
Fiscal Impact Analysis:

Ouray County, Colorado

July 2006

Prepared by:

RPI Consulting Inc.



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EXECUTIVE SUMMARY & FINDINGS

PURPOSE

The research in this report serves two functions:

1. To estimate the current dollar cost per increment of development to maintain existing public service levels. This sets a benchmark for understanding the link between land use, the demand for public services and facilities, and costs to Ouray County.
2. Consider the costs of future projected growth over the next ten years.

SUMMARY

Ouray County, like many high growth jurisdictions in Colorado, is vulnerable to experience some degree of service degradation due to rapid population increases. The possibility becomes particularly clear upon evaluating the fiscal impacts of residential development in the unincorporated County.

The following charts detail general fund department-by-department costs to maintain the current service levels, per residential unit – both for ongoing annual operations and one time capital facilities.

Incremental Costs for General Fund Departments - Residential

Department	Existing Staff per 1000 Residential Units	Annual Operations Costs Per 1000 Residential Units	Capital Facilities Cost per 1,000 Residential Units (one time cost)
Administration	5.1	\$ 320,628	\$ 712,102
Sheriff	1.3	\$ 75,832	\$ 75,252
Road & Bridge	NA	\$ 548,000	\$ 3,895,000
Total		\$ 944,460	\$ 4,682,354

Something to bear in mind (although this report does endeavor the analysis), is that different land use patterns produce differential costs for the Road and Bridge and Sheriff's department's contingent on the amount of driving projected to occur when development is either compact or dispersed. Increased driving means more maintenance and improvements for the Road and Bridge department and more traffic patrol and longer response times for the Sheriff's department.

Upon comparing the projected revenues to the projected costs the possibility of the degradation of existing service levels in the face of new growth becomes clear. The incremental costs represent the cost of maintaining the current level of service and a deficit is not necessarily a projection of a negative balance in the county budget, but rather it represents a proportionate degradation from current service levels.

Ouray County Fiscal Impacts 2015

	Operations Costs 2015 Residential Units	Annual Revenues Projected from 2015 Residential Units	Annual Balance	Capital Facilities 2015 (One-Time Cost During Buildout)	Annual Revenues Projected from 2015 Residential Units	Annual Balance
Administration	\$ 555,988	\$ 649,003	\$ (93,015)	\$ 1,234,828	\$ 55,797	\$(1,179,031)
Sheriff	\$ 131,498	\$ 149,271	\$ 17,773	\$ 130,491	\$ 3,962	\$ (126,530)
Road & Bridge	\$ 400,956	\$ 184,381	\$ (216,575)	\$ 2,849,862	\$ -	\$(2,849,862)
Total	\$ 1,088,442	\$ 982,655	\$ (291,817)	\$ 4,215,181	\$ 59,759	\$(4,155,422)

Large capital facilities costs may signal the need for developing additional revenue sources.

FINDINGS BY DEPARTMENT**ROAD & BRIDGE**

- Projected development of residential and non-residential structures in the unincorporated area will result in a 42% increase in traffic.
- Operations and maintenance revenues barely cover the costs of keeping up levels of service for roads operations and maintenance given the projected increase in traffic by 2015.
- A typical residential unit produces less than half the road and bridge annual revenue necessary to cover the \$550 annual cost of maintaining operations and maintenance levels of service needed to serve the traffic generated by that residence.
- Maintaining levels of service for equipment and facilities and the targets set by the road and bridge capital improvements plan will cost \$3,895 for each residential unit. Residential units do not produce earmarked capital facilities revenue for road and bridge, resulting in a 100% capital improvements shortfall.
- The lack of earmarked funds for capital improvements in the road and bridge fund could result in an over \$2.6 million shortfall of maintaining levels of service.

ADMINISTRATION

- On average, it costs about \$62,615 annually per administration employee to provide administrative services to the public.
- In order to maintain current service levels, Ouray County will need to staff 8.9 administration employees at a cost of \$555,988 (additionally) annually.
- Housing unit revenues are not currently covering the cost of serving those residents with administrative functions – the gap is likely being filled by tourist tax dollars and/or revenues generated through other departments
- In order to accommodate the 9.5 additional employees needed the County will need an additional \$1.2 million worth of administration space. Failure to provide adequate space could make it impossible for the County to keep up with the staffing needed to accommodate new development since the availability of work space can be *the*

limiting factor dictating whether or not the County hires additional administration employees.

LAW ENFORCEMENT

- The current Level of Service (LOS) the Sheriff's department provides is 1.3 officers and support staff per 1,000 residents and .2 officers and support staff per 100,000 sq. ft. of non-residential floor area. The level of service standard to residents is below the national standard of 2 FTE's per 1000 residents.
- The operations costs for the law enforcement department are largely supported by general revenues (i.e. property tax & sales tax). The Sherriff's department will require significant capital investment in additional building floor area in order to accommodate hiring of additional FTE's to maintain current service levels.

INTRODUCTION & METHODOLOGY

The analysis contained in this report evaluates departmental operations and capital costs for County departments both currently as well as estimating the cost of maintaining existing levels of service to 2015. Note that costs in this report reflect both aggregate and per unit (i.e. per residential household or per sq. ft. of non-residential floor area) costs. The total number of new population and non-residential floor area need to be confined to the 2015 year time frame – if the county builds out at faster or slower rates, the numbers contained in this report are still valid and useable – 2015 only provides a projected reference point.

Fiscal 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 fiscal impact report analyzes existing costs and potential growth within Ouray County over the next ten years.

Although non-residential (often referred to as commercial but also includes institutional development) is a component of the total costs – it is a minimal component for Ouray County and, as such, it is generally de-emphasized in the report - numbers calculating non-residential development were primarily analyzed so that they could be separated from residential development in order to provide a clearer picture of the costs.

Fiscal 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 both now and in the future. This report contains the building blocks with which to understand and track future growth in Ouray County. 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/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 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, fiscal impact reports may help 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 serious quality of life issues. Unfortunately, many of these conditions arise when 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.

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 County planning.

3. Establish baseline information

In order to chart a course for the future, a County must know where it is right now. A useful component of this analysis is the establishment of current Level of Service (LOS) information for 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 poor service to the community. Alternately, a library that holds 10,000 books for every citizen provides a tremendous level of service. Likewise with parks and open spaces, or fire protection.

LOS = Level of Service

This report not only reveals existing conditions in the County now, but also makes comparisons to other localities and/or national standards - providing some context both 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 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 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, 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. 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, streets, 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 a 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 fiscal impact analysis.

The RPI typically 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 forecaster's 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. 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.

METHODOLOGY

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

1. Demand unit measurement and projection
2. Determining the proportionate share
3. Determining the current Level of Service (LOS)
4. Calculating the cost of maintaining the current Level of Service (LOS) given the projected demand units
5. Revenue comparisons and fiscal summary

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

DEMAND UNIT PROJECTION

Demand units are the units of growth generating additional demand for public facilities and services. Demand units differ for departments and/or special districts, depending on the nature of the service and facilities provided. For example, housing units are used for calculating increased demand on schools. School districts will usually experience marked increases in the number of students when there are increases in housing units. Similarly, increased demand for library services, materials, and facilities is related to the overall population. More people translate into more library users, so population is a demand unit for calculating additional costs on the library. Non-residential demand units are typically defined in terms of square footage, but there are some minor exceptions.

Ouray County's analysis involves 1) selecting appropriate demand units, 2) measuring the current number of demand units, and 3) projecting the demand units generated by the development to 2015.

PROPORTIONATE SHARE

RPI fiscal 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 subtraction of costs that are not directly related to the development. For example, a Sheriff's office 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 mixed commercial and residential development first requires a known proportion of how the department or special district's resources are directed to these different land uses, as well as to areas unrelated to land use (e.g. highways). Establishing these numbers generates the proportionate share.

CALCULATING THE LEVEL OF SERVICE

Level of service (LOS) calculations are dependent on having the current demand units for a department or special district and the proportionate share. 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 per demand unit. This is the fundamental measure of the incremental cost of growth.

If a department or district is planning major upgrades to their service levels (for example, if the Ouray County Sheriff were planning to triple the number of officers) Level of Service can be expressed in terms of target Level of service by a certain year.

REVENUE PROJECTIONS AND FISCAL SUMMARY

In the final step, revenues are considered and compared to the costs. Revenue analyses are specific to the type of revenue and methodologies are explained throughout. In order to isolate the revenues generated specifically by residential units and their occupants, RPI sorted the budget to include only revenues that are directly related to new housing units. In most cases, unincorporated Ouray County non-residential development was deemed relatively minor and hence not all calculations and costs apply to this demand unit.

Please do not hesitate to call RPI Consulting with questions concerning any element of this project.
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EXISTING CONDITIONS AND PROJECTED GROWTH

Because some County services are provided to incorporated and unincorporated areas in the County while others are provided primarily in the unincorporated areas, it is necessary to determine demand units for both. Data sources are listed in the right column of **Figure 1**. Population projections for the entire County were obtained directly from the CO department of Local Affairs Demography Section website.¹

OURAY COUNTY DEMAND UNIT TRENDS AND PROJECTIONS

Many of the projections developed for Ouray County are jointly based on Colorado Demography Section forecasts and modified by RPI to reflect known 10 year growth trends in Ouray County – in most cases the RPI generated projections are slightly higher than Demography Section forecasts.

Figure 1. Ouray County demand units 2005: Base Year

	Demand Units Base Year 2005	Source
Residential Units (Entire County)	2,636	CO Demography Section/RPI Trend Analysis
Population (Entire County)	4,320	CO Demography Section/RPI Trend Analysis
Population (Unincorporated County)	2,623	CO Demography Section/RPI Trend Analysis
Non-Residential Sq. Ft. (Unincorporated County)	199,695	Assessor Database
Non-Residential Sq. Ft.(Entire County)	947,378	Assessor Database
Ouray County % Seasonal Housing Units	26.6%	U.S. Census
Average Owner Occupied HH Size Ouray Co	2.37	U.S. Census
Ouray County Registered Vehicles/Housing Unit	2.85	Ouray County Clerk

Figure 2. Projected Ouray County demand units 2015

	2015	Source
Residential Units (Entire County)	3,858	CO Demography Section/RPI Trend Analysis
Population (Entire County)	6,054	CO Demography Section/RPI Trend Analysis

Population

Ouray County is expected to gain approximately 1,700 new residents by or before 2015 if current trends continue

¹ <http://www.dola.state.co.us/demog/index.htm>

Housing Units

The housing stock in Ouray County is expected to increase by more than 1000 on before 2015 if current growth trends continue.

Ouray County Non-Residential Square Footage

The two basic development categories are residential (housing/residential units) and non-residential. Non-residential development consists of all of the improvements in the County other than residential units. This includes commercial structures, office space, warehouses, government/institutional – everything *but* housing.

Ouray County Assessor “CAMA” level data allowed RPI to inventory all of the non-residential structures in Ouray County. The detailed CAMA database attributes allowed RPI analysts to sort the buildings by use (merchandising, office, warehouse, industrial, government, etc.) and to add the square footages by use type.

The main purpose of calculating the non-residential square footage was to account for its share of the current level of service. This ensures that the cost of providing services and facilities for residential development is not over-estimated.

ROAD AND BRIDGE

MEASURING CURRENT AND FUTURE PROJECTED TRAFFIC

New development generates increased traffic and increased traffic directly contributes to the need for increasing road system capacity. Traffic circulating in the County's road system is generated by homes, businesses, and institutions. The process of measuring current and projected demand for roads capital improvements involves two steps:

1. Inventory existing land uses and develop future land use projections
2. Calculate traffic produced by current and future land uses

This is an approach commonly used in transportation planning to measure demand for the overall road system and of specific developments.

The process for inventorying land uses differs for residential land uses (includes all types of residential units and accessory structures) and non-residential land uses (includes all structures containing commercial, government, and institutional uses).

Non-Residential 2005 Land Use Inventory and Traffic

The best source of data for tracking the non-residential sector is the Ouray County Assessor's database. No more detailed and comprehensive data source for inventorying non-residential land uses exists. RPI analysts used the assessor's database, combined with information gathered from other local governments, public agencies, and institutions to compile the non-residential land use inventory.

Analysts first sorted out the non-residential uses through the standard query methodology of applying assessor abstract codes to establish inventories of taxable improvements. The exempt property information was added to the taxable improvement data to form a complete inventory of non-residential land uses in Ouray County.

RPI analysts then categorized each improvement into three land use categories using the abstract code, the business name, the owner name. The square footage of improvements was then summed by category to establish the inventory in **figure 3**.

Figure 3. 2004 Non-Residential Inventory by Use and Trip Generation in Ouray County

Land Use Class	2005 Sq Ft Floor Area Unincorporated	2005 Sq Ft Floor Area All County
Church	7,922	64,370
General Commercial	47,165	123,217
Lodging	33,984	269,458
Office/Institutional	65,071	201,325
Retail	23,774	264,038
Warehousing	21,779	24,970
Total	199,695	947,378

Source: Ouray County Assessor's Database, Institute of Transportation Engineers *Trip Generation* 6th Edition

A non-residential land use inventory allowed calculation of the traffic currently generated by the non-residential sector. 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 (ADT).² The estimate for traffic generated by non-residential development is obtained by applying the trip generation rates developed by the Institute of Transportation Engineers Trip Generation Manual 6th Edition, 1997 (ITE) to the 2005 inventory of non-residential square footage.

Figure 4. Average Daily Trip Generation Rates and Adjustment Factors from ITE

Average Vehicle Trip Ends	Weekday Average Daily Trip Rates	
	Residential (per Housing Unit)	Non-residential (per 1,000 Sq Ft)
<u>Residential</u>		
Single Family Detached-Duplex	9.57	
Attached Housing	6.63	
<u>Nonresidential</u>		
Church		9.1
General Commercial		42.9
Lodging		36.4
Office/Institutional		11.0
Retail		42.9
Warehousing		5.0

Source: Institute of Transportation Engineers *Trip Generation* 6th Edition

Figure 5. Non-Residential Traffic in Unincorporated Ouray County

Land Use Class	2005 Average Daily Trips Unincorporated County
Church	70
General Commercial	2,020
Lodging	1,240
Office/Institutional	720
Retail	1,020
Warehousing	110
Total	5,180

Residential Land Use Current Inventory and Traffic

Unincorporated Ouray County had 1,572 residential units by year-end 2005, most of which are single-family detached units (includes manufactured homes).

The ITE trip generation manual finds that multifamily apartments generate less traffic per unit than single family detached units. This makes intuitive sense because multi-family apartments are usually smaller and have a lower average number of residents per unit. Apartments, with a driveway volume of 6.6 ADT per unit generate about 2/3 as much traffic as single family detached units at 9.57 ADT. However, multi-family units occur in small numbers in unincorporated Ouray County.

² 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.

Housing unit counts and estimates available for Ouray County do not accurately reflect these units (estimated to make up less than ½% of the total number of housing units). To maintain conservative estimates of total traffic RPI applied the single-family detached unit trip generation rate to all of the units in Ouray County.

Given the inventory of residential units, the driveway volume (ITE), and the residential trip adjustment factor, analysts were able to calculate the residential trip generation, summarized in figure 6.

Figure 6. Residential Trip Generation in Unincorporated Ouray County 2005

Residential Units (unincorporated)	1,572
Trip Generation Rate (per unit)	9.57
2005 Average Daily Trips (unincorporated)	15,050

Sources: Ouray County Assessor, U.S. Census, State of Colorado Demography Section website <http://dola.colorado.gov/demog/Housing/>, Institute of Transportation Engineers Trip Generation Manual 6th Edition

2005 Trip Generation Summary

In total, there are there are 20,230 total average daily trips generated by existing land uses in unincorporated Ouray County.³

Figure 7. 2005 Ouray County Trip Generation

Non-Residential	2005
Unincorporated Average Daily Trips	5,180
All County Average Daily Trips	29,370
Residential	
Unincorporated Average Daily Trips	15,050
All County Average Daily Trips	25,220
Total	
Unincorporated Average Daily Trips	20,230
All County Average Daily Trips	54,590

³ Rounded to nearest ten

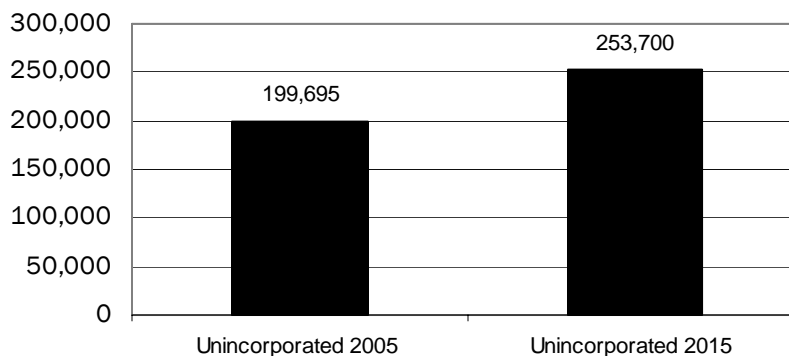
Growth Projections and Projected Traffic

2015 is the capital facilities planning horizon for County road improvements considered in this analysis. A 10 year horizon is appropriate for road improvements capital facilities planning in Ouray County and represents the extent of the official road capital improvements plan currently in use by the Road and Bridge Department.

Non-Residential 2015 Growth Projections and Trip Generation

Because of the Ouray County assessor database does not contain a 'year built' attribute, RPI was unable to establish empirically the non-residential development growth rate in unincorporated Ouray County. As an analogue, RPI used the projected growth in Ouray County employment between 2005-2015 (27% total increase) provided by Colorado Department of Local Affairs Demography section, cooperating with the Center of Economic and Business Forecasting. Employment growth is a good analogue for establishing non-residential growth rates because employment growth is an indicator for economic activity, which also results in a proportionate increase in non-residential space (offices, shops, expanded lodging, etc.). In fact, affordable housing analyses, water/sewer demand studies, and other planning studies cite known ratios of employees to square footage (e.g. 3 employees per 1000 sq. ft. of retail, etc.). One study by RRC Associates collected information from a dozen or more Colorado Counties to establish ratios of employees to square footage of non-residential structures for affordable housing planning.

Figure 8. Past and projected non-residential sq. ft. in unincorporated Ouray County

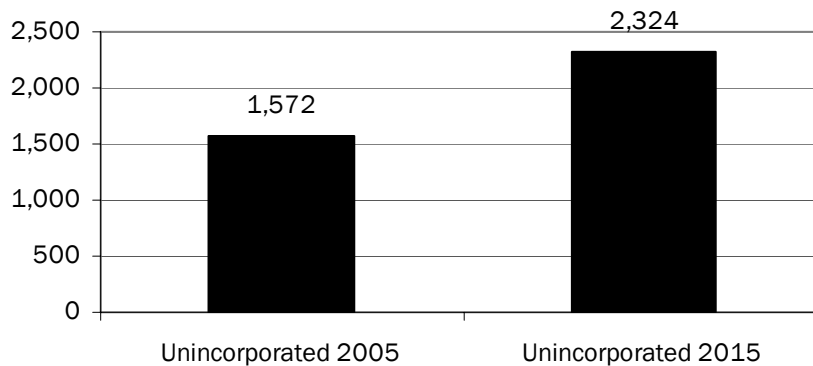


As summarized in **figure 8**, non-residential square footage is projected to increase from about 200,000 sq. ft. in 2004 to just over 250,000 sq. ft. in 2015.

RPI assumes that the non-residential land use mix will be maintained in the same proportions into the future - yielding a non-residential growth projection by land use type. The appropriate trip generation rates were then be assigned to each of the three non-residential development categories to establish the non-residential trip generation projections summarized in **figure 7**.

Residential Units 2015 Projection and Trip Generation

Population growth projections for Unincorporated Ouray County were obtained by projecting the average annual growth rate for unincorporated county residential units from 1999-2005 (4%) into 2015.

Figure 8. Projected 2015 Unincorporated Ouray County Housing Units

With over 750 new units expected by 2015, traffic will increase proportionately. To project traffic for the next two decades, RPI analysts applied the appropriate average daily trip rates to the projected housing unit growth to obtain the projected future residential traffic summarized in **figure 9**.

2005 & Projected 2015 Traffic Summary

Traffic in Ouray County is projected to increase 42% by 2015. Residential land uses are projected to contribute five times more to the increase in traffic than non-residential land uses.

Figure 9. Unincorporated Ouray County Growth Projections and Traffic Projections Summary

	2005	2015
Unincorporated County Housing Units	1,572	2,324
Unincorporated County Non-Residential Sq. Ft.	199,695	253,700
Residential Average Daily Trips	15,050	22,240
Non-Residential Average Daily Trips	5,180	6,600
Total Average Daily Trips	20,230	28,840

Sources: U.S. Census, CO Demography Section housing unit projections, Ouray County Assessor's Records, Institute of Transportation Engineers Trip Generation Manual, 6th Edition

ROADS OPERATIONS AND MAINTENANCE LEVEL OF SERVICE

The base year (2005) roads operations and maintenance actual expenditures were isolated in the 2005 budget divided by the 2005 unincorporated average daily vehicle trips to obtain the current road operations and maintenance level of service of \$57 per average daily trip. This means it costs about \$550 per year to provide road maintenance per residential unit in the unincorporated County.

Figure 10. Unincorporated Ouray County Growth Projections and Traffic Projections Summary

	2005 Current Level of Service	2015 Cost to Maintain Current LOS (2005 real dollars)
Operations and Maintenance Average Expenditures	\$1,158,881	\$1,652,000
Unincorporated Average Daily Trips 2005	20,230	28,840
Operations and Maintenance Cost per Average Daily Trip	\$57	\$57

Given the projected traffic in 2015, in 2005 real dollars it will cost \$1,652,00 per year to maintain the current level of service for roads operations and maintenance. Annual expenditures at a lower level will result in declining levels of service.

ROADS CAPITAL IMPROVEMENTS LEVEL OF SERVICE

Indoor Facility and Equipment Incremental Expansion – Cost per Average Daily Trip

Ultimately, increased traffic generates the need for additional maintenance and road construction covered by the Road and Bridge department, putting additional pressure on the Road and Bridge building facilities and driving demand for more investment in equipment. Maintaining current service levels given the projected traffic requires the incremental expansion of County maintenance facilities (new public works shop) and equipment meeting the definition of a capital facility (life of five or more years, worth \$5,000 or more).

The building space available for Road and Bridge is currently at or very near capacity, but overall it is at a functional level of service. In order to maintain this level of service as the unincorporated County grows and traffic increases, funding for facilities space will have to increase proportionate to the growth in traffic. Thus, the level of service is an expression of the quantity of maintenance facility per increment of traffic for the base year 2005 (ADT).

Because the cost per square foot of the various types of buildings used by Road and Bridge varies drastically, the most consistent way to express the quantity of buildings is by the 2005 dollar value. RPI obtained the building and land values from the inventory of assets from the County finance records which contain details about the value of road and bridge facilities.

The equipment fleet is functional for the current level of activity in the County, but as the traffic increases and demand for road and bridge services increases, the County will need to expand the fleet. Inventories provided by the County Finance department and Road and Bridge department provide dollar values of the existing equipment, which is the foundation for the level of service calculation.

The cost of maintaining the current level of service for County Road and Bridge building facilities is best expressed as the value of roads maintenance facilities per average daily trip in 2005.

Figure 11. Cost per Average Daily Trip for Incremental Expansion of Buildings and Equipment

Land Value	\$ 2,858,735
Building Value	\$ 584,606
Equipment Value	\$ 1,414,109
Land, Buildings, Equipment Total	\$ 4,857,450
Incremental Expansion (Cost per Average Daily Trip)	\$ 240

PLANNED CAPITAL IMPROVEMENTS

Ouray County Road and Bridge has a capital improvements plan for roads that extends to 2015 authored by Souder, Miller and Associates, a regional road engineering firm. The plan itself is phased by year and is listed by project. To summarize the plan components RPI sorted the plan components into several categories and summed the cost by type of project.

Figure 12. Planned Capital Improvements 2005-2015

Surface Improvements	\$ 1,062,000
Drainage	\$ 94,000
Sub-Grade, Sideslope	\$ 1,055,000
Intersection Improvements	\$ 375,000
Total	\$ 2,586,000

The county generally designs improvements to accommodate traffic for 15 years, so the traffic in 2023, 15 years from the halfway point of the capital facilities plan horizon, will serve as the design capacity year; the projected level of traffic for which the road improvements are designed. Therefore, the cost per average daily trip must be calculated based upon the total 2023 projected traffic, since both existing and future development benefit from these recently constructed improvements. 2023 traffic projections were obtained using identical methodologies to those illustrated above to obtain the 2015 projected traffic. This methodology yields a cost per average daily trip of \$167 to maintain the level of service necessary to accomplish the road and bridge capital improvements plan.

Figure 13. Cost per Average Daily Trip – Planned Improvements and Buildings, Land and Equipment

Road Capital Facilities Level of Service	
LOS for Planned Improvements (Cost per Average Daily Trip)	\$167
Incremental Expansion (Cost per Average Daily Trip)	\$240
Total Capital Facilities (Cost per Average Daily Trip)	\$407
Maintain LOS for 2006-2015 Traffic (2005 dollars)	\$3,504,000

The \$167 per average daily trip cost to maintain service levels for planned capital improvements combined with the \$240 per average daily trip to maintain facilities and equipment levels of service totals \$407 dollars per average daily trip to maintain the capital improvements level of service for Road and Bridge, or about \$3,900 per residential unit. Given the projected growth, it will require about \$3.5 million dollars of capital expenditures to maintain the capital facilities level of service.

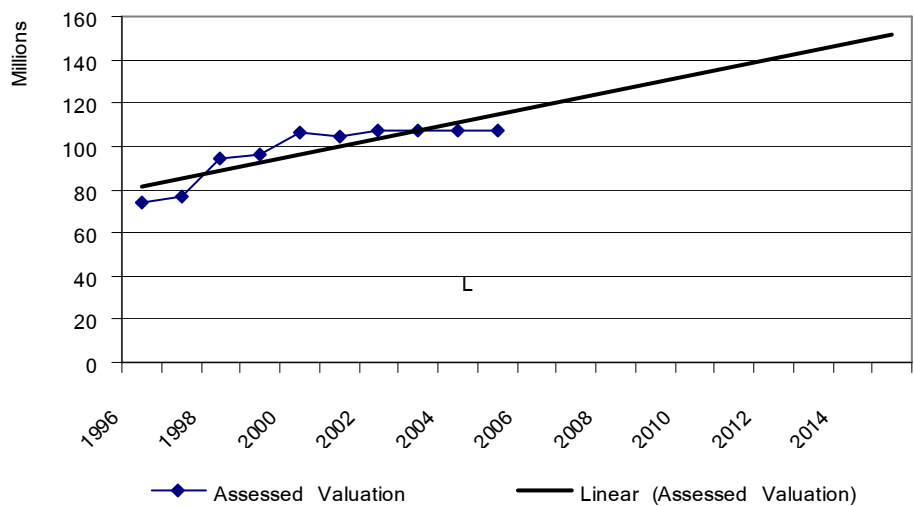
Figure 14. Per Unit Costs to Maintain Levels of Service

	Average Daily Trips	Annual Cost to Maintain Operations and Maintenance LOS	One Time Cost to Maintain Capital Facilities LOS
Single Family Dwelling	9.57	\$548	\$3,895
Multi-Family Dwelling Unit	6.07	\$348	\$2,470
1000 sq. ft. service station	42.92	\$2,459	\$17,466
5000 sq. ft. warehouse	4.96	\$284	\$2,018
15000 sq. ft. motel	36	\$2,087	\$14,829

ROAD AND BRIDGE FUND REVENUES

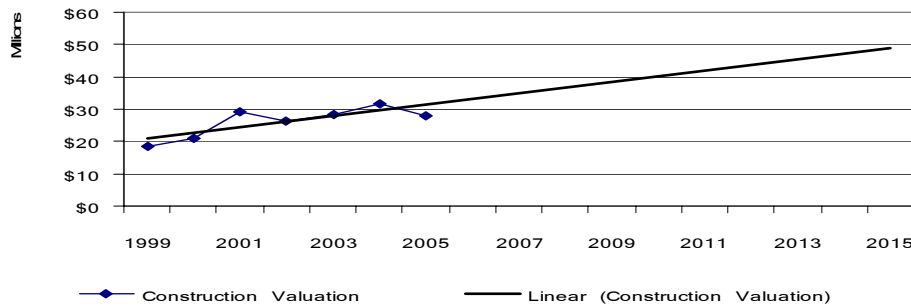
All of the more than 20 line items for road and bridge fund revenues were projected to 2015. Each line item was classified by the type of revenue (fee/fine, State, Federal, etc.) and by projection factor.

Figure 15. 1996-2005 Ouray County Assessed Valuation and Projected 2015



The projection factor is an increase rate used to project the revenue likely to be produced by the projected 2015 residential units and non-residential floor area. Projection factors include, registered vehicles, new construction valuation, and other revenue drivers. Property tax revenues were projected based on increases in assessed valuation while vehicle registration fees were projected based on increases in registered vehicles.

Figure 16. Valuation of Construction in Ouray County 1999-2005 and Projected 2015



The Highway Users Tax Fund revenue required a special projection (State allocated gas tax) which accounts for nearly \$2 out of every \$3 worth of Road and Bridge revenue. HUTF revenues are collected by the State as gas tax and reallocated back to the County. The most reliable way to project HUTF revenues is to use the increase in allocations that the CDOT Finance Department projects over the next 10 years for local government.

Figure 17. Valuation of Construction in Ouray County 1999-2005 and Projected 2015

	2004 Actual	2005 Actual	2006 Budget	Projection Factor Expression	Projection Factor	Projected 2015 Budget (2005 real dollars)
Property Tax						
Current Tax	\$155,048	\$161,671	\$210,013	Projected Δ Assessed Valuation	56%	\$252,240
Delinquent Tax	\$241	\$61	\$200	Projected Δ Assessed Valuation	56%	\$95
Interest on Tax	\$852	\$715	\$250	Projected Δ Assessed Valuation	56%	\$1,116
Specific Ownership Tax	\$19,671	\$18,784	\$25,000	Projected Δ Registered Vehicles	12%	\$20,956
Motor Vehicle Fees	\$15,657	\$16,617	\$16,000	Projected Δ Registered Vehicles	12%	\$18,537
GF Transfer	\$85,119	\$114,753	\$140,125	Projected Δ Assessed Valuation	56%	\$179,038
Misc Other	\$86,241	\$31,357	\$19,500	Mean of 03-05 Actuals & 06 Budget		\$44,223
Licenses and Permits	\$70,291	\$33,314	\$40,000	Δ Valuation of Annual Construction	107%	\$84,328
State Revenue						
Wildlife	\$307	\$464	\$500	Mean of 03-05 Actuals & 06 Budget		\$446
R & B Motor Vehicle Fees	\$18,263	\$22,780	\$45,000	Projected Δ Registered Vehicles	12%	\$25,413
HUTF	\$600,714	\$548,157	\$646,646	Projected Δ County Share of HUTF	28%	\$703,997
Federal Revenues	\$18,925	\$27,489	\$28,005	Mean of 03-05 Actuals & 06 Budget		\$23,154
Reimbursement	\$57,945	\$117,997	\$94,200	Mean of 03-05 Actuals & 06 Budget		\$80,827
Impact Fees	\$58,000	\$101,817	\$140,000	Mean of 03-05 Actuals & 06 Budget		\$99,939
Other Sources/Uses	\$54,308	\$75,896	\$15,000	Mean of 03-05 Actuals & 06 Budget		\$43,164
Total Operating						\$1,577,000
Total Capital Improvement	\$74,506	\$23,114	\$0	Mean of 03-05 Actuals & 06 Budget		\$ 76,938

Per Residential Unit Road and Bridge Revenues

Development in the unincorporated county is predominantly residential, warranting a focused look at fiscal implications of residential development. Weighing costs and benefits first requires an estimate (per typical residential unit) of the revenues.

Several revenue sources were determined to be attributable to residential development:

1. HUTF funds allocated by State to County originating from gas tax and registration fees
2. Specific Ownership Tax (attached to vehicle registration) collected by County
3. Road and bridge fund property tax revenues
4. 1 Mill equivalent general fund transfer
5. Impact fee revenue (fee amount / economic life of residential unit)

Figure 18. Annual Revenues per Residential Unit

Source	Revenue Per Residential Unit	
Property Tax	\$	43
Registration Fees	\$	14
HUTF	\$	87
General Fund Transfer	\$	29
Impact Fee	\$	79
Total	\$	252

Per unit property tax revenues were estimated by multiplying the 1.5 mill levy by the assessed valuation of the typical property in Ouray County (see County Sales Tax section of this report). The general fund transfer is based on a 1 mill equivalent, so this was applied similarly.

Often called vehicle registration tax, specific ownership tax is paid as part of the vehicle registration fees, but the County allocates the revenue directly without going through the CO Department of Revenue. **Figure 19** outlines the operations and sources to calculate the specific ownership tax.

Figure 19. Registration Fees per Residential Unit

	Quantity	Variable Symbol	Source or Formula
Specific Ownership and M.V. Tax Revenue Dedicated to Roads 2005	\$ 37,243	z	2004-2006 budgets
Registered Vehicles in Ouray County 2005	7,500	a	County Clerk
Revenue per Year per Registered Vehicle	\$ 5.00	y	z / a
Registered Vehicle per Housing Unit	2.8	c	$a / 2005 \text{ housing units}$
Revenue per Year per Housing Unit	\$ 14	x	$y * c$

HUTF comes from gasoline tax paid at the pump and vehicle registration fees. **Figure 20** shows the mathematical operations and sources leading to the \$87 per residential unit revenue estimate. Some of the variables refer back to quantities derived in **figure 19**, the HUTF tax calculations.

Figure 20. HUTF Revenue Per Residential Unit

	Quantity	Variable	Source or Formula
Gallons of Gas per Vehicle per Year	682	d	See Note 6
Gallons of Gas per Housing Unit per Year Purchased in Ouray County	1941	g	d * c (above)
Gas Tax per Year per Housing Unit (@ \$.22/gal)	\$ 427	h	g * \$.22/gal
Gas Tax per Year per Housing Unit Back to County	\$ 87	j	see note

Note: CDOT uses HUTF revenue to pay for State road operations and capital improvements as well as providing Counties with some revenue and cities. First CDOT takes an “off-the-top” percentage (12.2% according to the 2004-05 CDOT budget, but increasing at a moderate rate each year). After these appropriations occur, the 23.2% of the remaining revenues go back to Counties. Thus amount of HUTF funding that goes back to the County is $87.2\% \times 23.2\% = 20.4\%$. It is worth noting that Ouray County does not typically receive the total amount of HUTF dollars budgeted within a budget cycle – for the purposes of this report the actual has been used and the discrepancy may result in small overstatement of the deficit in the cost benefit comparisons.

COST BENEFIT

Having calculated projected the costs of maintaining the current level of service in 2015 and projected the revenues as well, it is now possible to conduct the road and bridge cost benefit analysis of current trends.

Figure 21. 2015 Cost Benefit Analysis of Projected Growth

	2005	2015 (2005 dollars)
Average Daily Vehicle Trip Ends		
Residential Average Daily Vehicle Trips	15,050	22,240
Non-Residential Average Daily Vehicle Trips	5,180	6,600
Total Vehicle Trips	20,230	28,840
Annual Cost Benefit		
Operations and Maintenance Costs	\$1,158,881	\$1,652,000
Annual Operations and Maintenance Revenues	\$1,074,025	\$1,577,000
Annual Cost Benefit		\$ (75,000)
Capital Improvements Cost-Benefit		
Aggregate Improvements Costs Through 2015		\$3,504,000
Aggregate Capital Improvements Revenue Through 2015		\$ 846,000
Capital Improvement Cost-Benefit		\$(2,658,000)

On an annual basis, operations and maintenance revenues are less than 5% from covering annual costs of maintaining levels of service in 2015. This magnitude of shortfall can be adapted to or ameliorated without significant policy change, but should serve as a warning that current annual revenues scarcely cover the costs of keeping up levels of service for roads operations and maintenance. Significant increases in costs (such as fuel costs) or relative declines in revenues

(such as HUTF funding) could tip the balance significantly in the direction of losing ground on the level of service.

Accomplishing the already highly prioritized roads capital improvements plan and to maintain levels of service for equipment and facilities is going to require revenue from other sources or new sources. The only capital improvement revenue sources specific to Road and Bridge generally consist of grant funding (usually requiring cash match from other sources) and funds from partners in projects (road associations, homeowners associations, etc.). In total more than \$2.6 million will be needed in capital improvements revenue through 2015.

Residential Unit Cost Benefit Analysis

Because the majority of development in the unincorporated county is residential, a close look at the costs and revenues from residential units is warranted.

Figure 22. Annual Cost Benefit, Single Family Units

	Annual per Single Family Unit (2005 dollars)	One Time Capital Facilities per Unit (2005 dollars)
Costs Per Unit	\$548	\$3,895
Revenue Per Unit	\$252	\$ 0
Per Unit Cost-Benefit	(\$296)	(\$3,895)

Given the fact that the Road and Bridge fund relies heavily on property tax and assessment rates for residential properties are deliberately kept low in Colorado, it is not a surprise that residential units do not pay the full cost of maintaining service levels for Road and Bridge.

Since a source of funding directly related to residential units that is earmarked for capital facilities does not exist, the per unit capital facilities cost benefit is a 100% shortfall. Without funding sources outside of the road and bridge fund or the development of additional sources, capital facilities levels of service are not likely to be maintained.

CONSIDERATIONS & RECOMMENDATIONS

Integrate Fiscal Considerations for Roads into Land Use Planning

Generally, large lot, dispersed, decentralized rural development patterns results in a significant amount of driving on County Roads beyond what more compact density alternatives might generate. Additional driving translates directly into increased costs. The roads department is one of the most expensive departments in the County and had the most direct connection to the land use patterns in the County that the Roads system serves. In this sense, land use planning and fiscal planning are very closely related.

Ask Voters to for a Road and Bridge Mill Levy increase

A Ouray County road and bridge mill levy increase may be useful, particularly when State allocations begin to fluctuate widely and unpredictably.

Paying for Capital Improvements Using Impact Fees

Impact fees re-direct some of the fiscal burden needed for new development away from the taxpayers at large and more directly towards the development generating the need for the expanded capital facilities. Impact fees do not require a public vote.

While impact fees can serve an important role in financing public infrastructure, they are subject to several limitations and restrictions. Case law dictates that governments or districts can only use impact fees for building capital facilities capacity made necessary by *new* development and that can be shown to benefit that development. They may not be used for existing deficiencies or operations.

Funds from impact fees must be ‘earmarked’ for defined capital improvements. Impact fees are also generally subject to legal standards including: demonstration of need, rational nexus, and rough proportionality. Until recently there was no specific enabling legislation in Colorado for impact fees, but Colorado SB 15 specifically authorizes that statutory Counties have the authority to impose impact fees. All of the limitations and restrictions can be addressed in a rigorous impact fee support study.

In the context of the road and bridge department’s current and projected fiscal situation, an impact fee would be inadequate to cover projected costs. Because impact fee revenue can be used only to pay for capacity related capital improvements (paving gravel roads, creating extra lanes, reducing curve radii, intersection improvements, etc.) the operations and maintenance shortfalls projected above must be covered with other funds. Furthermore, impact fees cannot be used to pay for backlog - only for maintaining service levels given the impacts of new development.

Create a Road Utility

While this is virtually unprecedented for a Colorado County, it may be worth looking into the legal issues surrounding the conversion of the road system into a utility that would be treated much the same as a water or sewer system with an initial fee for capital improvements and then periodic service fees for operations and maintenance. This was implemented in Fort Collins, challenged in the State Supreme Court, upheld, and subsequently dropped by the City Council for political reasons.

CONCLUSIONS

- Projected development of residential and non-residential structures in the unincorporated area will result in a 42% increase in traffic.
- Operations and maintenance revenues barely cover the costs of keeping up levels of service for roads operations and maintenance given the projected increase in traffic by 2015.
- A typical residential unit produces less than half the road and bridge annual revenue necessary to cover the \$550 annual cost of maintaining operations and maintenance levels of service needed to serve the traffic generated by that residence.
- Maintaining levels of service for equipment and facilities and the targets set by the road and bridge capital improvements plan will cost \$3,895 for each residential unit. Residential units do not produce earmarked capital facilities revenue for road and bridge, resulting in a 100% capital improvements shortfall.
- The lack of earmarked funds for capital improvements in the road and bridge fund could result in an over \$2.6 million shortfall of maintaining levels of service.

COUNTY GENERAL FUND DEPARTMENTS

The County budget is separated into several separate funds, the largest of which is the General Fund. General Fund expenditures are organized into 11 separate, but often related, County functions. The functions analyzed by RPI in this report include:

1. Administration

- County Administrator
- Commissioner's Office
- Land Use Department
- County Clerk/Elections
- Assessor
- Treasurer
- Coroner
- County Attorney
- Public Trustee
- Facilities Management
- Information Technology

2. Sheriff Law/Enforcement – analyzed separately

Classifying the general fund expenditures into these categories provides a framework from which to establish levels of service as they relate to demand units (e.g. housing units, population, non-residential sq. ft., etc.). Such classifications allow RPI analysts to project the cost to the general fund of maintaining service levels based on new demand units. Cost estimates for the general fund can then be compared to the total projected general fund revenue. This general fund fiscal analysis is crucial because revenues have sub-classifications, which do not relate line by line to the expenditures.

In each section we will estimate the cost of the projected growth through 2015 on the general fund departments (or functions) of the Ouray County Government: Administration and Sheriff. Cost estimates include both operations/maintenance costs and capital facilities costs.

ADMINISTRATION

INTRODUCTION

Incremental growth has impacts on County administration that are less obvious than those on other departments and districts, nonetheless impacts on administration are just as real and can affect the quality and efficiency of County services in significant ways.

County administration is the headquarters for all County operations, and drops in service levels from the headquarters will ultimately affect the entire County. General fund department analysis includes the entire County as Administration services all residents within County boundaries.

Undoubtedly, more people and business activity create more demand for County administrative services. This increased demand translates into more staff, facilities, and equipment. The key to maintaining a quality administration service level is for the County to increase administration resources in proportion to the growth in population and business activity. Essentially, this means the County must increase its administration staff, facilities and resources that the public, and elected and appointed officials need in order to function properly. Failure to maintain this proportionate increase will degrade the service levels for the entire County.

METHODOLOGY

The first step is to determine in what proportion the County's administrative resources are expended on the residential and non-residential sectors respectively (proportionate share). Residential population and non-residential square footage are divided into the existing operational expenditures and the value of building space to yield the existing Level of Service (LOS) per demand unit. New residential units can then be multiplied by the cost of maintaining the existing level of service to calculate the cost of providing administrative services to these units in the upcoming years.

Second, a number of budget sorting and modifications must be made to the standard Ouray County budget (based on 2005 actuals) to accurately represent the total costs and revenues. Among the modifications was a preliminary allocation of time (and hence budgetary) expenditures among the various departments. Because, fairgrounds, EMS, social services, and public health were not included in this analysis their fiscal contributions and expenditures were not included in the analysis. Moreover, the County administrator estimated the time allocated to these departments and from these numbers an overall budgetary modifier was applied to the total budget in order to account for expenditures of resources on these un-analyzed departments.

Although the Sheriff's department is a component of the general fund it was extracted and analyzed separately from the main administrative and general fund departments.

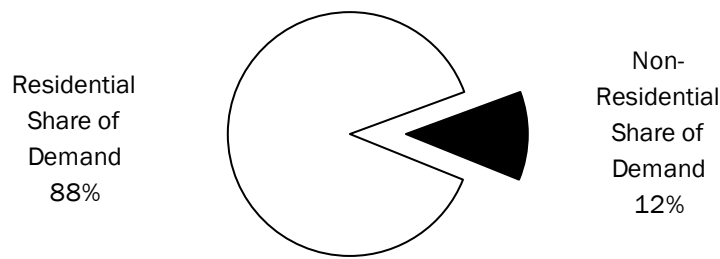
PROPORTIONATE SHARE

In essence, the breakdown between residentially driven demand for administration and non-residentially driven demand is the amount demand for County Administration that each of these development types generates. Residential development creates more capacity for additional population, and more people means more demand on the administration while non-residential development generates activity and commerce, which ultimately influences the demand for Administrative Services.

Throughout this report, the breakdown between residential and non-residential demand is referred to as the *Proportionate Share*. To calculate proportionate share for administration RPI analyzes administration department by department and uses several ratios to estimate the proportion of residential vs. non-residential demand.⁴ See **Appendix Detailed Administration Proportionate Share** for data and calculations.

⁴ Value of residential to non-residential property; number of residential to non-residential building permits, ratio of residents to employees

Figure 23. Administration Proportionate Share



OPERATIONS LEVEL OF SERVICE

Currently, Ouray County administration requires slightly over 24 FTEs (full-time equivalent employees at 40 hours per week). Administration employees applied to the proportionate share above yields a level of service of 5.1 administration FTEs per 1,000 residents in the County and about .2 FTEs per 100,000 sq. ft. non-residential development. Because most of the County's administrative responsibilities extend into the municipalities, the population and non-residential sq. ft. used in the above calculation includes the entire County.

Figure 24. Administration Operations Current LOS

	Administration Staff	Operations and Maintenance (Annual Cost)
Per 1,000 Residents	5.1	\$ 320,628
Per 100,000 s.f. Non-Residential Floor Area	0.24	\$ 15,061

The cost of staffing one administration employee is about \$62,615 annually. This is an across the board average for the County Administration and includes overhead, insurance, benefits, buildings and grounds maintenance, etc.. This means that every 1,000 residents cost the general fund over \$320,000 and each 100,000 sq. ft. of non-residential development costs the Administration over \$15,000 per year.

CAPITAL FACILITIES LEVEL OF SERVICE

RPI's analysis of a facilities inventory revealed that Administration departments currently occupy more over \$3.4 million worth of building space – the value of the Historic Courthouse and land prices in Ouray County make this figure significantly higher than in other Western Slope Counties. Note that this capital cost includes the significant planned renovation of the courthouse.

Figure 25 Current Ouray County Administration Capital Facilities Level of Service

	Capital Facilities (One-Time Cost)
Per 1,000 Residents	\$ 712,102
Per 100,000 s.f. Non-Residential Floor Area	\$ 43,218

PER UNIT COSTS

In an effort to simplify future land use decisions and reveal County Administrative capital and operations costs, a total cost on a per unit basis is provided. These numbers may be applied to all *new* Ouray County Residential development. Note that these cost expenditures are not necessary – but if they are not made then Ouray County will experience a concurrent decline in service levels.

Figure 26. Per Unit Administration Operations & Capital Costs

New Residential Units	
Administration Operations Cost (annual)	\$ 760
Administration Capital Costs (one time)	\$ 1,688

COST OF MAINTAINING THE CURRENT LEVEL OF SERVICE FOR ADMINISTRATION IN 2015

The projected 2015 population will create a need for approximately 8.9 full time equivalent administration employees at an additional cost of over \$555,000 operations costs annually.

In order to maintain that Level of Service (LOS) the County will need another \$1,3 million in land purchases and building development to house those employees (in order to maintain existing LOS).

Figure 27. Costs of Maintaining Current LOS for Administration 2015

2015 Projection	Administration Employees Needed	Annual Operations Cost	Capital Facilities One Time Cost
1,734 New Residents	8.9	\$ 555,988	\$ 1,234,828
255,822 New Non-Residential sq. ft.	0.62	\$ 38,529	\$ 110,562
Total	9.5	\$ 555,988	\$ 1,345,390

CONCLUSIONS

- On average, it costs about \$62,615 annually per administration employee to provide administrative services to the public.
- In order to maintain current service levels, Ouray County will need to staff 9.5 administration employees at a cost of \$555,988 (additionally) annually.

- Housing unit revenues are not currently covering the cost of serving those residents with administrative functions – the gap is likely being filled by tourist tax dollars and/or revenues generated through other departments
- In order to accommodate the 9.5 additional employees needed the County will need an additional \$1.2 million worth of administration space. Failure to provide adequate space could make it impossible for the County to keep up with the staffing needed to accommodate new development since the availability of work space can be *the* limiting factor dictating whether or not the County hires additional administration employees.

LAW ENFORCEMENT

INTRODUCTION

The Ouray County Sheriff's department, like other County departments, must increase its resources as the County grows. This increase in demand for law enforcement is driven by three trends: 1) growth in resident population, 2) growth in commercial and government/institutional activity accompanied by increased population, 3) increased traffic. Failure to increase law enforcement as the unincorporated County grows will result in a drop in the level of service. This could translate into lower patrolling intensities, less traffic enforcement, truncated crime prevention programs, and possibly lower response times as the County develops in its more remote areas.

PROPORTIONATE SHARE

Traffic

RPI estimates that about 1/5th (18%) of the department's law enforcement duty time is dedicated to traffic enforcement. The traffic estimated to be generated by existing and uses in the unincorporated County will be about 77% generated by residential land uses with the remaining 23% attributed to non-residential traffic (see **Appendix Traffic in Unincorporated Ouray County**). Note however, that as a percentage of the total law enforcement time (traffic and crime) only about 14% is spent on residentially generated traffic enforcement and 4% on traffic stops associated with non-residential properties.

Crime

RPI calculated the residential/non-residential proportionate share for the Sheriff's law enforcement function using a chart of actual offenses as categorized by the Sheriff's dispatch records office. The manner in which these offenses are categorized allowed RPI analysts to ascertain what proportion of the actual offenses were related to the residential and non-residential sectors respectively (see **Appendix** for a detailed description of the establishment of the Sheriff's Department proportionate share).

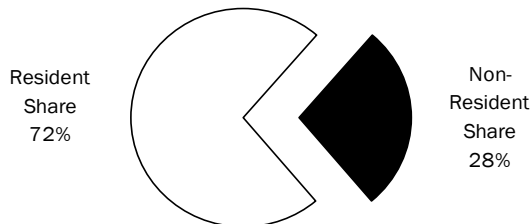
Figure 28. Traffic and Crime Residential Vs. Non-Residential Demand for Law Enforcement

Proportionate Share Calculations	
Traffic	18%
Residential Traffic	14.1%
Non-Residential Traffic	4.2%
Crime	82%
Residential Crime	58.3%
Non-Residential Crime	23.3%

As noted previously, about 82% of law enforcements time is spent on crime (as opposed to traffic) and as a percentage of all law enforcement activity, residential uses account for about 72% (adding together the residential and non-residential components of traffic and crime) of the demand for

Ouray County Law Enforcement while 28% is driven by activity related to non-residential development.

Figure 29. Ouray County Sheriff Proportionate Share



Operations Current Level of Service

Currently, the Sheriff’s law enforcement consists of a combined staff of 8 full-time equivalent officers and support staff. Given the residential proportionate share (72%) and the 2005 population, this translates into 1.3 Officers and Support Staff per 1,000 residents. The non-residential proportionate share (28%) together with the 2005 non-residential sq. ft. in Ouray County yields a current level of service for the non-residential sector of .2 officers per 100,000 sq. ft. of non-residential floor area. The cost of equipping an officer is approximately \$56,500 and includes law enforcement administration staff, overhead, and dispatch services.

Figure 30. Ouray County Law Enforcement 2005 Operations Level of Service

	Officers, Administration and Support Staff (FTE)	Operations and Maintenance (Annual Cost)
Per 1,000 Residents	1.3	\$ 75,832
Per 100,000 Sq. Ft. Non-Residential Floor Area	0.2	\$ 13,135

Capital Facilities Current Level of Service

Providing office space and other necessary space for the Sheriff’s Department will require an additional \$189,000 investment per 1,000 residential units and \$16,000 per 100,000 sq. ft. of non-residential floor area. This calculation is based on the percentage share of the Courthouse occupied by the Sheriff’s department and the inventory of county buildings.

Figure 31. Ouray County Law Enforcement Capital Facility Costs

	Capital Facilities (One-Time Cost)
Per Residential 1,000 Residential Units	\$ 75,252
Per 100,000 Sq. Ft. Non-Residential Floor Area	\$ 13,035

PER UNIT COSTS

In an effort to simplify future land use decisions and reveal County Administrative capital and operations costs, a total cost on a per unit basis is provided. These numbers may be applied to all new Ouray County Residential development. Note that the expenditures are not necessary – but if they are not made then Ouray County will experience a concurrent decline in service levels.

Figure 32. Ouray County Law Enforcement Per Residential Unit Costs

New Residential Units (per unit)	
Law Enforcement Operations Cost (annual)	\$ 180
Law Enforcement Capital Costs (one time)	\$ 178

COST OF MAINTAINING THE CURRENT LEVEL OF SERVICE FOR ADMINISTRATION IN 2015

Maintaining the level of service for the projected 1,734 new residents in 2015 will require 2.3 additional officers/support staff and will cost an additional \$131,498 per year for operations and another one time cost of about \$130,000 for additional facilities space and capital equipment (i.e. equipped cruisers & communications).

Like road and bridge functions – law enforcement is affected by County Development patterns. Although this analysis does not undertake a cost comparison – it is reasonable to assume that more dispersed land uses (i.e. low density land uses) may cost the Sherriff's department a bit more to serve.

Figure 33. Ouray County Law Enforcement 2015 Costs

2015 Projection	New Law Enforcement FTE Needed	Additional Annual Operations Cost	Additional Capital Facilities One Time Cost
1,734 New Residents	2.3	\$ 131,498	\$ 130,491
255,822 New Non-Residential sq. ft.	0.6	\$ 33,603	\$ 33,346
Total	2.9	\$ 165,100	\$ 163,837

CONCLUSIONS

- The current Level of Service (LOS) the Sheriff's department currently provides is 1.3 officers and support staff per 1,000 residents and .2 officers and support staff per 100,000 sq. ft. of non-residential floor area. The level of service standard to residents is below the national standard of 2 FTE's per 1000 residents.
- The operations costs for the law enforcement department are largely supported by general revenues (i.e. property tax & sales tax).
- The Sherriff's department will require significant capital investment in additional building floor area in order to accommodate hiring of additional FTE's to maintain current service levels.

GENERAL FUND DEPARTMENT REVENUE PROJECTIONS

INTRODUCTION

While the levels of service and the projected costs for general fund departments are useful figures by themselves, in order to understand what the costs mean in the context of the larger fiscal picture, general fund revenues must be taken into account. The various types of revenues all require unique methods to achieve the best possible revenue projections

Because the purpose of the fiscal analysis is to analyze the costs associated with a number of residential units, the revenues need to be evaluated on a 'per unit' basis as well.

PROPERTY TAX REVENUE

The County collects a general fund mill levy of 9.0740. The most direct way to evaluate the property tax contributions of individual residential units is to estimate the likely value of the structures. It is assumed, for the purposes of this analysis, that home values will be the same in the future relative to the value of the dollar as they are today. It may be that this relationship could change, but conservatively, no appreciation will be applied.

RPI queried the Assessor database for the average assessed valuation of current residential properties and found that the average value of a residential property in the unincorporated County is \$362,916, multiplying this by the current assessment rate (7.96%) and the mill levy yields the annual general fund property tax revenue per residential unit of \$262.⁵

Figure 34. Property Tax Revenue per Unit

Average Property Value	\$	362,916
Assessment Rate		0.0796
Median Assessed Value	\$	28,888
County General Fund Mill Levy		9.0740
Annual Revenue per Unit	\$	262

This per unit revenue was then further broken out for the Administration functions and Sheriff's department. The revenue was divided based on a percentage of total expenditures by department. This analysis determined that the Sherriff accounts for approximately 23% of General Fund Expenditures (as a percentage of the administrative departments analyzed in this report - not all general fund departments) and consequently this portion of the revenue stream was attributed to the department.

⁵ Subject to a long trend decrease due to the state tax laws.

Figure 35. Property Tax Revenue per Unit Administration & Law Enforcement Breakout

Property Tax Revenue Attributed to:	Per Unit Generation
Sheriff Allotment	\$ 60
Administration Allotment	\$ 202

COUNTY SALES TAX

The 1% County Sales Tax projections are based on the taxable retail expenditures for full-time and part-time residents buying or building new homes in Ouray County. Part-time and full-time residents have different annual retail expenditures due to duration of occupancy of the unit and income. See **Appendix Full-Time and Part-Time Resident Retail Expenditures** for detailed methods and calculations supporting the taxable retail expenditures.

The taxable retail estimates can be weighted according to the ratio of full-time to part-time residents in Ouray County according to the 2000 Census in order to arrive at one weighted average retail expenditure per occupied housing unit.

Figure 36. Sales Tax Revenue per Unit

Annualized Estimates	Annual Household Expenditures on Taxable Retail	% of Occupied Housing Units (Census 2000)
Full Time Residential Unit	\$ 32,741	73%
Part Time Residential Unit	\$ 9,822	27%
Weighted Average Taxable Retail	26,640	
Total Taxable Dollars Spent in Ouray County (modified for leakage)	\$ 17,050	
Annual Sales Tax Revenue per Unit	\$ 170	

The nearly \$27,000 in retail expenditures is modified to account for the fact that significant leakage of sales tax dollars occurs due to shopping by Ouray County locals in other jurisdictions (e.g. Montrose County and internet shopping) – the leakage rate has been calculated to be approximately 36%. Multiplying the adjusted, per unit, taxable sale expenditures by the 1% sales tax rate yields an annual sales tax revenue per household of \$170.

Again, because law enforcement resides in the general fund the proportions of this revenue were broken out and allotted to Administration and the Sherriff's office in precisely the same way as property tax revenues.

Figure 37. Sales Tax Revenue per Unit Administration & Law Enforcement Breakout

Sales Tax Revenue Attributed to:	Per Unit Generation
Sheriff Allotment	\$ 39
Administration Allotment	\$ 131

Note that non-residential revenue generation is essentially captured in the residential sales tax estimates as it is resident spending at non-residential commercial operations that generate the revenue.

Note also that the sales tax revenues are estimated for *new* residents and not existing resident expenditure patterns. New residents in Ouray County are expected to have higher monthly consumer expenditures due to assumed higher incomes necessary to qualify for the purchase new housing in Ouray County.

OTHER REVENUE SOURCES

Remaining revenue sources were projected on a line by line basis for units according to the appropriate projections factors.

Line Item Projections

The line item estimates included many, but not all, of the line item revenue sources found in the 2006 Ouray County budget (note that all estimates are based on 2005 actual budget figures). Line item revenues in the budget that are not directly attributable (i.e. would not increase with) new housing unit development (e.g. PILT revenues) were omitted from the calculations.

The per unit estimates are based on a number of multiplier factors relevant to the actual revenue and include: per residential unit vehicles, per capita, per household, etc.

The total other revenues attributable to new housing development is \$454 annually and again is broken into Administration and law enforcement shares.

Figure. 38. General Fund Revenues: Other Revenue

Source	Per Residential Unit
Law Enforcement Allotment	\$ 104
Administration Allotment	\$ 350
Total Other Revenues	\$ 454

Source: See Appendix *General Fund Line Item Revenue Projections*

TOTAL PER UNIT REVENUE SOURCES

In an effort to simplify future cost/benefit calculations of new development the revenues have been considered on a per unit (i.e. housing unit) basis. Again, note that the revenue allotments for property tax, sales tax, and other revenues have been subdivided into Administration and Law Enforcement allotments.

Figure. 39. Total Per Unit Revenue: Administration

Administration		
Operations Revenue Per Unit		
<i>Property Tax</i>	\$	202
<i>Sales Tax</i>	\$	131
<i>Other Revenue</i>	\$	350
Revenue Subtotal	\$	683

The law enforcement revenue allotments on a per unit basis are shown in figure 40.

Figure. 40. Total Per Unit Revenue: Law Enforcement

Law Enforcement		
Operations Revenue Per Unit		
<i>Property Tax</i>	\$	60
<i>Sales Tax</i>	\$	39
<i>Other Revenue</i>	\$	104
Revenue Subtotal	\$	203

TOTAL REVENUES 2015

The total estimated revenue in 2015 can be discerned by calculating the total number of new residents and further estimating the number of new units those new residents will require.

Figure. 41. 2015 Total New Revenue

2015 Revenues	2015	Estimated Units	Estimated Revenue from New Units
Project New Residents	1,734	731.7	\$ 649,003

The 2015 projections are based on an RPI projections and represent future growth based on the average known growth observed over the last ten years in Ouray County.

GENERAL FUND COST/BENEFIT

Having described the gross, per unit revenues, and costs for the general fund departments also estimated to 2015 it is now possible to compare the revenues to the costs (for both annual operations and capital facilities) in a final general fund fiscal summary. The general fund administration department projected operations costs (as previously calculated) and annual revenues are summarized in **figure 42**.

Figure 42. General Fund Annual Operations Costs & Revenues

	Total Annual Expenditures (on new residents)	Total Annual Revenues (from new residents)	Shortfall
Operations			
Per 1,000 Residents	\$ 320,628	\$ 288,186	\$ (32,442)
Capital			
Per 1,000 Residents	\$ 712,102	\$ 32,177	\$ (679,924)
TOTAL	\$ 1,032,729	\$ 320,363	\$ (712,366)

The annual general fund cost of maintaining the current level of service is approximately \$320,000 per thousand new residents; the revenue projected from these new residents is estimated at \$288,000 for an operations shortfall of approximately \$32,000 or 10%.

Although this shortfall does not manifest itself as an actual budget dollar shortfall it represents the gap between what it costs to serve new residents and what they are expected to generate in revenue. A one half percent sales tax increase would essentially erase this shortfall although the burden of this tax would be born by existing as well as new residents. Currently tourist expenditures and attendant sales tax collections in Ouray County are obscuring this mismatch between revenues and costs. Other revenue mechanisms, such as increased building permit fees might help, but as they are a one time fee, they will not ameliorate the ongoing annual cost of service. Another option may be to find other mechanisms to fund capital expenditures (currently primarily drawn from the general fund and grants) to free up those resources for annual operations costs. It should be noted that a number of grant funds were included in the revenue projections which may, or may not, be available in upcoming years – their absence would increase the shortfall percentage.

Because few, if any, funds are consistently and specifically earmarked for capital improvements there are significant capital shortfalls that will undoubtedly lead to continuing degradation of service levels. Note that this has likely already occurred to some extent with the fully occupied facilities at the Courthouse.

Figure 43. 2015 General Fund Annual Operations Costs & Revenues

	2015 Expenditures	2015 Annual Revenues	Shortfall
Operations			
1734 New Residents	\$ 555,988	\$ 499,733	\$ (56,256)
Capital			
1734 New Residents	\$ 1,234,828	\$ 55,797	\$ (1,179,031)
TOTAL	\$ 1,790,817	\$ 555,530	\$ (1,235,287)

The per unit costs and revenues are shown in **figure 44**. The revenue shortfall is fairly typical for Western Slope Counties as most have employed a relatively limited array of revenue mechanism to capture the costs of growth. Typically, the differences proceed unnoticed because tourist dollars and grants obscure the differences. However, in high growth Counties (any County experiencing growth over 2.5% annually) the accumulation of these losses typically manifests themselves in level of service shortfalls. The level of service shortfall is most typically noticed in staff shortages as there is not enough general fund revenue to hire additional staff or department heads – while increasing population steadily makes more and more demands on their time. Moreover, capital shortages limit the amount of staff that can be hired, as space and equipment are not available for their use.

Figure 44. General Fund Annual Operations & Capital Costs & Revenues: Per Unit

COST BENEFIT COMPARISONS	
Operations Costs per Unit	\$ 760
Operations Revenue per Unit	
<i>Property Tax</i>	\$ 202
<i>Sales Tax</i>	\$ 131
<i>Other Revenue</i>	\$ 350
Operations Revenue Subtotal	\$ 683
Shortfall	10%
<i>Capital Cost per Unit</i>	\$ 1,688
<i>Capital Revenue per Unit</i>	\$ 76
Capital Revenue Subtotal	\$ (1,611)

LAW ENFORCEMENT

Law enforcement annual revenues and expenditures and revenues were calculated using the same methodology as the general fund administration functions. The data suggests that the Sheriff department may be covering its operations costs on a per unit basis but that the capital infrastructure needs (primarily office space) is, and will, suffer continued degradations of service levels in the face of new growth. It should also be noted that Law Enforcement service levels of 1.3 FTE's per thousand residents is below the national average (and the average found in many Colorado Western Slope municipalities) of 2 FTE's per 1000 population.

Figure 45. General Fund Annual Operations & Capital Costs & Revenues: Per Unit

		Total Annual Expenditures		Total Annual Revenues	Difference
Operations					
Per 1000 Residents	\$	75,832	\$	86,082	\$ 10,249
Capital					
Per 1000 Residents	\$	75,252	\$	3,962	\$(71,290)
TOTAL	\$	151,084	\$	90,043	\$(61,041)

The 2015 projections are based on the RPI modified populations number found throughout this report. Again, the data suggests that the Sherriff department may be covering its costs with regard to residential development but will need significant capital investments to increase floor area to accommodate additional employees.

Figure 46. General Fund Law Enforcement Annual Operations & Capital Costs & Revenues: Per Unit

	2015 Expenditures	2015 Annual Revenues	Shortfall
Operations			
1734 New Residents	\$ 131,498	\$ 149,271	\$ 17,773
Capital			
1734 New Residents	\$ 130,491	\$ 3,962	(\$126,530)
TOTAL	\$ 261,989	\$ 153,233	\$(108,756)

Finally, a per unit revenue is supplied to facilitate assessment of future developments of varying numbers of units. The capital revenue attributed to the Sherriff's department is based on the sale of assets in 2005 and it is questionable whether this revenue will re-occur on a consistent basis. It may be advisable to generate an earmarked revenue mechanism for capital improvements so that future general fund revenues may be freed up to assist with the cost of staffing additional FTE's or to grow the departments force so that it meets national standards.

Figure 47. General Fund Capital Facilities Cost for Projected 4,000 Residential Units

COST BENEFIT COMPARISONS	
Operations Costs Per Unit	\$ 180
Operations Revenue Per Unit	
<i>Property Tax</i>	\$ 60
<i>Sales Tax</i>	\$ 39
<i>Other Revenue</i>	\$ 105
Revenue Subtotal	\$ 204
<i>Capital Cost Per Unit</i>	\$ 178
<i>Capital Revenue</i>	\$ 5
Revenue Subtotal	\$ (173)

CONCLUSIONS

Because of Colorado's property tax structure and the relatively low rates in Ouray County, residential property owners enjoy some of the lowest property taxes in the entire country.⁶ Coupled with this is the fact that residents tend to put the most strain on County services (see proportionate share study results throughout the report). The result is a chronic shortfall between the costs and revenues generated by residential units in Colorado.

Commercial development to a large degree subsidizes residential development in Colorado. This emphasizes the need for Counties to support healthy commercial development in the municipalities. If residential development and commerce falls out of balance, it could pose even more significant challenges to general fund departments.

The shortfalls and lack of funding for capital facilities also signals the need to develop sources of revenue for capital facilities. Impact fees are specifically suited for charging new development for its fair share of the costs (the incremental costs) of providing capital facilities for this new development.

⁶ The Gallagher Amendment results in a continually decreasing residential assessment rate, while Tabor constrains revenue collections.

The projected general fund revenues fall short of meeting the annual operations costs of maintaining the current level of service LOS for administration by about 10%. Without some other funding sources or a change in direction of the general trends, this should result in a slow decline in the level of service (LOS) for general fund departments. What can Ouray County do to avoid this drop in the LOS?

Paying for Capital Improvements Using Impact Fees

Impact fees re-direct some of the fiscal burden of developing new capital facilities away from the taxpayers at large and more directly towards the development generating the need for the expanded capital facilities. Impact fees do not require a public vote.

While impact fees can serve an important role in financing public infrastructure, they are subject to several limitations and restrictions. Case law dictates that governments or districts can use impact fees only for building capital facilities made necessary by new development and that can be shown to benefit that development. They may not be used for existing deficiencies or operations.

Funds from impact fees must be 'earmarked' for defined capital improvements. Impact fees are also subject to legal standards typically including: demonstration of need, rational nexus, and rough proportionality. The recently enacted SB 15 specifically authorizes that statutory Counties have the authority to impose impact fees.

All of the limitations and restrictions can be addressed in a rigorous impact fee support study.

Encourage Healthy Commercial Growth

Commercial development is not only critical for the economic health of the community; it forms the backbone of the revenue streams for County government. Due to the cost of providing transportation infrastructure and law enforcement for traffic producing land uses that are not close to existing municipalities, the best policy would be to encourage commercial development in the municipalities.

Adopt Policies to Encourage Higher Density Development Close to Existing Infrastructure

Ouray County's current policy to concentrate development near existing infrastructure and keeping more remote rural landscapes intact.

COMMUNITY COMPARISONS

The following chart lists known operations and capital costs on a per unit basis for other Colorado Communities. Although the comparisons may be used generally, but some of the numbers are several years old, and not all of the numbers can be directly compared to Ouray County because they may reflect differing organizations of cost/revenue estimates based on the specific needs of the community the study was conducted for.

	FTE per 1000 residents	FTE per 100,000 of non-residential	Operations Cost Per unit	Capital Cost Per unit
ADMINISTRATION				
Archuleta County	2.3	0.6	\$ 581	\$ 1,846
Gunnison County	4.5	0.1	\$ 734	unknown
Montrose County	1.3	0.4	\$ 324	\$ 2,524
Town of Bayfield	1.8	0.2	\$ 291	unknown
Town of Pagosa Springs	1.6	0.3	\$ 294	unknown
Ouray County⁷	5.1	0.2	\$ 760	\$ 1,688
SHERIFF				
Archuleta County	1.6	0.3	\$ 271	\$ 73
Gunnison County	2.1	0.2	\$ 190	\$ 101
Montrose County	1.1	0.2	\$ 218	\$ 183
Town of Bayfield	1.6	0.9	\$ 256	\$ 299
Town of Pagosa Springs	1.9	0.7	\$ 215	\$ 280
Ouray County	1.3	0.1	\$ 180	\$ 178
ROAD & BRIDGE				
Archuleta County			\$ 211	\$ 6,694
Gunnison County			\$ 777	\$ 5,620
Montrose County			\$ 553	\$ 3,509
Town of Bayfield			\$ 163	\$ 1,466
Town of Pagosa Springs			\$ 281	\$ 1,420
Ouray County			\$ 548	\$ 3,895

⁷ Please note that these employee numbers include statutorily required elected officials including a clerk, treasurer, commissioners, etc.) Consequently, comparisons between Counties with larger and smaller populations may not be appropriate or accurate service level indicators.

APPENDIX

Road and Bridge Line Item Revenue Projections

The method used to project revenue line items can best be described as a process of classification, grouping, and summing. Each line item was classified by the type of revenue (fee/fine, State, Federal, etc..), by projection factor (anything from population, to registered vehicles, to assessed valuation, % increase in revenues for other funds such as Road and Bridge, and Human Services).

The projection factor is simply an increase rate used to project the revenue likely to be produced new units

The approach for administration proportionate share is based on Assessor record query's defining the proportion of residential valuation to non-residential valuation in the County – as Ouray County is largely a residentially oriented county the proportionate share tips significantly towards residential uses.

Administration Department Proportionate Share Calculations

OURAY etailed Administration Proportionate Share						
	Effective FTEs	Ratio	Residential	Non-Residential	Res Jobs	Non-Res Jobs
Commissioners	3	residential valuation to non res.	88.3%	11.7%	2.6	0.35
Administrator	2.5	residential valuation to non res.	88.3%	11.7%	2.2	0.29
IT	1	residential valuation to non res.	88.3%	11.7%	0.9	0.12
Facilities Mainangment	1.7	residential valuation to non res.	88.3%	11.7%	1.5	0.20
Treasurer	2	residential valuation to non res.	88.3%	11.7%	1.8	0.23
Public Trustee	0.5	residential valuation to non res.	88.3%	11.7%	0.4	0.06
Clerk/Election	4	residential valuation to non res.	88.3%	11.7%	3.5	0.47
Assessor	3.7	residential valuation to non res.	88.3%	11.7%	3.3	0.43
Attorney	1.3	residential valuation to non res.	100%	0%	1.3	0.00
Land Use	3.7	residential valuation to non res.	100%	0%	3.7	0.00
Coroner	1	residential valuation to non res.	88.3%	11.7%	0.9	0.12
		residential valuation to non res.				
Total	24.4	residential valuation to non res.			22.1	2.28
		Non-Residential Share of Demand	11.7%			
		Residential Share of Demand	88.3%			

Law Enforcement Proportionate Share

The approach used to establish the proportionate share for the Sheriff's department can best be described as a process of sorting crimes committed in 2005 into residential vs. non-residential 'bins'. Once they are sorted, the proportionate share consists simply of the ratios of the totals of each bin. RPI analysts, after discussing the nature of the various crimes with the Sherriff's office listed in the table first sorted out the crimes that are entirely attributable to either the residential or non-residential sectors. The crimes that could be attributable to both sectors were sorted according to the ration of residentially and non-residentially attributable vehicle trips.

- Residential vehicle trips (77%) to non-residential vehicle trips (13%)

The ratio of residential to non-residential vehicle trips in the unincorporated county is a good representation of the amount of activity associated with each. This ratio was applied to crimes that were not necessarily associated with property. The ratio of non-residential to residential structures was applied to crimes that are related to property, such as trespassing and vandalism. RPI used the ratio of the totals as the proportionate share for the Sheriff's department.

Sheriff Proportionate Share

Crime		Traffic	Residential	Non-Residential
Unclassified	10			
911 Call	50		x	
Abandoned Vehicle	5	x		
Alarm	40			x
Ambulance or Medical Assist	101		x	
animal problem	76		x	
animal problem-stray	1		x	
alcohol offense	1		x	
agency assist	167	x		
bar check	3			x
burglary, resident, unlawful entry	9		x	
civil matter	32		x	
citizen assist	82		x	
criminal mischief	10		x	
civil process	63		x	
dead body	1		x	
disorderly conduct	1			x
directed patrol	13		x	
disturbance	12		x	
domestic violence	2		x	
disturbing the peace	4			x
family fight	6		x	
field interview	28		x	
fire	29		x	
follow up investigation	16		x	
fraud	1			x
fireworks	2		x	
harassment	7		x	
hazardous material	1			x
information only	11		x	
intoxicated person	4			x
juvenile runaway	3		x	
juvenile problem	4		x	
lost or found property	4		x	
message delivered	1		x	
missing person	7		x	
mental subject	1		x	
not classified	15		x	
overdue party	7		x	
parking problem	4	x		
propert7 damage, non-vandalism	1			x
pr contact	4		x	
restraining order violation	1		x	
recovered stolen vehicle	1	x		
security check	4			x
suspicious person/circumstance	62		x	
traffic accident/prop damage	98	x		
traffic hazard	33	x		
threatening	2			x
traffic offense	1185	x		
theft, property, other	7			x
traffic contact	8	x		
trespassing	15			x
theft, vehicle, automobile	1	x		
unsecured premises	1			x

utility problem	1		x	
vehicle serial # inspection	40	x		
warrant arrest	3	x		
warrant attempt	17		x	
welfare check	17		x	
weapons offense	9			x
TOTAL CALLS	2344			
Category Count		11	35	14
TOTAL per Category		1542	690	102
		18%	58%	23%

Source: 2005 Ouray County Sheriff Crime Statistics from Montrose Dispatch

Where offenses were marked as residential or non-residential, 100% of the offenses were assigned accordingly. Where the table assigns the crimes to 'traffic' the crimes are broken down into residential vs. non-residential respective to the ratio of residential to non-residential traffic.

Full-Time and Part-Time Resident Retail Expenditures

Ouray county	Full Time Residence	Part Time Residence
Median Home Value	\$362,916	\$362,916
Down Payment (15%)	54,437	54,437
Mortgage Principal	\$308,479	\$308,479
Monthly Payment (7.5%, 30 yr. Mortgage)	\$2,154	\$2,154
Household Monthly Income	\$7,180	\$8,616
Calculated Household Annual Income	\$86,160	\$103,392
% Spent on Retail	38%	38%
Annual Retail Spending/ Full-Time Residence	\$32,741	\$39,289
taxable sales per unit	\$327.41	\$98.22

The core methodology underlying this estimate is based on estimating the income of the residents by the value of the residence. Because new homes are relatively expensive, we cannot assume that the occupants of relatively new homes will be represented by the area median income.

The primary differences between the full and part-time residence estimates lie in the assumed percentage that the housing payment constitutes relative to their entire household income. For locals we assume 30%, fairly typical desirable areas in Colorado and 25% for part-time residents, who clearly have higher incomes by virtue of the fact that they own a second residence. Using these percentages applied to the median home value, RPI obtained a necessary annual income.

The Bureau of Labor Statistics conducts the Consumer Expenditure Study annually which provides detailed average household expenditures. Generally, households spend 38% on taxable retail goods.

The part-time residence expenditures had to be tempered to account for part-time occupancy. Part-time units were assumed to be occupied 25% of the time as concluded in the NWCOG 2003 survey of second home owners. Thus total household retail expenditures were multiplied by 25% to obtain the taxable expenditures. The total taxable sales per unit were factored by a weighted average to yield an average taxable sales per unit. This number was then further modified to account for leakage (i.e. spending outside of Ouray County) leakage was estimated to be 36% based on an off

season sales tax collection analysis in Ouray County (2005) and considered actual median area income, consumer expenditures, and actual sales tax collections.