

Hotchkiss and Paonia weigh fiscal impact of growth, development

Wednesday, 01 April 2009 00:00

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Last year in May, Delta County municipalities had the opportunity to have a fiscal impact analysis done by RPI Consulting Inc. Funding from the Department of Local Affairs assisted in the project. Crawford declined to be involved in the analysis of what growth and development will cost the municipalities in 10 years. Hotchkiss and Paonia participated in the analysis.

The purpose of the fiscal impact analysis is to link land use to fiscal realities; compare the cost and benefits of growth and amenities and services; look at what the respective towns want as a quality of life and what level of service (LOS) they want to provide and could afford to provide; have a common language between the towns and developers; and establish baseline information. From the analysis for each municipality, town councils are now deciding whether to invest in the next step of determining what impact fees would be charged to cover costs and have the level of service wanted over the next 10 years in administration, law enforcement, streets and parks.

Andrew Klotz of RPI presented the fiscal impact analysis to Paonia on Feb. 24 and March 12 in Hotchkiss. The projections for the cost of services through 2018 were based on the percentage of growth each town has had. The population projections for Delta County and its municipalities was based on statistics from the Department of Local Affairs. Over the 27 year period from 1980 through 2006 Delta County grew at an average annual rate of 1.46 percent. Paonia grew at a relatively low average of .30 percent, and Hotchkiss at a modest growth of .49 percent.

The projected demand for residential units from 2007 to 2018 in Hotchkiss is a 9 percent increase from 455 units in 2007 to 497 in 2018. Non-residential or commercial growth is projected at 5 percent. The increase in daily traffic trips is estimated at 9 percent, from 4,921 daily trips in 2007 to 5,344 in 2018.

Paonia has increased since 1980 with an average annual rate of .43 percent. That would mean about 40 new homes will be constructed by 2018, representing a 5 percent increase. Based on past trends, Paonia can expect to add 10,000 square feet of non-residential development by 2018. The RPI analysis states that roughly equals to three or four small stores over the next 10 years. That's a 1 percent increase. Average daily trips are projected to increase 3 percent.

The Bureau of Labor Statistics (BLS) estimates there are currently 8,000 jobs in Delta County, and that by 2018 that figure could increase to over 14,000 jobs. The average rate of growth for jobs in Delta County is 3.51 percent. Mining, construction, administrative services and the arts are the fastest growing sectors in the county.

The gross valuation of the Town of Hotchkiss's residential and non-residential land uses totals over \$63 million. That breaks down to 32 percent for non-residential uses and 68 percent for residential units. The RPI report states "Hotchkiss is relatively unique" due to its relatively large amount of non-residential square footage in comparison to other small Western Slope communities. Because of the presence of City Market in Hotchkiss, the town "experiences extra-territorial demand." Because of the significant amounts of retail in Hotchkiss, the town benefits from robust sales tax collections. Klotz said Hotchkiss has the best operations budget.

The cost of maintaining the current level of service for administration in 2018 would require an additional 3.63 employees for the Town of Hotchkiss. It costs the Town of Hotchkiss \$52,294 on average per employee annually. That is an operations cost of \$233 per housing unit and \$126 per 1,000 square feet of non-residential floor space. To maintain capital infrastructure level of service in 2018 the Town of Hotchkiss will need to invest over \$18,000. If the administrative departments require capital investments, the cost per new housing unit totals \$345 per housing unit and \$187 per 1,000 new square feet of non-residential.

To maintain the current level of service in law enforcement the Town of Hotchkiss will need to hire .27 employees by 2018 which will total \$15,009 in additional annual operations costs. Capital investment for new office space, land and equipment for law enforcement would equate to a \$460 cost per new housing unit and \$400 per 1,000 square feet of non-residential floor space.

Not including streets, the Town of Hotchkiss is experiencing a gross capital shortfall of approximately 50 percent. Additional capital costs through 2018 are estimated at

\$152,827 versus revenue of \$73,795. That's a shortfall of \$79,031 between now and 2018. Klotz said it's not a crisis, but the town must keep their eyes open. He recommended defining a capital improvement plan, redistribute funds from sales tax to cover capital costs and to consider impact fees of approximately \$1,500 per new house.

The revenue for the Town of Paonia originates from sales tax, property taxes and county revenue sharing. Paonia's general fund expenditure pattern spends 17 percent on administration, 25 percent on law enforcement, 5 percent on parks and 11 percent on streets. Operational shortfalls are typical in Western Slope communities and Paonia is experiencing an operational shortfall in all four areas for residential and non-residential. Paonia puts 1 percent of its sales tax aside for capital improvements. Each residential unit contributes approximately \$1,100 over the planning horizon. On average it costs \$77,989 per employee annually to provide administrative services in Paonia. That equals an operations cost of \$207 per housing unit and \$125 per 1,000 square feet of nonresidential floor space. In order to maintain current levels of service through 2018 additional annual operation costs will increase by \$8,053.

On March 24 Paonia asked Klotz to submit a proposal for the impact fee study.

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