tax Revenue	\$	164	\$	134
Fees/Fines	\$	14		N.A.
Franchise Tax	\$	82	\$	79
Sales Tax	\$	241	\$	157
Total Revenue per Year	\$	501	\$	370

When considering the revenue projections for sales tax, it is important to remember that all of the sales tax revenue except that associated with tourism is attributed to residential units. The assumption is that commercial development will increase naturally with demand for taxable products. If the commercial base fails to expand to meet the demand, the sales tax per unit may decrease. The sales tax revenue of \$157 per 1000 sq. ft. of non-residential floor area is in effect the amount of sales tax revenue the non-residential sector draws in from tourist and recreationists above and beyond the amount it draws in from locals.

## Annexation Reach Analysis

RPI conducted the reach analysis to be congruent with work performed for the town regarding water/wastewater service. The water analysis divided potential annexation zones into "reaches" and concluded theoretical buildouts of lots within these reaches based on parcel sizes and total acreage within the reach areas.

The following analyses considers three tiers of impact resulting from future annexation. These tiers include 1) capital facility expansion costs to water/sewer & general fund departments (**figure 15**), 2) operations costs to general fund departments + projected annual revenues from residential development (**figure 16**), and 3) capital & operations costs to the streets system (**figure 22**).

The streets system was considered separately from other general fund departments because its development, like water & sewer, is geographically sensitive (i.e. distance, economy of scale, and efficiency of use are major factors in computing costs).

**Figure 15** demonstrates what the cumulative capital costs of water/sewer and General Fund expansions will cost the town given buildout of each zone (the incremental total costs per lot are also shown). In this matrix GF departments include only Parks, Administration, and Police – due to the unique nature of streets costing they are considered separately in **figure 22**.

**Figure 16** reveals the operations (annual) costs for general fund departments (including streets) and compares the potential average revenues for each buildout. The final column in this section demonstrates the gap between costs and revenues. It is important to realize that this gap does not represent an actual budgetary deficit, but rather the quantity of money that would need to be expended in order to maintain existing service levels; failure to make these expenditures will simply result in declining service levels.

Figure 14. Reach Graphic

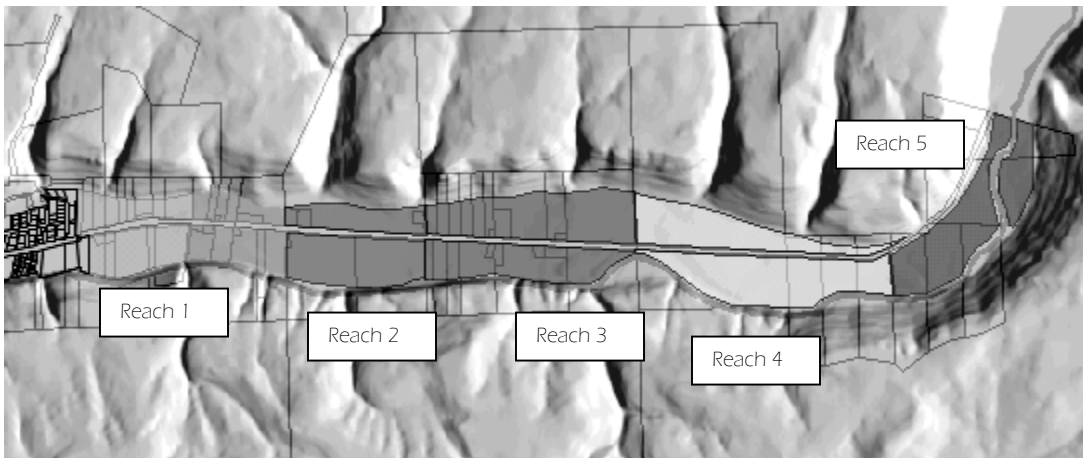


Figure 15. Reach Analysis: Capital Costs

CAPITAL COSTS					
		WATER & SEWER	GENERAL FUND DEPARTMENTS <sup>9</sup>	GENERAL FUND + WATER / SEWER	
Reach	# Lots	Cost per zone (\$)		Cost Per Lot	
Existing Lots					
1	15	\$ 178,580	73,243	16,788	
2	6	250,020	29,297	46,553	
3	22	289,660	107,423	18,049	
4	4	342,855	19,531	90,597	
5	6	200,725	29,297	38,337	
3-acre lots					
1	16	174,050	77,620	15,832	
2	27	255,163	132,326	14,298	
3	43	294,553	210,757	11,707	
4	44	351,377	214,377	12,886	
5	26	205,419	128,706	12,676	
1-acre lots					
1	48	181,591	232,861	8,691	
2	81	268,016	396,979	8,179	
3	129	315,025	632,270	7,316	
4	132	372,200	643,130	7,709	
5	79	217,920	386,119	7,639	
0.25 acre lots					
1	191	240,734	931,445	6,145	
2	325	356,283	1,587,915	5,978	
3	518	447,179	2,529,081	5,746	
4	527	512,085	2,572,519	5,855	
5	316	298,507	1,544,477	5,827	
0.10 acre lots					
1	477	312,785	2,328,613	5,539	
2	813	479,087	3,969,788	5,472	
3	1295	642,770	6,322,702	5,379	
4	1317	711,036	6,431,298	5,423	
5	791	417,952	3,861,192	5,411	

<sup>9</sup> Includes Administration, Parks, & Police

Figure 16. Reach Analysis: Operations Costs &amp; Revenues

OPERATIONS COSTS & REVENUES				
		GENERAL FUND DEPARTMENTS <sup>10</sup> COSTS	REVENUE	DIFFERENCE
Reach #	Lots	Cost per zone (\$) (Annual)	Revenue per zone (\$) (Annual)	Revenues - Costs
Existing Lots				
1	15	\$ 8,872	7,515	(1,357)
2	6	3,549	3,006	(543)
3	22	13,012	11,022	(1,990)
4	4	2,366	2,004	(362)
5	6	3,549	3,006	(543)
3-acre lots				
1	16	9,402	7,964	(1,438)
2	27	16,029	13,577	(2,452)
3	43	25,529	21,624	(3,905)
4	44	25,968	21,996	(3,972)
5	26	15,590	13,206	(2,385)
1-acre lots				
1	48	28,207	23,892	(4,314)
2	81	48,087	40,731	(7,355)
3	129	76,588	64,873	(11,714)
4	132	77,903	65,987	(11,916)
5	79	46,771	39,617	(7,154)
0.25 acre lots				
1	191	112,827	95,570	(17,257)
2	325	192,346	162,926	(29,420)
3	518	306,351	259,493	(46,858)
4	527	311,612	263,950	(47,663)
5	316	187,084	158,469	(28,615)
0.10 acre lots				
1	477	282,068	238,924	(43,144)
2	813	480,865	407,315	(73,551)
3	1295	765,877	648,732	(117,145)
4	1317	779,031	659,875	(119,157)
5	791	467,711	396,172	(71,539)

<sup>10</sup> Includes Administration, Parks, Police, & Streets Operating costs per residential unit

## Cost of Expanding the Streets System for Various Annexation Scenarios

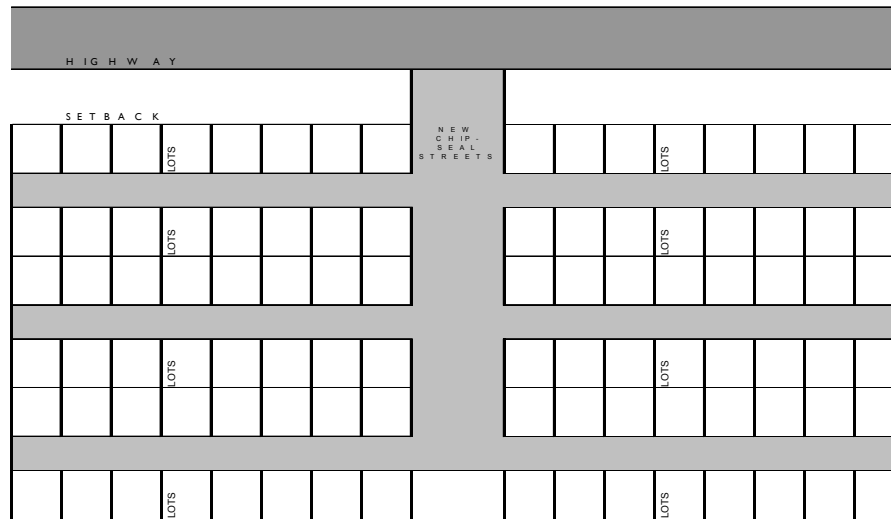
Because the Town may wish to consider developing various reaches at various densities, RPI has presented detailed results to allow Town officials and interested citizens to explore various scenarios by simply adding the costs of the reaches at the chosen densities.

### *Methodology*

This analysis focuses on the costs associated with adding additional streets in various annexation scenarios to the Town's system. This planning level analysis focuses on two important variables when considering annexation: 1) density and 2) the extent of land annexed. In order to adequately analyze the costs associated with different densities, RPI used a linear based approach to conduct this analysis. Because this approach is based on costs associated with linear miles of streets, it is fundamentally different from the traffic based analysis used to estimate the cost of additional development on the existing streets system.

This analysis essentially consists of a theoretical buildout of the potential annexation "reaches" at various densities and the development of a theoretical streets system to serve the development scenarios. Rather than to try to predict the actual development patterns at various densities of development, RPI chose to analyze streets development at various densities using the block pattern. Block pattern development is particularly efficient with regard to streets because residences can be located across the street from one another, maximizing the number of units accessed by a given length of streets. See **figure 17** for an illustration of a typical block system. While it is a good idea to encourage development patterns that maximize the number of accesses per linear increment of streets RPI is not suggesting that block system development is the only way to accomplish this. Rather, analyzing block system development is a conservative way to estimate the effect of density on the per unit cost of street construction, facilities, and maintenance.

Figure 17. Typical Block System



As the lot sizes within a block system development increase, so does the length of streets necessary to serve those units. This is due to the increased streets frontage accompanying larger lot sizes. In order to estimate the additional length of streets for lower densities, RPI analysts evaluated 4 theoretical 60 unit subdivisions with identical block system layouts at the four densities utilized in the previous analyses.

The linear cost of developing streets includes the cost of developing a base and a surface. RPI deemed that chip-seal streets would adequately serve the scale of development considered in this analysis. Typically a 24 foot wide chip-seal street requires 12" of base rock, 4" of gravel, and 3 coats of chip-seal. Regionally, such construction usually costs approximately \$200,000 per mile.<sup>11</sup>

Additional streets in the Town will mean additional maintenance costs as well as an expansion of the equipment fleet and maintenance facility. Maintenance costs are likely to increase with the length of streets for which the Town is responsible. Similarly, an increasing extent of the streets system will require more equipment and expanded maintenance facilities. For this reason, in the context of annexation analysis, the level of service is stated in terms of cost per linear mile. This LOS expression will allow per unit cost calculations that reflect the decreasing efficiency of lower densities.

#### Data

- 2001 Town budget
- HUTF Streets Inventory
- Town CIRSA Facility Inventory
- Town Equipment Inventory
- Regional Chip-Seal, Base Rock, and Graveling costs

#### Formulas

$$\begin{aligned} \$\text{Maintenance LOS} &= 2001 \text{ Maintenance Cost} / 2001 \text{ Miles of Streets} \\ \$\text{Equipment and Facilities LOS} &= \text{Total Value of Facilities and Equipment} / 2001 \text{ Miles of Streets} \end{aligned}$$

<sup>11</sup> Estimate based on similar construction costs in Montrose and Archuleta Counties.

*Level of Service and Linear Costs*

The cost of maintaining streets in Dolores was obtained by dividing the 2001 streets operations and maintenance costs by the miles of streets in Town (see **figure 18**). Currently, the Town has just under 7 miles of streets.

Figure 18. Dolores Streets Inventory

Type	Length in Miles
Dirt	0.2
Gravel	4.47
Chip-Seal	2.17
Total	6.84

Figure 19. Maintenance and Facilities/Equipment Level of Service

	Per Linear Mile
Maintenance Cost (annual)	\$ 18,180
Facilities and Equipment Cost (one-time)	\$ 35,484

Dividing the total value of facilities and equipment and the annual maintenance costs yields the respective levels of service.

The estimated linear cost of hiring a contractor to construct chip-seal roads in Dolores is \$200,500 per mile (see methodology section above).

*Density Cost Comparisons*

At the core of the difference in streets costs for various densities is the fact that larger lots require more streets frontage and therefore require more construction, maintenance, facilities and equipment. The theoretical subdivision layout used in this analysis yielded the linear ft. of streets per housing unit contained in **figure 20**.

Figure 20. Linear Ft. of Streets at 4 Densities

Linear Ft. of Streets Per Unit for Various Densities	
.10 Acre. Lots	43
.25 Acre Lots	54
1 Acre Lots	106
3 Acre Lots	175

The linear ft per lot at these densities applied to the LOS and linear construction costs outlined above leads to the costs per unit contained in **figure 21** at the 4 densities under consideration.

Figure 21. Streets Costs Per Unit at 4 Densities

Estimated Streets Cost per Unit at Various Densities
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	Streets Construction (one-time)	Facilities and Equipment (one-time)	Maintenance (annual)
.10 Acre Lots	\$ 1,642	\$ 291	\$ 148
.25 Acre Lots	\$ 2,031	\$ 360	\$ 184
1 Acre Lots	\$ 4,006	\$ 709	\$ 363
3 Acre Lots	\$ 6,645	\$ 1,176	\$ 603

Given the streets construction and facilities/equipment costs, developing at the 3 acre/lot density is over 4 times more costly per unit than the 10 acre lots. Similarly, it will cost the Town more than 4 times in maintenance costs per unit for 3 acre density than for a unit developed at the typical Town site density.

Even if the Town requires that developers cover the entire cost of the initial streets construction and then dedicate the streets to the Town, the maintenance, equipment, and facilities costs for lower densities will render it more efficient for the Town to adopt high density policies for annexation/subdivisions.

Figure 22. Streets Operations & Capital Costs

STREETS OPERATIONS & CAPITAL COSTS				
		ROAD CONSTRUCTION (one time)	OTHER CAPITAL COSTS (one time)	MAINTAINANCE COSTS (annual)
Reach #	Lots	Cost per zone (\$)	Revenue per zone (\$)	
<b>3-acre lots</b>				
1	16	191,000	33,800	8,800
2	27	325,700	57,600	15,000
3	43	518,700	91,800	23,900
4	44	527,600	93,400	24,300
5	26	316,800	56,100	14,600
<b>1-acre lots</b>				
1	48	191,000	33,800	8,800
2	81	325,700	57,600	15,000
3	129	518,700	91,800	23,900
4	132	527,600	93,400	24,300
5	79	316,800	56,100	14,600
<b>0.25 acre lots</b>				
1	191	387,500	68,700	35,100
2	325	660,600	117,100	59,900
3	518	1,052,200	186,500	95,400
4	527	1,070,300	189,700	97,000
5	316	642,600	113,900	58,300

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0.10 acre lots				
1	477	782,900	138,800	70,500
2	813	1,334,700	236,600	120,200
3	1295	2,125,700	376,800	191,400
4	1317	2,162,200	383,300	194,700
5	791	1,298,100	230,100	116,900

## Action Items

- Define, prioritize, and develop funding strategies for capital facilities projects (i.e. generate a comprehensive capital facilities plan including improvements for administration, law enforcement, parks, road & bridge, and public works facilities)
- Raise all fees and fines 5-15% – this will partially offset the 10% annual operations level of service shortfall
- Consider conducting a build-out study of the existing townsite
- Set service standards for parks and generate a schedule of land dedications or fees/in lieu for new subdivisions (set to standards outlined in figure 5 pg. 17 of this report)
- Focus on on-site improvements to existing parks – understand that some improvements inevitably increase maintenance costs
- Secure easements to maintain trail and park connectivity for future development
- Calculate accurate water & sewer tap fees as well as monthly charges
- Generate an annexation plan including criteria and standards for future annexations – this plan should be both more comprehensive and stringent than the existing statutory standards.
- Investigate the feasibility of impact fees for capital facilities costs

## Considerations

### Administration

- If the town does not currently require all of the space acquired through the moving of the library, consider renting or donating the space to another organization until the town grows enough to require additional space (e.g. if the Town develops a local police force or requires additional staff members).

### Parks

- Think of parks development as economic development – i.e. well developed parks systems next to roadways not only benefit the local community but can encourage, what otherwise might be drive-through tourists, to stop in the town for a while. (e.g. Ridgway, Ouray, & Creede).

### Law Enforcement

- If the town is currently satisfied with law enforcement service (response time, service quality, etc..) RPI recommends that Town maintain this contract based service as long as possible. Both the operations and capital costs appear to be approximately half the costs associated with similarly sized communities that maintain in-house law enforcement services.

## Streets

- Applications for annexation and development should always be considered carefully, keeping in mind that the Town has the final word on whether a property is annexed. One general principal to be drawn from the density scenarios is the fact that denser development is more efficient and cost effective. Higher densities make better use of streets by creating more accesses for a given length. Locals drive shorter distances in compact development patterns and are more likely to walk in a Town where the housing is closer to services and commerce
- Dolores should consider engaging in a comprehensive transportation plan, in order to prioritize capital facility road improvement and facilitate planning for roads and future annexations.
- Dolores should develop clear and specific streets development standards for all new subdivision developments or/and annexed properties

## Miscellaneous

- Dolores is losing sales tax revenues. The town may want to consider methods for capturing some of these additional dollars (encouraging additional retail development – particularly those that serve locals e.g. a grocery store). Boosting sales tax revenues even modestly would likely ameliorate Dolores existing service level declines.
- Focus planning within the existing town site, establishing priorities and contemplating the existing non-residential mix of goods and service providers
- Establish a revenue mechanism to defray capital cost for new development (e.g. impact fees) while these will not yield revenue until there is new growth, it is prudent from both a political and legal standpoint to implement them prior to reviewing a major development application.
- Dolores should consider the implications of buildout of the existing townsite. The town may also want to do some research to understand its regional market position as a commercial retailer. How might the town cooperate with the county? What are the town's existing assets? What are the priorities?
- The Town's 1997 comprehensive plan objectives include the development of a capital improvements plan. The list of improvements desired by the community in the objectives include sidewalk/board walk construction, streetscape improvements, enhancement of parks, trails and pedestrian connectivity, and historic renovation. RPI suggests that the Town make a needs and necessities list and prioritize efforts, not forgetting the importance of streets, water/sewer, and general government facilities. Starting small with capital improvements will focus the efforts of the Town on a realistic task list and make it more appealing to community members. Public capital facilities are expensive, requiring that all pragmatic capital facilities planning includes a full budget and funding strategy.

## Annexation Overview

Annexation is one of the most often misunderstood elements of local government planning. Much of the confusion arises with regard to the rights and authority of the property owners and local government respectively. This brief section seeks to provide only the most general information regarding annexation under Colorado statutes.

### Background

Colorado's annexation statute is commonly known as the "Municipal Annexation Statute of 1965." Many amendments have been made to this statute since that time but many of the basic elements germane to rural government annexation have remained constant.

### Overview of "Municipal Annexation Statute of 1965."

To be eligible for annexation one sixth of the perimeter of the area proposed to be annexed must be contiguous with the annexing municipality. Generally, this contiguity ignores the presence of public roads, water bodies, and public lands.

If an annexation removes a property from one school district and attaches it to another, written consent from the school districts board of directors is required.

Municipalities are not allowed to annex more than three miles from the existing municipal boundary in any one year.

Municipalities are required to have a plan in place for the annexation area that generally describes the location, character, and extent of streets and other transportation ways, public areas, public utilities, and transportation facilities. The plan needs to be updated annually.

When an unincorporated area is entirely contained within the boundaries of a municipality for at least three years, that municipality has the authority to annex the property without the consent of the landowners. This is the only instance where a municipality may "force" an annexation – properties completely surrounded by municipalities are commonly referred to as "enclaves". Conversely, the property owners may "force" the municipality to annex them if these conditions exist (i.e. the property is completely surrounded by the municipality for at least three years and they have completed a valid petition to annex). Unilateral annexation is also available to municipalities when the municipality is the sole owner of the property (however the property must still meet the contiguity requirements).

Except in the annexations scenarios described above (i.e. enclaves) all annexations take place at the request of property owners and only with the consent of a municipality. Also known as voluntary annexation. It is worth emphasizing that all annexations are voluntary (with the exceptions noted above) and that municipalities

cannot force landowners to annex nor can the landowners force the municipality to annex. The general requirements for voluntary annexation include:

- Landowners of more than 50 percent of the area eligible for annexation must petition for annexation to the municipality. The landowners properties must meet the contiguity and other requirements for annexation. However, the meeting of these requirements means only that the property is *eligible* for annexation, that is, that the municipality may annex the property – not that it will or is under any obligation whatsoever to do so.
- Another method of annexation may be undertaken when 10 percent of the landowners within a proposed annexation area sign a petition for an annexation election. If the election is deemed to meet the requirements of the statute, the annexation will be put to a vote of the property owners within the proposed annexation area. Again, if a majority of the property owners elect to have their property annexed, the municipality is required only to consider the annexation – it is under no obligation to do so.

If the landowners and municipalities concede to an annexation, an annexation impact report must be completed that meets the requirements of the state statute (CS 31-12-108.5). This report must include, at minimum, the following: (the impact report is not required for annexations of 10 acres or less):

1. Maps of the municipality and adjacent territory showing present and proposed boundaries, utilities, roads, etc...
2. Copy of pre-annexation agreement if available
3. Statement declaring municipalities plans for providing services to annexed area
4. Statement declaring municipalities plans for financing extension of municipal services.
5. Statement identifying existing districts within annexation area
6. Statement declaring the effects of annexation on the public school district.

These requirements represent a bare (and likely inadequate) minimum from an analysis perspective. And may be waived entirely if the county and municipal boards decide to do so. There are additional requirements concerning public hearings, notices, etc... consult the statute for a detailed review of the procedures.

RPI recommends that all annexations be reviewed carefully by municipalities. Preparing a comprehensive annexation planning document puts forward, in the beginning, the criteria and concerns the municipality will be utilizing when considering an annexation. Fiscal and design consideration should be at the forefront of annexation considerations. Is the annexation going to cost the municipality money to provide services? How much? What is the possible return? Is it worth losing money on an annexation in order to gain planning review over the project?

Typically the landowners in an annexation stand to gain considerably by annexation (municipal services including roads, law enforcement, water, sewer, etc...),

consequently a municipality should conduct a thorough cost benefit analysis to determine what it may require in return for conceding to the annexation. Pre-annexation agreements are the place to document the results of the negotiations. Major annexations may require the analytical assistance of outside consultants.