

# RIVER DANCE RV PARK

## ANNEXATION AND DEVELOPMENT IMPACT REPORT

### TOWN OF GYPSUM - SEPTEMBER 2017

RPI Consulting LLC

Durango, Colorado



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## INTRODUCTION

The River Dance RV Park is planning to expand and has submitted a proposal to be annexed into the Town of Gypsum. The existing RV Park sits just outside the town boundary along Highway 6. The planned expansion will increase the total number of RV spaces, add model units, and upgrade the site overall.

From the town perspective, the foremost considerations for annexation are the budgetary cost benefits associated with the annexation. How much will it cost the town to create and maintain infrastructure and services, and how much of that cost will the revenues generated by the development cover? This analysis looks at the fiscal implications of annexation and expansion. The town services most directly impacted by the proposed annexation are the town's core services as categorized by the town audits: general government, public safety, recreation, and streets and public works. This analysis does not include town enterprise funds (waster, sewer, trash) because enterprise fund fees and monthly charges pay the costs to operate and improve these utilities.

In addition to the fiscal impacts to the town, this analysis also evaluated the impact the expansion will have on the Gypsum Fire Protection District. The Gypsum Fire Protection District already serves the current park. This analysis only looks at the fiscal impact the park expansion could have on the Gypsum Fire Protection District.

The town has a number of service partners that all work to provide services to the town. The Western Eagle County Metropolitan Recreation District operates the Gypsum Recreation Center. Should guests at the RV Park use the rec center then they would pay a user fee. Similarly, if Eagle County Paramedic Services were required to transport a patient to a medical facility, the patient would pay the associated transport charges. The RE-50J school district and the CMC district will likely incur no costs from the park expansion or annexation because it is proposed as a commercial enterprise. Because the expenses incurred by partners are not tangibly related to an upgrade and expansion of a commercial RV park, analysts excluded these services from analysis.

## SUMMARY OF FINDINGS

### TOWN OF GYPSUM

- At buildout, annual town revenues of \$171,700 will exceed expected annual operations costs of \$136,400 by over \$35,300 per year.
- At buildout, the one-time capital costs to the town of \$236,800 will exceed one-time capital revenues of \$56,500 in impact fee revenues by \$180,000.



- At buildout, the River Dance RV Park will generate a \$35,300 surplus annually which will pay the one-time capital cost that exceeds impact fee revenue in about 5-6 years.
- The town could see one-time revenues of \$300,000 from building fees and construction materials sales tax revenues all associated with the construction of the project.

## GYP SUM FIRE PROTECTION DISTRICT

- At buildout, the River Dance expansion will generate a moderate annual operations surplus and a one-time surplus for capital.
- The annual revenues of \$29,200 generated by the expansion will exceed expected annual expenditures of \$17,100 resulting in an annual surplus of \$12,100.
- The one-time capital revenues \$198,900 generated from fire district impact fees cover the capital costs for the district.

## METHODOLOGY AND CORE CONCEPTS

### LEVEL OF SERVICE

Level of service is an analytical tool central to fiscal impact analysis. Level of service (LOS) defined is, the cost of maintaining a specific standard of services and infrastructure. If proportionate increases in resources for general governance and other core services do not accompany development, we should expect to see a decrease in level of service. This would manifest in day-to-day life, and services may be strained.

Quantifying local government service levels requires analyzing annual departmental spending and capital inventories. Using information obtained from the Town of Gypsum and Gypsum Fire Protection District, this analysis calculates operations and capital levels of service per residential and non-residential unit, and per average daily trip (ADT).

### OPERATIONS VS CAPITAL SPENDING

Level of service analysis consists of two main components, operations costs and capital costs.

**Operations Costs:** are the ongoing day- to- day expenses of running the town or district expressed annually (e.g. salaries, utilities, fuel...).

**Capital Costs:** are one- time investments associated with increasing the capacity of infrastructure and capital facilities to accommodate new or future demand (e.g., buildings, vehicles, roads, etc.).



## **PROPORTIONATE SHARE**

Because services benefit both residential and non-residential development, it is inequitable to attribute all spending to one sector. To account for this, a proportionate share calculation divides governmental activity related to the residential and non-residential sectors.

Proportionate share only applies to general government and public safety. Streets service levels are measured according traffic generation and expresses level of service in terms of average daily trips. Demand for parks and recreation services is assumed to originate from the residential sector and costs are attributed only to residential units.

## **DEMAND UNITS**

Demand units are the units of growth that drive additional demand for public facilities and services: residential housing units, non-residential units and average daily traffic trips. One non-residential unit is the equivalent of 1,000 sf of non-residential development. Analysts used the Eagle County Assessor database and the US Census Bureau to calculate the total residential and non-residential demand units.

# TOWN OF GYPSUM COST OF MAINTAINING LEVEL OF SERVICE

## **GENERAL GOVERNMENT AND PUBLIC SAFETY**

Demand for core services originates from homes and businesses in the town and requires a proportionate share calculation. The core services proportionate share calculation establishes a ratio between the number of hours residents spend at home (residential) and at work (non-residential). Analysts used the most recent data (2014) from the US Census Bureau and Census on the Map to calculate proportionate share for core services. The results found the residential sector is responsible for 94% of demand for core services, while the non-residential sector is responsible for 6%.



TABLE 1 GENERAL GOVERNMENT &amp; PUBLIC SAFETY PROPORTIONATE SHARE CALCULATION

	RESIDENTS & JOBS	HOURS/WEEK	PERSON HOURS/WEEK
Total Residents	6,587		
Resident Workers	772	128	98,816
Resident Workers Not Working In Town	3,225	128	412,800
Residents Not Working	2,590	168	<u>435,120</u>
Total Residential			946,736
Total Jobs			
Residents Working In Town	772	40	30,880
Non-Residents Working In Town	638	40	<u>25,520</u>
Total Commercial			56,400
Total Hours			1,003,136
<b>Residential Share</b>			<b>94%</b>
<b>Non-Residential Share</b>			<b>6%</b>

Source: Census on the Map 2014

On average, the town spends \$59.77 annually to provide general government operations and \$18.82 annually to provide public safety operations per non-residential unit. This represents the level of service for these core services.

TABLE 2 GENERAL GOVERNMENT &amp; PUBLIC SAFETY COSTS

	O&M	Non-Residential Proportionate Share	Non-Residential Demand Units	Cost Per Unit
General Government	\$2,634,246	6%	2,478	\$59.77
Public Safety	\$829,530	6%	2,478	\$18.82

Source: Town of Gypsum Audits 2013-2015 and Census on the Map 2014

### CULTURE & RECREATION (GENERAL FUND)

The town offers parks, ballfields, tennis courts and a swimming pool for recreation. The town also owns the Recreation Center but the Western Eagle County Metropolitan Recreation District (WECMRD) is responsible for operations and maintenance. When the recreation center encounters a deficit in operations, the Town of Gypsum and WECMRD split the cost of the deficit 50/50. Any contributions to cover operations deficits are reflected in the town's General Fund expenditures.

The RV Park developer estimates the park will be 75% occupied in the summer and 45% occupied in the winter, averaging out to a 60% occupancy rate year-round. On average, the town would spend \$216.33 annually to provide culture and recreation operations per RV space.



TABLE 3 CULTURE &amp; RECREATION O&amp;M COSTS

	O&M	Residential Proportionate Share	Residential Demand Units	Residential Per Unit Cost	RV Park Adjusted Occupancy	RV Park Per Unit Cost
Culture & Recreation	\$760,025	100%	2,108	\$360.54	60%	\$216.33

Source: Town of Gypsum Audits 2013-2015

## STREETS AND PUBLIC WORKS

The first step in calculating the annual O&M costs that the RV Park would add to Streets and Public Works is to calculate how much it costs today to provide streets and public works for the level of traffic that currently exists – the current level of service. According to analysis of average daily trips (ADT) provided in the Trip Generation 7<sup>th</sup> Edition by the Institute of Traffic Engineers, residential and non-residential units in town generate a total of 18,270 ADT. Given the Public Works annual average O&M cost of \$1,494,125 and the total ADT generated in the town, it costs \$81.78 per average daily trip per year for operations and maintenance (cost per ADT = O&M costs ÷ total ADT).

TABLE 4 TRANSPORTATION ADT GENERATION

	ADT Per Unit	Units In Gypsum	ADT
Res ADT*	4.2	2,108	8,854
Non Res ADT*	3.8	2,478	9,416
Total ADT			18,270
Streets and Public Works O&M			\$1,494,125
Per ADT Cost			\$81.78

Source: Trip Generation 7<sup>th</sup> Edition, Institute of Transportation Engineers, Town of Gypsum Audits 2013-2015, Eagle County Assessor

\* NOTE - Average Daily Trips driveway volume was adjusted by 50% to count only in-bound trips. Outbound trips are assigned to the other (unknown) destinations of those trips. The Town of Gypsum ADT per residential unit reflects a mix of single family detached, condo/townhome and multifamily units in town. The Town of Gypsum non-residential ADT per non-residential unit (1000 sq. ft.) reflects a mix of non-residential uses.

RV spaces generate 4.45 ADT while park model units generate 4.2 ADT. The combined 1,182 ADT for RV and model units was adjusted to account for the park being 75% occupied in the summer and 45% occupied in the winter to yield 709 ADT at full buildout.

TABLE 5 RV PARK ADT GENERATION

	Units	ADT Per Unit	ADT	ADT With Occupancy Adjustment
Existing Spaces*	40	4.45	178	107
New Spaces*	219	4.45	975	585
Park Model Pads	7	4.2	29	18
Total	266		1,182	709

Source: Trip Generation 7<sup>th</sup> Edition, Institute of Transportation Engineers



\* For the purposes of this study, the ITE average daily trip rate for a motel lodging unit was applied to RV Spaces and adjusted by 50% to count only in-bound trips. Out-bound trips are assigned to the destination of those trips.

The total Streets & Public Work O&M costs for the RV Park are \$57,997 for the proposed expanded park, an average of \$218 per space.

TABLE 6 STREET & PUBLIC WORKS COSTS

Per ADT Cost	RV Park ADT Generation	Street & Public Works Cost For RV Park	Average Per Space Cost
\$81.78	709	\$57,997.12	\$218.03

### TOWN CAPITAL FACILITIES COSTS

Expanding capital facilities is not an incremental process. Instead, new costs increase step-wise in large and infrequent increments. For example, the town may be able to accommodate some new growth without expanding capital facilities. However, a critical threshold can necessitate a significant investment such as a new addition or renovation of existing space to increase its capacity. In order to keep facility capacity in line with demand, the town will need to ensure that new development is building reserves to pay for improvements when they become necessary.

The town currently uses \$39,235,965 in capital, which translates to an LOS of \$890 per non-residential unit. The total one-time capital cost maintaining LOS for the town with the expanded RV Park is \$236,809.

TABLE 7 TOWN CAPITAL COSTS PER UNIT

Capital Assets	Non-Residential Proportionate Share	Non-Residential Demand Units	Cost Per Unit	Total Capital Costs For Park
\$39,235,965	6%	2,478	\$890	\$236,809

Source: Town of Gypsum Audits 2013-2015

## REVENUES

### PROPERTY TAXES

The existing park has an assessed value of \$80,710 for the land and \$51,130 for the existing improvements. The second vacant parcel has an assessed value of \$49,620 for the land. To calculate the estimated assessed improvement value for the planned expansion, consultants used the construction costs and estimated of the park model pads multiplied by the commercial assessment rate of 29%. The total estimated value of the RV Park at buildout is \$2,963,246.89.





TABLE 8 ESTIMATED RV PARK PROPERTY VALUE

	Existing Park Assessed Value	New Park Construction Assessed Value
Improvement	\$51,130.00	\$2,781,786.89
Land	\$80,710.00	\$49,620.00
<b>RV Park Total</b>		<b>\$2,963,246.89</b>

Source: Eagle County Assessor, RV Park Developer

If annexed, then River Side RV Park will generate town property tax revenue. The proposed RV Park will generate an estimated \$15,094.78 in annual property taxes for the Town of Gypsum.

TABLE 9 RV PARK PROPERTY TAX CONTRIBUTION

	Mills	Property Valuation	Revenue
Town of Gypsum Mill Levy	5.094	\$2,963,246.89	\$15,094.78

### SALES TAXES – ANNUAL REVENUE

With the expansion and annexation of the park the town can expect to see a one-time revenue from sales taxes on construction materials and annual sales tax revenues from lodging and increased sales from park guests.

The developer projects RV spaces will rent for \$70.00/night and the model unit spaces will rent for \$200.00/night. The park will have an average occupancy rate of 75% in the summer and 45% in the winter (based on developer projections). Using these projections, the RV spaces will generate an estimated \$119,114 in sales taxes and the 7 model units will generate \$306,600 in sales taxes annually.

TABLE 10 RV SPACE TAX REVENUES

RV Space Rental Fee	\$70.00
RV Spaces	259
Occupancy Rate (Winter)	45%
Occupancy Rate (Summer)	75%
<b>Total Revenues</b>	<b>\$3,970,470</b>
<b>Sales Taxes From RV Spaces</b>	<b>\$119,114.10</b>

Source: RV Park Developer

TABLE 11 MODEL UNIT TAX REVENUES

Model Unit Space Rental Fee	\$200.00
Park Model Units	7
Occupancy Rate (Winter)	45%
Occupancy Rate (Summer)	75%
<b>Total Revenues</b>	<b>\$306,600</b>
<b>Sales Taxes from Park Model Units</b>	<b>\$9,198.00</b>

Source: RV Park Developer



In addition to sales taxes associated with rental rates, the RV Park users will also generate additional sales tax revenues from guest spending in Gypsum. With a total of 266 spaces (including model units), and an occupancy of 45% in the winter and 75% in the summer, the River Dance RV Park will generate an estimated 58,254 user days.

TABLE 12 RV PARK USER DAYS CALCULATION

Average Occupancy	Occupied Spaces	Days	User Days
Summer (75%)	199.5	182.5	36408.75
Winter (45%)	120	182.5	21845.25
Total User Days			58,254

The average spending for a vehicle on vacation is \$162 (2008/2009 Colorado State Parks Survey Data) including food, entertainment, gas, shopping etc. With 58,254 user days, the park will generate an estimated \$9,437,148 in spending annually. If all of this spending occurred in the town then the town would generate \$283,114 in sales taxes. But in reality, only some of this spending will occur in the Town of Gypsum. Assuming a conservative 10% spending capture rate, RV Park users will generate \$28,311 in sales taxes annually.

TABLE 13 RV PARK VISITOR SPENDING SALES TAX REVENUE

Total User Days	58,254
AVG Spending Per Vehicle	\$162
Total Spending	\$9,437,148
Sales Tax	\$283,114
10% Capture	\$28,311

## SALES TAXES – ONE-TIME REVENUE

### Construction

The developer estimates the total construction cost for the River Dance Expansion will be \$9,417,369. Purchase of construction materials could generate a one-time sales tax revenue of up to \$282,521.

TABLE 14 CONSTRUCTION MATERIALS SALES TAX REVENUES

Construction Values	\$9,417,369
Gypsum Sales Tax	3.00%
Sales Tax Revenues from Construction	\$282,521

## TOWN IMPACT FEES

Impact fees are one-time fees applied to new construction. The town charges a public safety impact fee of \$250 per unit. The total impact fee for the park would be \$56,500. The developer and the town will finalize the total amount and types of impact fees as they work together to develop an annexation agreement.



TABLE 15 TOWN IMPACT FEE REVENUES

	Per Unit	Total For Park
Law Enforcement Impact Fee	\$250	\$56,500

### BUILDING FEES

The town charges one-time building permit and plan review fees for residential and non-residential projects. Based on the town's fee schedule, the River Dance RV Park building and plan review fees total \$17,820.

TABLE 16 TOWN BUILDING FEES

Building Fee	Revenues
Building Permit Fees	\$9,773
Plumbing Permit Fees	\$560
Electrical Permits Fees	\$1,134
Plan Review Fees	\$6,353
Total Fees	\$17,820

## GYPSUM FIRE PROTECTION DISTRICT

The Gypsum Fire Protection District (GFPD) already provides services to the existing RV Park and collects property taxes from the existing property. This analysis looks at the costs and revenues associated with serving the new expansion of the park including 219 new RV pads and 7 model units.

### COSTS

The GFPD serves a part of Eagle County, most of the Town of Gypsum, and a small portion of Garfield County. Consultants used GFPD call data to calculate the operations and capital costs associated with expanding the River Dance RV Park. In total, the GFPD responded to an average of 600 calls per year between 2012 and 2016. During that same time, the GFPD responded to an annual average of 2.2 calls that originated from the existing RV Park. The current park has 40 spaces, which generate 2.2 calls per year. The expansion would add a total of 226 new units, which based on a ratio of average annual calls to existing RV Spaces, could generate an additional 12.43 calls to the RV Park.

TABLE 17 ADDITIONAL CALLS GENERATION RATE

	Existing RV Park	RV Park Expansion
Number Of Calls	2.2	12.43
Number Of Spaces	40	226

Source: Gypsum Fire Protection District Call Data



## OPERATIONS & MAINTENANCE

The operations and maintenance expenditures for the district are \$826,118 on average per year. The average annual total cost to provide O&M for the proposed additional park spaces is just over \$17,100.

TABLE 18 GFPD O&M COSTS

O&M	Total Calls	Cost per Call	Additional Calls to RV Park	Total Cost for Park Expansion
\$826,118	600	\$1,377	12.43	\$17,114.40

Source: Gypsum Fire Protection District Audits 2013-2015, Gypsum Fire Protection District Call Data

## CAPITAL COSTS

The district currently uses a total of \$1,837,025 in capital to provide service to the district. In order to keep facility capacity in line with demand, the district will need to ensure that new development is building reserves to pay for capital improvements when they become necessary. The total one-time capital cost for the park expansion is just over \$38,000.

TABLE 19 GFPD ONE-TIME CAPITAL COSTS

Capital	Total Calls	Cost per Call	Additional Calls to RV Park	Total Cost for Park Expansion
\$1,837,025	600	\$3,061.71	12.43	\$38,057.03

Source: Gypsum Fire Protection District Audits 2013-2015, Gypsum Fire Protection District Call Data

## REVENUES

### PROPERTY TAXES

GFPD has a mill levy of 10.504 which it already collects on the land and the existing park physical assets. The fire district will collect additional property tax revenue from the new construction. To calculate the estimated assessed improvement value for the planned expansion, consultants used the construction costs and estimated park model pads value multiplied by the commercial assessment rate of 29%. The RV Park expansion will generate an additional \$29,219.89 in property tax revenues for the fire district annually.

TABLE 20 GFPD PROPERTY TAX REVENUE

	Mills	New Park Construction Assessed Value	Revenue
Gypsum Fire Mill Levy	10.504	\$2,781,786.89	\$29,219.89

### IMPACT FEES

Impact fees are a one-time fee applied to new construction to ensure development pays its fair share for capital costs to maintain the existing LOS. The Gypsum Fire Protection District charges an impact fee of \$1,193 per residential unit and \$569 per lodging unit (1,000 sf). Town of Gypsum staff directed the consultants to use the median of the two fees



at \$880, or \$198,880 for the entire park (new construction only). The fire district will have the final say about what impact fee will be charged to the development.

TABLE 21 GYPSUM FIRE PROTECTION DISTRICT IMPACT FEE

Fire Department Residential Unit	\$1,193.35
Fire Department Lodging (per 1000 sf)	\$569.27
Median Fire Department Impact Fee Per Unit	\$880.00
Total New RV & Model Spaces	226
Total Fees for Park Expansion	\$198,880.00

## COST BENEFIT

### TOWN OF GYPSUM

The town can expect to incur annual operations costs of \$512.95 per space, totaling over \$136,400 annually for the entire River Dance RV Park at buildout. The town will need to invest \$890 per space to maintain capital level of service, totaling over \$236,809 at buildout of the proposed park.

TABLE 22 TOWN O&M COST SUMMARY

	Annual Cost Per Unit
General Government	\$59.77
Public Safety	\$18.82
Culture And Rec	\$216.33
Transportation	\$218.03
Total Per Space	\$512.95
Total O&M Costs For River Dance RV Park	\$136,445.46

TABLE 23 TOWN CAPITAL COST SUMMARY

	One-Time Capital Cost
Capital Cost Per Space	\$890
Total Capital Costs For River Dance RV Park	\$236,809

The River Dance RV Park will generate over \$171,700 in annual revenues at buildout. The park will generate one-time, dedicated impact fee revenues of \$56,500, this money is dedicated to funding public safety capital. The RV Park will also generate a one-time, non-dedicated revenue of over \$1,115,000 from construction and building fees for the town.



TABLE 24 TOWN REVENUE SUMMARY

	Annual	One-Time Dedicated	One-Time Non-Dedicated
Property Taxes	\$15,095		
Sales Taxes Lodging	\$128,312		
Increased Sales From Park Guests (10% Capture)	\$28,311		
Sales Taxes Construction			\$282,521
Building Permit Fees			\$17,820
Public Safety Impact Fees		\$56,500	
Totals	\$171,718	\$56,500	\$300,341

Total annual revenues from the River Dance RV Park exceed expected annual costs resulting in a surplus of \$35,500. At buildout, the only dedicated revenues for capital are impact fees totaling \$56,500. Because this does not cover the total one-time capital costs, the cost benefit shows a deficit of about \$180,000. However, because the annual tax revenues provide an estimated annual surplus of over \$35,000, this surplus could pay off the one-time deficit of \$180,000 in five years.

In addition to the annual tax revenues and impact fees, the town could receive a one-time surplus of about \$300,000. This one-time revenue comes from building fees and potential sales taxes from construction materials.

TABLE 25 TOWN COST/BENEFIT SUMMARY

	Cost	Revenue	Cost-Benefit
Annual O&M	\$136,400	\$171,700	\$35,300
One-Time Capital	\$236,800	\$56,500	-\$180,300
One-Time Non-Dedicated Revenues		\$300,300	\$300,300

## GYPSUM FIRE PROTECTION DISTRICT

The fire district can expect to incur estimated annual operations costs of \$36,745 for the expansion of the River Dance RV Park. In order to maintain existing levels of service, the district will need to invest \$81,710 in capital facilities.

TABLE 26 FIRE DISTRICT COSTS

	Cost Per Call	Total Cost for Park Expansion
O&M	\$1,377	\$17,114
Capital	\$3,062	\$38,057



Property taxes from the expansion will generate an estimated \$29,200 for the district annually. The fire district impact fee will generate an estimated \$198,800 in one-time revenue based on a per space fee of \$880.

TABLE 27 FIRE DISTRICT REVENUES

	Annual	One-Time
Property Taxes	\$29,220	
Impact Fees		\$198,880

Annual revenues will exceed annual costs resulting in an annual surplus. The one-time capital revenues also exceed one-time capital costs resulting in a surplus. At buildout, the Gypsum Fire Protection District can expect an annual surplus of over \$12,000 and a one-time surplus of \$160,000.

TABLE 28 FIRE DISTRICT COST/BENEFIT

	Cost	Revenue	Cost-Benefit
Annual O&M	\$17,100	\$29,200	\$12,100
One-Time Capital	\$38,100	\$198,900	\$160,800

