

Transportation Snow Plowing Equipment



This section of the Crested Butte Land Use Plan presents a methodology and the associated statistics to determine a capital expansion recovery fee to pay for the snow plowing equipment that will be needed to serve new major subdivisions. Snow plowing equipment includes equipment for related activities such as traction control, snow hauling, sidewalk plowing, access to snow storage and maintenance buildings. Together, the equipment necessary to accomplish the activities listed above and the associated buildings are referred to as snow plowing equipment. The major steps in this section are as follows:

- A short description of how snow is plowed in Crested Butte
- An inventory of plowed areas in the Town
- An inventory of Town snow plowing equipment, with purchase prices, and replacement costs
- A calculation to determine the cost for snow plowing equipment per square foot of plowed area
- The level of service the Town maintains for existing and new development

- credits for future taxes to be paid by future residents of major subdivisions that will be applied against the total costs per square foot to account for any contributions by the taxpayers who will live in new major subdivisions

The capital expansion recovery fee to pay for snow plowing equipment will be applied when land in town is subdivided, but will more likely be applied when land is annexed and subsequently subdivided.

How snow is plowed

The average snow fall each winter is 217 inches and in many years the total has exceeded 300 inches. Since the Town began keeping records in 1962, the maximum recorded snow fall total in one winter was 381 inches in 1978. 381 inches is over 31 feet high, or as high as the tallest buildings on Elk Avenue.

The snow plowing process generally begins at midnight. Downtown, or core area, snow plowing begins after 2:00 a.m. after patrons of downtown establishments leave. The first step in snow plowing is to tow the cars that have been left in the street and that are in the way of the snow plows. Towing often continues until 5:00 a.m. While cars are being towed, snow plows begin work on the east side of town clearing streets, parking lots, the maintenance shop, bus barn and the tow lot to store towed cars.

The downtown business area needs to be completed by 6:00 a.m. to allow cars to be parked again for the next business day and to avoid safety issues with large snow plows and the parked cars. Areas plowed earlier often need to be redone around 8:00 a.m. due to additional accumulations. Sidewalk plowing begins at 6:00 a.m. and is repeated at 2:00 p.m. if new snow accumulation exceeds one inch.

The remaining residential areas are plowed after the downtown business area. Town Ordinance states that it is the policy of the Town to finish plowing the residential areas by 10:00 a.m.

Inventory of plowed areas

The snow plowed areas inventory in Table 1 presents the square footage of all plowed areas and includes street and avenue rights-of-way and all other plowed areas.

It is the amount of area plowed, rather than the number of units approved, that should determine the number and type of snow plowing equipment needed and therefore the mitigation needed to address additional impacts to the snow plowing efforts of the Town by new major subdivisions. Together with other information presented in this analysis, this inventory of plowed areas will result in a capital expansion recovery fee based on the square footage of all plowed areas. The Town uses this method because subdivision designs result in varying lengths and widths of streets, sidewalks and other plowed areas such as parking lots.

Table 1 indicates the Town currently plows snow on approximately 3,200,514 square feet of street and avenue (street) rights-of-way, and 558,532 square feet of other plowed areas for a total plowed area of 3,759,046 square feet (86.3 acres).

Table 1
SNOW PLOWED AREAS
in CRESTED BUTTE

Plowed areas	sq. ft.
residential streets	2,539,456
commercial streets	661,058
Sub total street area	3,200,514
residential sidewalks	53,064
commercial sidewalks	43,725
cemetery	17,572
gravel pit	116,015
Public Works yard	151,719
Big Mine Park parking lot	21,894
Town Hall blower route	6,386
water treatment plant	14,482
Center for the Arts parking	12,521
Depot parking	4,720
commercial parking lots	116,434
Sub-total other plowed areas	558,532
Total plowed areas	3,759,046

- Notes: 1. Residential sidewalks are residential blower routes outside the ROW in residential areas.
2. Commercial sidewalks are commercial blower routes outside the ROW in commercial areas.

Costs

There are two broad ways to evaluate the amount of money which the Town has spent or will have to spend to maintain an adequate fleet of snow plowing equipment. One method is to determine from town records the amount spent for each piece of equipment, apply a cost index adjustment and total the numbers.

The second method is to contact dealers and obtain current estimates or bids on new equipment to determine replacement costs. Replacement costs reflect current costs and are the most accurate because applying a cost index to past expenditures may or may not reflect actual changes in costs to manufacture the equipment. Current replacement costs from dealers is used in this analysis because it is a better method to estimate the replacement costs of equipment which will be paid for by the Town when new equipment is needed to serve new developments.

Table 2 presents the equipment used for snow plowing, the year the equipment was purchased, the purchase price, the replacement cost, the percentage of use for snow plowing and the resulting replacement costs based on the percentage of use for snow plowing.

Table 2
MAJOR SNOW PLOWING EQUIPMENT

Year Purchased	Year of Vehicle	Vehicle Number	Purchase Price	Replacement Cost If New	How Much Used for Snow Plowing?	Replacement Cost Based on Use	Equipment
1987			\$5,140	11,537	100%	\$11,537	Blade for backhoe
1990	1979	19	\$9,447	\$145,000	90%	\$130,500	International dump truck & snow body insert - super haul
1995			\$14,357	\$16,843	100%	\$16,843	V plow blade loader
1996	1996	7	\$64,757	\$145,000	80%	\$116,000	Dump truck - Int'l 4900
1997	1996	29	\$132,483	\$170,814	100%	\$170,814	Loader - Caterpillar 938 F
1998	1994	34	\$31,308	\$38,500	80%	\$30,800	Skid steer - New Holland LX665
	1999	6	\$71,274	\$145,000	80%	\$116,000	Dump truck - Int'l 4900
2000			\$71,797	\$145,000	100%	\$145,000	Snowblower for front of loader - Klauer MP-3D
	2000	28	\$167,235	\$241,739	80%	\$193,391	Loader - Caterpillar 950 G
		28	\$6,125	\$6,500	100%	\$6,500	Snow pusher - 18 ft. Protech
2001			\$8,104	\$14,832	100%	\$14,832	Loader plow blade - Balderson
2003			\$4,000	\$3,532	100%	\$3,532	De-icer spreader (skid steer - sidewalks)
2004			\$5,700	\$6,500	100%	\$6,500	73" Snowblower - Erskine for Skidsteer
2005	2005	20	\$36,669	\$34,000	95%	\$32,300	Sanding truck - Chevy K3500
				\$20,000	100%	\$20,000	sander and hydraulic bed
	2005	25	\$143,807	\$165,500	90%	\$148,950	Loader - Kamatsu WA 320
	2005	24	\$78,640	\$97,263	15%	\$14,589	Backhoe - Caterpillar 420 D
	2005			\$16,843	100%	\$16,843	V plow blade for loader
2007	2007	32	\$222,684	\$250,000	80%	\$200,000	Motor Grader, John Deere 772 D
2009	2009	31	\$46,659	\$44,423	50%	\$22,212	Skid Steer - Bobcat A300
	2009			\$6,700	100%	\$6,700	85" snow blower for skid sterr - Bobcat
	2009	35	\$159,004	\$205,000	80%	\$164,000	Loader - John Deere 624 K
2010	2010	11	\$23,835	\$28,986	80%	\$23,189	Skid Steer - Bobcat S 185
	1998	26		\$84,559	0%	\$0	Backhoe - Caterpillar 416

Other Equipment

Year Purchased	Year of Vehicle	Vehicle Number	Purchase Price	Replacement Cost If New	How Much Used for Snow Plowing?	Replacement Cost Based on Use	Equipment
1995	1948		\$14,357	\$29,664	100%	\$29,664	2, 13 ft. Raylind osolating snow plow blades
			\$13,732	100%	\$13,732	13 ft. rigid snow plow - Balderson	
			\$148,000	100%	\$148,000	9 ft. snow blower for front of loader	
			\$6,200	100%	\$6,200	63" snow blower for skid steer - Erskine	
			\$6,200	100%	\$6,200	61" snow blower for skid steer - Erskine	
			\$6,461	100%	\$6,461	6-way skid steer plow	
			\$1,302	100%	\$1,302	Skid steer mounted ice scraper	
			\$19,600	80%	\$15,680	2, 4 yard buckets for loaders	
2008			\$1,100	\$0	80%	\$0	62" bucket for bobcat w/ bobcat
			\$14,000		50%	\$7,000	2, 3 yard buckets for loaders
Total			\$1,318,482	\$2,289,230		\$1,845,271	

% of total 76.56%

- Notes: 1. Most of the equipment in the Other Equipment section of Table 2 was purchased with a larger piece of machinery and therefore no Purchase Price is shown. However, a replacement cost is shown if the Town needed to replace the Other Equipment.
2. Source of replacement costs: Public Works Town staff and dealers from whom equipment is purchased.

Tow trucks, which are an integral part of the snow plowing system in Crested Butte, are not included in the list of snow removal equipment, even though the Town hires towing companies to remove cars. This means not all costs are considered and the resulting fees are conservative.

Since it is the policy of the Town to try to purchase new equipment, it is appropriate that fees reflect purchase prices of new equipment. All equipment purchased in the last 15 years has been new.

In addition to the snow plowing equipment, the Town also has a maintenance shop, a storage facility and a sanding shed used for snow plowing equipment. Table 3 presents the buildings, costs, replacement costs, and their sizes.

Table 3
SNOW PLOWING EQUIPMENT
MAINTENANCE and STORAGE BUILDINGS

Year Built	Size (sq. ft.)	Purchase Price	Replacement Cost If New	How Much Used for Snow Plowing?	Replacement Cost Based on Use	Facility
1979	5,000	\$140,000	\$560,000	80%	\$448,000	Maintenance shop I
1979	1,000		\$90,000	80%	\$72,000	upstairs office space
1990	4,000	134,092	\$440,000	80%	\$352,000	Maintenance shop II
1996	800	6,770	see above	80%		Maintenance shop loft
1997	2,400	62,402	\$228,000	90%	\$205,200	P.W. storage facility
1998		6,365	see above	90%		P.W. stor. facil. Addition
2004		15,424	see above	90%		P.W. storage facility heat
2000	800	38,633	\$72,000	100%	\$72,000	Sanding shed
Total		\$403,686	\$1,390,000		\$1,149,200	

% of total 23.44%

Source: Reinman Construction, Inc., which built all the buildings.

Table 2 presents purchase prices and replacement costs of the equipment the Town now uses for snow plowing. Table 3 presents purchase prices and replacement costs from contractors for each building required for snow plowing. The total replacement costs, considering the percentage of use of each piece of equipment and each building for snow plowing, is \$2,994,471.

The total area plowed is 3,759,046 square feet. Therefore, the replacement cost per square foot of plowed area is \$.797 ($\$2,994,471 / 3,759,046$ square feet = \$.797 per square foot.).

Level of Service

An inventory of the snow plowing equipment necessary to plow snow on streets and other plowed areas is summarized in Table 4 in the column labeled "Current Supply". Table 4 also identifies the snow plowing equipment standards the Town is adopting for purposes of this analysis. These standards represent the existing level of service provided in the Town, which is the level of service the Town desires to maintain as future development occurs. The standards have been established by dividing the current inventory of snow plowing equipment into the total area (in acres) that is plowed.

Table 4
EXISTING FACILITIES AND LEVEL OF SERVICE
Snow Plowing Equipment

Snow Plowing Equipment	Current Supply	Level of Standard	Service (acres)
Front end loaders	4	1 per	21.58
Loader buckets	4	1 per	21.58
Motor grader	1	1 per	86.30
1 ton trucks	1	1 per	86.30
Snow blades for backhoes	1	1 per	86.30
Snow blades for loaders	7	1 per	12.33
Snow blowers for front of loaders	2	1 per	43.15
Dump Trucks	3	1 per	28.77
Skid Steers	3	1 per	28.77
Snow blowers for skid steers	4	1 per	21.58
Deicer for skid steer	1	1 per	86.30
Plows and ice scrapers for skid steer	2	1 per	43.15
Backhoes	2	1 per	43.15
Snow body truck insert	1	1 per	86.30
Sanding truck	1	1 per	86.30
Bed mounted sander for bed of pickup	1	1 per	86.30
4 yard buckets for loaders	2	1 per	43.15
3 yard buckets for loaders	2	1 per	43.15
Snow Plowing Buildings			
Maintenance shops (80% of 10,800 sq. ft.)	1	1 per	86.30
Storage facility (90% of 2,400 sq. ft.)	1	1 per	86.30
Sanding shed (100% of 800 sq. ft.)	1	1 per	86.30

Capacity

The Town has determined that its snow plowing equipment is operating at capacity and that new subdivisions or other developments will create the need for more snow plowing equipment. A few examples of snow plowing equipment operating at capacity are as follows:

1. The Town added additional staff to facilitate afternoon plowing during the 1995-1996 winter. During the 2011-2012 winter season two additional employees were hired to plow snow at night. Before the two additional employees were hired in 2011-2012, public works staff often plowed all night and then worked on equipment all day, frequently causing them to work 8 hours of overtime. The increased hours of equipment use has led to increased

maintenance and repair on the existing equipment. Maintenance costs have doubled since the new employees were hired in 2011-2012. It has not always proved possible to accomplish required routine maintenance on the prescribed schedule because the equipment is so often in use.

In spite of the Town's extra efforts, complaints received with respect to snow plowing activity run at a higher rate each year which helps to demonstrate that there is more to do and that the Town snow plowing services are at capacity.

2. In the past fifteen years additional streets have been added to the area to be plowed with the inclusion of Treasury Hill, Beckwith Ave., the Town Ranch, the Community School, the Kapushion Annexation, the Verzuh Ranch Annexation, and the Paradise Park affordable housing subdivision.

In the 1990s the Town began plowing specific alleys within the downtown business area to facilitate commercial deliveries and trash removal. This is a labor intensive activity, which also ties up the use of equipment, given that the alleys are severely confined and all the snow that is removed must be hauled out of the area. The increase in the plowing of other alleys by private individuals to provide parking access stresses the areas available for snow storage and impacts the rights-of-way.

In response to the increased area to be plowed, the Town has upgraded its equipment and personnel to maintain an acceptable level of service. The developers of the Verzuh Ranch Annexation contributed to the upgrades when they paid a snow plowing equipment capital expansion recovery fee, which paid part of the cost of a new loader.

3. Snow hauling is a critical component of snow plowing. As the number of snow storage lots in strategic locations becomes fewer, due to new houses and other structures built on previously vacant lots, the need for trucks to haul snow becomes more important. Prior to 1996 the Town had one old dump truck. The Town purchased a new dump truck in 1996 and a second dump truck in 1998. Purchase of a new dump truck was proposed in 2011, but was deferred until 2012 due to lack of funding. The current draft five-year capital plan schedules the dump trucks to be replaced in 2013, 2015 and 2017. The dump trucks would have been replaced earlier if there were adequate funds in the Capital Fund. When the snow pack on the streets needs to be reduced, or after heavy snow falls, the Town does not have an adequate number of trucks and must hire available contractors to supply trucks so the Town can finish the job in a timely manner. As homes are built on what were previously snow storage lots, additional trucks will be needed to haul snow to storage lots.

Credits



Credit Introduction

1. Why Credits are Considered

There are three factors that should cause a major subdivision to receive a credit toward the snow plowing capital expansion recovery fee.

- a. Credits should be provided in the formula for tax payments landowners paid prior to development. Since the most likely scenario for application of these fees is for new development associated with an annexation, no taxes have been paid to the Town and there will be no credit for past taxes paid.
- b. Credits should be provided to the developer for in-kind contributions made during the subdivision process which are related to the impacts of the development (such as purchase of new snow plowing equipment or construction of facilities that are not required in the subdivision standards). These credits should be granted based on the actual circumstances of a development and therefore, are not calculated in this technical report.
- c. Credits should be provided in the formula for tax payments which will be made by residents of the new development. Credits should only be provided for taxes which

are spent on snow plowing equipment and for taxes which will be paid during the life of the equipment. These are the credits that will be discussed next.

2. Methods for Calculating Credits

- a. One way to evaluate tax credits could be to determine the credit that should be provided for each building site or for each dwelling unit and commercial unit (unit). This would require costs to be determined for each building site or unit. Determining credits for each building site or unit requires making a determination of the average tax revenues generated by each building site, or unit. This could be done by determining the average occupancy of each unit, or building site, and calculating the revenues generated on a per building site, or per unit basis.
- b. Another approach, and the approach used herein, is to evaluate the total revenues from each tax from the whole town and once the revenue is determined, divide that revenue by the total square feet of all plowed areas to get a credit per square foot. On previous pages, costs have also been determined on a per square foot basis. A per square foot credit could then be subtracted from costs to determine the fee to be used and the fee could be transferred to any sized development, on a per square foot basis.

3. Sources of Revenues for Snow Plowing Equipment

To determine whether any credits for tax payments should be provided, it is first necessary to identify the sources of funds the Town has used to acquire snow plowing equipment. All snow plowing equipment is paid for from the Town's Capital Fund, of which, well over 86% comes from revenue from the taxes listed in Table 5 and the remainder is generated by small sources such as fees, interest income and the sale of cemetery lots.

Table 5
TAXES AND ALLOCATIONS

Tax	% to Capital Fund
Automobile Use Tax	60%
Construction Use Tax	60%
Real Estate Transfer Tax	50%

The Town ceased applying sales tax revenue to the Capital Fund as of January 1, 2003. Property tax is not used in the Capital Fund. Therefore, new residents of subdivisions will not be contributing sales tax or property tax to the Capital Fund and no sales tax credit or property tax credit should be presented in this analysis. In addition, grants have not been used to acquire equipment and are not included in revenues or credits in the analysis.

The percentages of tax revenues indicated in Table 5 are allocated to the Capital Fund each year. The revenues are further reduced by the overall percentage of revenues used in the Capital Fund

for snow plowing equipment, since only a portion of the Town's Capital Fund is used for snow plowing equipment. This number is calculated by dividing the total amount spent on snow plowing equipment by the net revenues allocated to the Capital Fund. This study uses the period 2003-2012 for revenues. During this period, Town expenditures for snow plowing equipment have been, on average, 10.08% of its Capital Fund revenues.

A relatively large period of time (2003-2012) is used for the credit calculations. During the first half of this period the revenue sources were generating adequate revenues to purchase equipment and build buildings, but that was prior to 2009 when the economy changed. In more recent years, the second half of this period, very little revenue has been collected for the Capital Fund due to the down-turn in the economy. Using average revenues from this whole period should provide a reasonable projection of revenues in the future. 2012 revenues are the revenues projected in the 2012 Town budget.

The Street and Alley Fund is another source that could be used to purchase snow plowing equipment. The Street and Alley Fund was not used to purchase snow plowing equipment during the period used in this analysis. The 2013 budget allocates \$145,000 for purchase of snow plowing equipment which is 19.4% of total revenues in the Street and Alley Fund. This fund is a property tax that is used primarily for street paving and sidewalk repairs. Since the Street and Alley fund has not been used to purchase snow plowing equipment prior to 2013 and since the Town anticipates it will be used in 2013 but not again for several years, it would be inappropriate to assign any portion of the Street and Alley revenues collected over the last 10 years to snow plowing equipment. The Street and Alley Fund should be considered when this documentation is updated in the future.

4. Credit for Automobile Use Tax

The credit for that portion of automobile use tax generated by the residents of new development which will be used to pay for new snow plowing equipment was determined as follows.

- a. Annual Automobile Use Tax Revenues
Using an average of collections between 2003 and 2011 and projected collections for 2012, and applying the 60% rate from Table 5, the Town estimates an average of \$41,671 was allocated from the automobile use tax to the capital fund annually. As described above, the Town estimates the snowplowing equipment budget receives an average of approximately 10.08% of the Capital Fund revenues, which amounts to an average of \$4,202 per year of all automobile use tax collected.
- b. Revenues Over the Life Expectancy of the Equipment
Because 76.6% of all Capital Funds allocated to snowplowing equipment have been used to acquire equipment, but not buildings, the Town applied that percentage to the annual revenues received from the automobile use tax (\$4,202) and determined that total annual automobile use tax revenues for snow plowing equipment, but not buildings, averaged \$3,217 annually. Since equipment has a life expectancy of 10 years. Over the 10 year

life of the average piece of equipment, the total automobile use tax to be collected for snow plowing equipment, but not buildings, is expected to be \$32,170.

Because 23.4% of all Capital Funds allocated to snowplowing equipment have been used to pay for snow plowing equipment buildings, the Town applied that percentage to the annual revenues received from the automobile use tax (\$4,202) and determined that total annual automobile use tax revenues for snow plowing buildings averaged \$984.95 annually. Since buildings have a life expectancy of 30 years, over the 30 year life of the average building, the total automobile use tax to be collected for snow plowing equipment buildings is expected to be \$29,548.48.

The revenues described above are revenues from all the existing residential and commercial units in town. As demonstrated by the five major subdivisions approved in the last 20 years, it is quite unlikely that all of the new dwelling units in a new subdivision will be built in the first year after the development is approved and the capital expansion impact fee is paid. This means that automobile use tax will not be paid by people who live in all the approved homes beginning in the first year. Therefore, the Town updated the analysis of the build-out for a typical subdivision in Crested Butte, which is found in the Parks and Recreation Improvements chapter of the Land Use Plan, and determined that the average subdivision will build out in 30.9 years. Based on this analysis the Town determined that over a 10 year period, the life expectancy of equipment, the amount of automobile use tax that will be paid will amount to 55% of the automobile use tax that would be paid if all dwelling units were built and occupied the first year after subdivision approval. The Town also determined that when automobile use tax is spread out over a 30 year period, the life expectancy of buildings, the amount of automobile use tax that will be paid will amount to 51.7% of the automobile use tax that would be paid if all dwelling units were built and occupied the first year after subdivision approval. Therefore, the Town projects that the automobile use tax will actually only contribute \$17,693 towards snow plowing equipment over the 10 year life expectancy of the snow plowing equipment ($55\% \times \$32,169.5 = \$17,693$). The Town projects that the automobile use tax will actually only contribute \$15,266.71 towards snow plowing equipment buildings over the 30 year life expectancy of the snow plowing equipment buildings ($51.67\% \times \$29,548.48 = \$15,266.71$).

c. Present Worth Value.

Finally, a present worth value was applied to these future payments because payments made in 2012 will not be worth as much as payments made in the last year of the life expectancy of the equipment or buildings. The Town's most recent borrowing rate was 2% for the 2012 water storage tank and the 2011 waste water treatment plant clarifier. Therefore, the Town used a 2% interest rate, discounted by 5 years for the snow plow equipment (the mid-point in the 10 year period). After applying the present worth value, \$17,693.23 is worth \$16,319.67 in equipment credit today. The Town used a 2% interest rate, discounted by 15 years for the snow plow equipment buildings (the mid-point in the 30 year period). After applying the present worth value, \$15,266.71 is worth \$11,505.64 in building credit today.

d. Credit per Square Foot of Plowed Area.

To determine the square foot automobile use tax credit the Town divided the total square feet of plowed area (3,759,046) into the equipment and building credits listed above and determined the total automobile use tax credit per square foot of right-of-way is \$.0074.

Table 6
AUTOMOBILE USE TAX CREDIT FOR
Snow Plowing Equipment and Buildings

Steps to calculate credit	Auto Use Tax Equipment	Auto Use Tax Buildings
% revenues for the Capital fund	60%	60%
Average annual dollars for Capital Fund, last 10 yrs	\$41,671	\$41,671
% for snow plowing equipment and buildings	10.08%	10.08%
Revenues for snow plowing equipment and buildings	\$4,202	\$4,202
Percent used for equipment or buildings	76.6%	23.4%
Average annual revenues for equipment and buildings	\$3,216.95	\$984.95
Average dollars paid over 10 yrs for equipment or 30 yrs for buildings	\$32,169.50	\$29,548.48
Reduction in revenue because build out is not complete in the 1st year	55.00%	51.67%
Average dollars paid after accounting for build out	\$17,693.23	\$15,266.71
Present worth value	\$16,319.67	\$11,505.64
Total sq. ft. of R.O.W. and plowed area	3,759,046	3,759,046
Average credit / sq. ft.	\$0.0043	\$0.0031
Total credit for equipment and buildings	\$0.0074	

5. Credit for Construction Use Tax

The credit for that portion of construction use tax generated by the residents of new development which will be used to pay for new snow plowing equipment and maintenance buildings has been determined as follows:

Using an average of collections between 2003 and 2011 and projected collections for 2012, and applying the 60% rate from above, the Town estimates an average of \$95,989 was allocated from the construction use tax to the capital fund annually. The Town estimates snow plowing equipment received approximately 10.08% of all revenues allocated annually to the Capital Fund between 2003 and 2012 which amounts to an annual average of \$9,679 of the construction use tax revenues.

The remainder of the calculations for a construction use tax credit are the same as the automobile use tax credit and are presented below in Table 7 for both equipment and buildings

Table 7
CONSTRUCTION USE TAX CREDIT FOR
Snow Plowing Equipment and Buildings

Steps to Calculate Credit	Construction Use Tax Equipment	Construction Use Tax Buildings
% revenues for the Capital fund	60%	60%
Average annual dollars for Capital Fund, last 10 yrs	\$95,989	\$95,989
% for snow plowing equipment and buildings	10.08%	10.08%
Revenues for snow plowing equipment and buildings	\$9,679	\$9,679
Percent used for equipment or buildings	76.56%	23.44%
Average annual revenues	\$7,410.26	\$2,268.83
Average dollars paid over 10 yrs for equipment or 30 yrs for buildings	\$74,102.56	\$68,065.02
Reduction in revenue because build out is not complete in the 1st year	55.00%	51.67%
Average dollars paid after accounting for build out	\$40,756.41	\$35,166.93
Present worth value	\$37,592.41	\$26,503.27
Total sq. ft. of R.O.W. and plowed area	3,759,046	3,759,046
Average credit / sq. ft.	\$0.0100	\$0.0071
Total credit for equipment and buildings	\$0.0171	

The total of the construction use tax credit for equipment and buildings is \$.0171.

6. Credit for Real Estate Transfer Tax

The credit for that portion of the real estate transfer tax which will be used to pay for new snow plowing equipment and maintenance buildings has been determined as follows:

The Town collects real estate transfer tax (RETT) payments from developed and vacant properties. 50% of the RETT has been allocated to the Capital Fund from 2003 through 2012. From 2003 through 2011 the Town has collected, and projects to collect in 2012, an average of \$561,806 annually for the Capital Fund. The Town estimates snow plowing equipment received approximately 10.08% of all revenues allocated annually to the Capital Fund between 2003 and 2012, which amounts to \$56,650 of the RETT annually.

The remainder of the calculations for a RETT credit are the same as the use tax calculations with one exception. Unlike the calculation for use tax payments, the RETT credit should not be reduced for the rate of subdivision build out, since this tax will be received from both vacant and developed land. The calculations for the RETT credit are presented below in Table 8 for both equipment and buildings.

Table 8
REAL ESTATE TRANSFER TAX CREDIT FOR
Snow Plowing Equipment and Buildings

Steps to Calculate Credit	RETT Equipment	RETT Buildings
% revenues for the Capital Fund	50%	50%
Average annual dollars for Capital Fund, last 10 yrs	\$561,805.50	\$561,806
% for snow plowing equipment and buildings	10.0836%	10.08%
Revenues for snow plowing equipment and buildings	\$56,650	\$56,650
Percent used for equipment or buildings	76.56%	23.44%
Average annual revenues	\$43,371.01	\$13,279.11
Average dollars paid over 10 yrs for equipment or 30 yrs for buildings	\$433,710.12	\$398,373.37
Reduction in revenue because build out is not complete in the 1st year	Both vacant and developed pay RETT	Both vacant and developed pay RETT
Average dollars paid after accounting for buildout	\$400,040.41	\$300,230.88
Present worth value	\$400,040.41	\$300,230.88
Total sq. ft. of R.O.W. and plowed area	3,759,046	3,759,046
Average credit / sq. ft.	\$0.1064	\$0.0799
Total credit for equipment and buildings	\$0.1863	

The total of the RETT tax credit for equipment and buildings is \$.1863.

Fee Schedule

The proposed snow plowing equipment capital expansion recovery fee schedule is presented in Table 11.

Table 11
PROPOSED SNOW PLOWING EQUIPMENT
CAPITAL EXPANSION RECOVERY FEE SCHEDULE
Per Square Foot of Right-of-way or Other Plowed Area

Expenditures per square foot	Auto Use Tax Credit per sq. ft.	Construction Use Tax Credit per sq. ft.	Real Estate Transfer Tax Credit per sq. ft.	Capital Expansion Recovery Fee per sq. ft.
a	b	c	d	a-(b+c+d)
0.7970	\$0.0074	\$0.0171	\$0.186	\$0.586

Example:

A typical subdivision of 96, 50 foot wide tracts for single family dwelling units would require 6 Town blocks. The right of way around six town blocks would be:

- two streets on each side of six blocks
- seven segments of avenues

The streets would be 2,040 feet long and 60 feet wide for a total of 244,800 sq. ft. ($2,040 * 60 * 2 = 244,800$ sq. ft.) The seven segments of avenues would each be 400 feet long and 64 feet wide for a total of 179,200 sq. ft. Total square feet would be 424,000. The fee for the 424,000 sq. ft would be \$248,464 ($424,000 \text{ sq. ft.} * \$0.586 = \$248,464$) or enough to purchase one loader at \$170,000, one snow blade at \$30,000 and about one-third of a \$145,000 dump truck.

Snow Plowing Equipment Policies

1. New major subdivisions will generate demand for new snow plowing equipment and maintenance buildings. New major subdivisions should pay the cost of providing such equipment made necessary by the new subdivisions.
2. The snow plowing equipment standards and the level of service the Town is adopting are presented in Table 4.
3. A capital expansion recovery fee to cover the costs of the necessary equipment and maintenance buildings to meet the snow plowing equipment level of service described in Table 4 to serve the residents and uses of any major subdivision in Crested Butte should be \$.586 per square foot of right-of-way and per square foot of all other areas proposed for snow plowing by the Town of Crested Butte in the major subdivision.
4. The Town should establish a dedicated, interest-bearing "Snow Plowing Equipment Fund." All future monies obtained from this capital expansion recovery fee and all interest which accrues to the fund should be placed into that account.
5. The capital expansion recovery fee regulation should state that the fees and accrued interest will only be spent on snow plowing equipment and maintenance buildings. Snow plowing equipment and maintenance buildings include planning and engineering costs, site improvements, purchase of equipment and construction of maintenance and storage buildings for equipment having a useful life of more than five years.
6. The capital expansion recovery fee regulation should provide that applicants may request a refund of their fee if it is not spent within a reasonable period of time. It is recommended that this period be set at seven years, provided fees are deemed to be spent in the order in which they are collected.

7. The capital expansion fee regulation should credit the developer for in-kind contributions (such as construction of facilities) which are related to the impacts of the development. Credit should only be given up to the amount of the fee to be paid and should run with the land, not the landowner. This prevents a credit from being taken off one property and applied to another, where the benefits have not been received from the contribution. The valuation of in-kind contributions should be itemized by the developer and be subject to verification and approval by the Town.
8. The subdivision plat recordation stage is the appropriate time to collect this fee. This fee should apply to all new major subdivisions and major re-subdivisions of previously subdivided property.

UTILITIES

Residential, business and commercial units within the Town are required to be tied into the municipal water and wastewater service system. Developments outside the current service area may be served by the Crested Butte Water and Sewer systems if they comply with the policies of the Land Use Plan and the service extension requirements of the Town.

Water

The sources of water for the water system are Coal Creek and Wildcat Creek with water rights that date back to 1893. Water is diverted from Coal Creek, just above the confluence of Wildcat Creek, about two miles upstream from the west boundary of Town. From there, water flows in a buried pipe to the water treatment plant, about 9,000 feet from the diversion. The water treatment plant consists of a storage reservoir of approximately 10,000,000 gallons, flocculation, clarification, filtration, disinfection, and treated water storage, of 500,000 gallons.

The current peak capacity of the water treatment plant is one million gallons per day (MGD). Water travels to town in a 12 inch transmission line and is distributed throughout town in eight inch, and some older six inch, supply lines. Water usage averages 350,000 gallons per day in winter and 700,000 gallons per day in summer with peaks in the summer as high as 900,000 gallons per day. As a result, the use of treated water for lawns is limited to evening and mornings every other day. The Town has also begun construction of a system to water the town park with untreated water, diverted down stream of the drinking water diversion and piped to the park along Whiterock Avenue. This system will have pumps for distribution to the sprinklers and should save about 80,000 gallons per day of drinking water when all sprinklers are turned on.

Sewage

The Town of Crested Butte's sewage flows in 8 inch pipes under the streets. The waste water treatment plant (WWTP) is composed of pretreatment, aeration, clarification, disinfection, and sludge treatment and disposal units. Of these, only clarification is in good operating condition and of adequate capacity to serve the existing town.

The peak 30 day and 7 day flows occur in July and August when the air and sewage temperature approaches maximum. As temperature rises, the oxygen saturation capacity of the sewage in the aeration basin declines. For the past two years, the Town staff has been operating the aeration equipment at 100% duty cycle and 100% output level during July and August. The resulting residual oxygen content of the liquid in the clarifier under the conditions of peak flow and maximum oxygen

input is approaching the minimum acceptable level for operation of the system.

Within two years the waste water treatment plant capacity will be reached and the continuing failure of outdated equipment will jeopardize the ability of the plant to produce effluent of adequate quality to meet current standards. New water quality regulations that will be applied to the plant in the near future will not be met by the existing facility.

A bond issue, proposed by the Town Council, was passed by the voters on November 7, 1995. The funds from the bond issue will finance the construction of new pretreatment, aeration, and sludge treatment and disposal, and disinfection units. These new facilities are necessary to treat the sewage generated by the existing town and by the lands that have been paying availability of service charges and that are zoned for residential, commercial, business and tourist uses as those areas build out over the next twenty years. It will produce a high quality effluent that will meet all current and proposed water quality regulations in a modern and efficient operation.

The Town monitors the amount of water and sewage use in equivalent residential units (EQR's). 1,108 EQR's serve all residential, business, commercial and tourist uses in town. The current system operates at capacity at times. When flows through the WWTP exceed 80% capacity, the U.S. Environmental Protection Agency (EPA) requires planning for a new treatment plant and when flows through the WWTP exceed 90% capacity, EPA requires construction to begin on the new treatment plant.

A subdivider, whose subdivision would create demand exceeding the number of EQR's currently in use plus the number of potential EQR's that are assessed an availability of service fee, should design and build additional capacity to serve the proposed subdivision.

The total number of EQR's that could be served by the new (WWTP) is 1629. When all the vacant lots that pay availability of service charges are taken into account, the total number of EQR's served could be 1,400 which leaves about 200 EQR's to serve development in the Town's service area as defined in the 1995 East River Valley Areawide 201 Facilities Plan.

Utility Policies

93. To protect the existing standard and quality of existing utility services, demands upon the existing utility capacities should not exceed 80% before plans for additional capacity are started and in no event should exceed 90% of maximum capacity.

94. In evaluating available capacity of a utility system, properties that are not presently serviced by Town utilities but for which charges have historically been paid for

maintenance and upgrade of the existing system, including availability of service charges, shall be included in the present need calculations.

95. The Town shall not approve any annexation or new development application that will have the potential for exceeding the recommended maximum capacity of any utility system. Where new annexation or development is proposed which will potentially exceed the recommended maximum capacity of a utility system, new annexations or development applications should either be denied or the cost of any improvements to existing utility systems, necessary to provide service to the new development, should be paid by the developer.

96. In developments exceeding 100 units, the Town should consider requiring the phasing of the issuance of building permits within the development to ensure that the actual demand by the new development will not exceed available capacity within the Town or within the service area.

97. Water rights adequate to serve newly annexed development should be provided by developers to the Town.

98. All water and sewer lines, and other equipment necessary to serve the development, should be paid for and built by the developer to the Town's standards.

99. The Town discourages the extension of utility lines into hazardous areas, as described in the Three Mile Plan, for the purpose of providing services to new development. Such extensions may be permitted where it is the only means available for providing service to developable lands and the extension will not pose a threat to the health, safety, or welfare of the Town.

100. The Town should undertake and periodically update an evaluation or study of the existing utility capacities. The evaluation or study should be used in the review and consideration of new annexation and development proposals.

101. Proposals for new annexations and development should include, when applicable, studies and analyses of the impact of the new annexation or development on existing utility capacity and services.

Housing

I. Introduction

This chapter of the Crested Butte Land Use Plan is intended to guide Affordable Housing efforts in Crested Butte. It calls for the responsibility for affordable housing to be broadly shared through a comprehensive combination of policies and strategies scheduled for implementation by 2015, simultaneously addressing both “catch-up” and “keep-up” needs.

Organization of the Plan

This Plan consists of three sections and five appendices:

- I. *Introduction*
- II. *Affordable Housing in Crested Butte to Date* -- provides a history of housing efforts, identifies units built to date, describes regulations in place through which affordable housing units are produced and summarizes the cost thus far.
- III. *Goal and Policies* -- includes the number of units to be built, the primary/second home relationship, the owner/renter mix, the relationship between jobs and housing, location, unit types and sizes, eligibility and priorities for affordable housing, income targeting, maintaining affordability over time and responsibility.

Appendices

- C-1 *Strategy Identification* -- provides a list of all Tier 1 strategies considered during the development of this plan and prioritizes them based on defined criteria, such as funding availability.
- C-2 *Strategy Development* -- describes each Tier 2 strategy and includes detailed recommendations for moving forward with their implementation.
- C-3 *Implementation/Administration* -- identifies optional approaches for providing the time and expertise needed to continue with administration of the Town’s expanding housing programs and to implement new strategies contained in Appendix C-2.
- C-4 *Model – Crested Butte Affordable Housing Study* -- provides the Excel-based model used to develop projections through 2015.
- C-5 *Affordable Housing Strategy Support Study* -- was prepared by Rees Consulting, Inc. simultaneously with this Plan to inform the establishment of policies and goals and to document the link between both residential and commercial development and the demand for housing. It provides a rational, defensible foundation for the Town’s affordable housing efforts. It also provides a Statement of the Problem and why affordable housing needs to be addressed in Crested Butte.

I. Affordable Housing in Crested Butte to Date

History

Since the early 1990’s the Town of Crested Butte has worked to insure that a diversity of housing, affordable for all income levels, is provided as the community grows. In 1990, the Town Council re-defined accessory dwellings and said in the definition that they are to be used

exclusively as long-term rentals. In 1992, the Town participated with the Town of Mt. Crested Butte, the City of Gunnison and Gunnison County in the sponsorship of a county-wide Housing Needs Assessment. Through surveys of employees and employers, the study identified a variety of housing needs including more affordable rental housing, preservation of existing units and provision of affordable single-family homes.

The Town took a multi-faceted approach to address these needs including creation of incentives, imposition of affordable housing requirements on new subdivisions and direct development of housing. In 1999, another county-wide Housing Needs Assessment was completed that quantified affordable housing needs and provided information to support the Town's expansion of its housing efforts.

In 2003, the Town amended the affordable housing section of its Land Use Plan. The new policies increased the requirements placed on new subdivisions, identified new strategies and required new residential and commercial construction to address a portion of the housing demand it generates (referred to in this Plan as "Linkage").

In the seven years since the affordable housing chapter of the Land Use Plan was amended, the Town's affordable housing program continued to produce units, through incentives, through public-sector development and via development of deed restricted lots by private land owners. These efforts have been subsidized through a combination of Federal, State and Town funding. A combination of factors necessitates that the Town's plan for affordable housing again be considered. Those factors include the following:

In 2009, a third county-wide Housing Needs Assessment was completed which again identified existing deficiencies and provided a forecast of housing needs for the next five years.

The Town's housing funds have been depleted and with decreases in sales tax revenue and linkage receipts, alternative approaches for developing and financing affordable housing are needed.

The slowdown in development activity has provided a window of opportunity for the Town to have the time to evaluate the effectiveness of the existing programs and to determine how to best proceed in the future.

The Town recognizes that very few long-term rental units, affordable for low incomes, have been produced through the Town's affordable housing program.

The findings from the Needs Assessment combined with the experience gained from affordable housing efforts to date, supported this planning effort and led to the development of a plan that will be effective, feasible, responsive to needs and appropriate for the community.

Units Built

As the result of incentives, the Town serving as the developer, requirements for inclusionary zoning in new subdivisions and requirements on residential and commercial construction, 186 deed-restricted units have been created since 1990.

Tap Fee Incentives

Through 2009, property owners in the Town had created 63 accessory dwellings that are deed-restricted as long-term rentals. The Town reduces the water and sewer tap-in fee to 1/3 of the standard fee as an incentive for the construction of these units. The standard fee in 2010 is \$15,000 for free market housing units, requiring one EQR.

Other Incentives

The Town's tap fee incentives, sometimes in combination with density/FAR bonuses, have also been used to encourage private developers to build deed-restricted units in commercial buildings, multi-family buildings and single-family homes. A total of 65 units have been deed restricted in this way. The Town has provided reduced tap fees for all of these units and for the units it has developed and all of the deed-restricted units in new subdivisions. The Housing Fund has paid the difference between a free market tap fee and the deed restricted fee, so the Water and Sewer Fund will remain whole.

Town as Developer of Affordable Housing

Red Lady Estates Mobile Home Park was created by the Town in 1994. Originally, 10 spaces were leased to qualified people who have lived in Gunnison County a minimum number of years, earned 80% of their income in the County and owned no other developed residential land. The qualified people purchased their own mobile homes and moved them on to the spaces provided by the Town. Resale price appreciation is capped at 2% per year. Owners of six of the 10 units now own the land under their mobile homes. Four owners of mobile homes continue to rent their space from the Town.

Town Ranch Triplex -- In 1994 the Trust for Public Land purchased the Eccher Ranch, which is now the Town Ranch, and sold it to the Town. The ranch house was moved to make way for the Community School and was converted into three rental units for Town employees.

Poverty Gulch Condominiums were constructed through a partnership of local builders, the Town and the Gunnison County Housing Authority in 1999. There are ten units and resale appreciation is capped at 3% or the change in the consumer price index appreciation (CPI), whichever is less.

Paradise Park -- 15 acres of land were given to the Town during the Verzuh Ranch Annexation. In 2002 the Town approved a subdivision plan for the Paradise Park affordable housing subdivision. Infrastructure for Blocks 77 and 78 has been constructed. A total of 40 units were approved for these two blocks, of which 24 units had been built as of June, 2010. As planned, the entire subdivision will have 85 deed-restricted units at build-out.

Subdivision Regulations (Inclusionary Zoning)

The Town's subdivision regulations currently require 60% of the total number of units in a new development be deed restricted as "local housing". At least 21% of the total number of units must be deed restricted to households earning 111% to 153% of the Area Median Income. This type of requirement is typically referred to as inclusionary zoning (IZ). Developers may satisfy the deed restricted housing requirement by offering the Town a substitute percentage if the developer will build the units, as opposed to selling deed-restricted lots. The Town is not required to accept this offer. Deed restricted units have been provided in two subdivisions through inclusionary zoning:

Kapushion Subdivision -- In 1993 the Town recommended that 15% of the units in new subdivisions annexed to Town to be deed restricted. The Kapushion Annexation subdivision was approved in 1994, on the northwest corner of town, and it produced five deed restricted lots. Homes have been built on all five lots.

Verzuh Subdivision – In 2000, the Town required 21% of the units in new subdivisions annexed to Town to be deed restricted. The Verzuh Annexation, approved in 2000, on the east side of town, included eight deed-restricted lots where duplexes could be built. As of June 2010, six units had been built. Resale appreciation for these deed restricted units is capped at 3% or the change in the Consumer Price Index (CPI), whichever is less.

The subdivision regulations also address the location of the deed-restricted housing in the subdivision, conveyance of the units to the Town, minimum eligibility requirements, sale price limits, satisfying some of the requirement by deed restricting existing units, and the rate of sale of the units as compared to the free-market units.

Linkage Requirements

When new buildings are built or when older buildings are enlarged, developers of such projects are required to build affordable housing or pay a fee in lieu of building the units. The requirement is .0000347 of a Resident Occupied unit for each new square foot of residential floor area and .000296 of a Resident Occupied unit for each square foot of new commercial floor area. The fee in lieu is \$1.82 per new square foot of residential floor area and \$2.08 for each new square foot of commercial floor area. Since 2004 the fee in lieu has generated \$464,770 which has been used to construct units and pay the reduced portion of tap fees, and pay the Town's portion of costs for the Gunnison County Housing Authority.

The Costs and the Financing

In the past 10 years, the Town of Crested Butte has spent nearly \$2.7 million for affordable housing tap fee subsidies, to build eight dwelling units, to construct infrastructure for two blocks in Paradise Park and to participate in the Gunnison County Housing Authority (see table below). During this same time, approximately \$1.75 million in revenues were received from payment in lieu fees, grants, lot sales and duplex sales. The two grants, the only non-local sources of revenue, covered 9% of costs over the 10-year period. The net cost to the Town after taking in to consideration all housing expenditures and housing revenues was approximately \$940,000.

	<u>Expenses</u>	<u>Revenues</u>
Poverty Gulch		
Infrastructure	\$31,710	
Tap/Fee Reductions	\$70,000	
Paradise Park		
Infrastructure	\$680,102	
Lot Sales		\$565,210
Duplex construction (6 units)	\$753,734	
Duplex sales (4 units)		\$479,160
Manager's House & Accessory	\$397,343	
Other Affordable Housing Tap Fees	\$566,094	
Housing Authority payments, 1999 - 2009	\$199,685	
Payment in Lieu Fees, 2004 – 2009		\$464,770
USDA Grant		\$21,761
Energy Impact Assistance Grant		\$224,026
Totals	\$2,698,668	\$1,754,927
Net Cost (paid by other Town sources)		\$943,741

This summary does not include miscellaneous expenses incurred by the Town such as legal fees, closing costs, utilities, interest on manager's house lease, property maintenance, staff time, and insurance. It also does not include rental or interest income. Costs for Red Lady Estates and the Ranch House apartments are also not included because they were completed more than 10 years ago.

II. Goal and Policies

These policies provide specific direction to guide the development of solutions to Crested Butte's Affordable Housing needs. A combination of strategies are described in Appendices C-1 and C-2 to address the multiple needs of community members.

Goal:

Maintain a diverse and enduring community by providing dispersed housing for people of all economic levels, employees, and people who contribute to the community, in a manner that is consistent with the historic character of the Town.

The 2009 Housing Needs Assessment found that the majority (59%) of the Town's population felt that housing was the most critical problem or one of the most serious problems in the community.

Number of Units and Rate of Growth

Policy 1: By the time the next 85 free market units are built, all policies and strategies in this plan should also produce the next 86 deed restricted units.

When the economy rebounds, the Town expects Crested Butte's overall rate of residential growth, which has resulted in a net gain of about 17 units per year, to be maintained into the future. This would result in the addition of 85 free market housing units during the next five years. The assumption about the number of units, assumes there will be an annexation into the town and at least two major commercial projects will be built. If the economy does not rebound, then the rate of growth will be slower. How much slower is unknown.

While it is recognized that affordable housing will be needed in the future as the community grows, and that resources to address those needs are limited, the development, on average, of between seven and eight housing units per year has not produced desired results. Proportionately more units are becoming second/vacation homes, no affordable units are currently available for eligible buyers, and there are no opportunities for families to move up or down in housing as their circumstances change. When possible, opportunities to take advantage of the slowdown in construction and lower labor costs should be pursued.

Policy 2: Construction of affordable housing units should outpace the development of free-market homes.

The rate at which affordable housing is developed in Crested Butte should be increased. By 2015, a total of 86 additional affordable housing units should be built. This target equates to a production rate of 17.2 units per year. Should residential development surge as the economy recovers, the goal of 86 affordable units over the next five years should be re-evaluated to consider how to keep up with free-market construction.

In addition to the goal of 17 new deed restricted units per year on average over the next five years, efforts should also be made to preserve the affordability of at least eight free-market housing units that have offered long-term rental and entry-level homeownership opportunities in the past.

Affordable Housing for Employees

Policy 3: As residential and commercial development occurs, new deed restricted units should be provided to address the housing needed by employees who will work in the new residential and commercial spaces.

Policy 4: Those who create the need for affordable housing should build affordable housing to meet the housing needs of the people who will work in the new commercial, lodge, or residential spaces. Payment of fees-in-lieu of units should only be used for fractions of units or as discussed in Appendix C-1.

The Affordable Housing Strategy Support Study, in Appendix C-5, clearly shows that as new residential or commercial space is built, jobs are generated and housing for the people who hold those jobs is also needed. Specifics such as recommended mitigation rates and targeted income groups are located in the Strategies in Appendix C-1. The advantage to developers of providing units rather than paying a fee is that the units should become an asset and income source when they are rented monthly or sold.

Primary/Second Home Relationship

Policy 5: Create and maintain an enduring community by providing quality affordable housing for people who have demonstrated a commitment to the community.

Policy 6: The percentage of occupied housing units, owner occupied or long-term rentals, in annexations should be increased to 70%.

Approximately 69% of all residential units in Crested Butte are occupied by owners or long term renters. During the past decade, vacation homes (second homes and short-term rentals) grew from approximately 20% to 25% of total units. The Town would like to maintain the current percentage of occupied units. Continuation of the second home and short term rental trend is not desired by the Town. Vacation homes have increased at the rate of 8.6 units per year through new construction and purchase/conversion of existing units. While this rate will likely not be replicated over the next five years due to the current state of the economy and slow rate of sales, the Town census can be used to monitor shifts in occupancy/use. As the Town staff conducts its annual census of people and dogs, staff should report to the Town Council any change in the percentage of homes occupied by residents and the percentage of second homes and vacation rentals.

Owner/Renter Mix

Policy 7: Since owners generally provide neighborhood stability, commitment to the community and maintenance of their homes and yards, the goal for ownership should be increased from 48% in the 2003 Crested Butte Land Use Plan to 52%.

Between 2006 and 2008 the annual Town census found that the percentage of owner occupied units varied from 54% in 2006 to 49% in 2008.

Policy 8: Providing additional rental opportunities should also be pursued given the dependency of the community's economy on low-wage retail and commercial service jobs.

Jobs/Housing Relationship

Policy 9: To maintain a sustainable community, an adequate labor force, and preserve the fabric or character of the community as it grows, affordable housing policies and strategies should provide:

- a diversity of housing opportunities,
- balanced residential development, and
- maintenance of the supply of housing relative to employment as the community grows.

Crested Butte's sustainability is dependent upon it remaining a community in which people can work, live, play and raise families. A greater imbalance between jobs and housing would lead to increased commuting and traffic congestion, the need for additional employee parking, and a loss of the sense of community that is now so vibrant. An indicator is needed to track this relationship.

Location

Policy 10: Affordable housing should be dispersed throughout Crested Butte.

As demonstrated by having inclusionary zoning policies for new development, the Town encourages people of all income levels to live throughout town. Concentrations in

neighborhoods where land for affordable housing is acquired through annexations, like Paradise Park, are also desirable. In those cases, free market housing interspersed with deed restricted housing, should be considered. Residential development should also be allowed and encouraged in situations where housing and commercial space can be effectively integrated and parking needs can be addressed.

Policy 11: The Town should acquire land for affordable housing.

Obtaining land to build housing on can be the most difficult part of providing affordable housing. The Town should give careful consideration to opportunities to acquire land for affordable housing.

Unit Types and Size

Policy 12: A variety of housing types and sizes should be produced to accommodate the desired population diversity and maintain a mix of housing types similar to that found in Crested Butte today.

Single-family homes and duplexes are most compatible with the existing character of development within the town. Greater diversity in unit types and sizes is needed, however, to achieve affordable price levels. Relatively high density is also needed to make housing affordable.

The cost of housing should be addressed with more creative and intensive use of land. Mixed-use developments with multi-family units located above or behind retail and office space are desirable as a way to provide high-density housing without significantly impacting the amount of land that is available and suitable for commercial uses, or affecting single-family residential neighborhoods. Continuing with the development of accessory dwelling units on both existing lots and in new subdivisions is also desired.

Policy 13: Housing design should be compatible with the designs of housing units in the vicinity of affordable housing and quality should be sufficient for long-term livability and energy efficiency.

Policy 14: Size is important, but low cost should not to be achieved by building units that are so small that their livability is compromised. The minimum size for deed restricted units should be as follows:

Minimum Size for Deed-Restricted Units

Category	Minimum Size
1 Low Income ($\leq 80\%$ AMI)	500 Sq Ft
2 Moderate Income (81 – 120% AMI)	900 Sq Ft
3 Middle Income (121 – 160% AMI)	1,100 Sq Ft
4 Upper Income (161% - 200% AMI)	1,400 Sq Ft

Size should vary by income for several reasons. There is a correlation between household size and income. Low income households tend more often to have only one income earner. Middle and upper income households tend to be larger because couples can afford to support children. Larger units require smaller subsidies if sold for higher prices. It is very expensive to lower the price on large units to levels that are affordable for low-income households. Households with income above 120% AMI can afford to purchase the average three-bedroom

home in many communities and might leave Crested Butte if their only housing options are significantly smaller.

Policy 15: The average size of all required units should be as follows:

Average Size for Deed-Restricted Units

Category	Minimum Size
1 Low Income ($\leq 80\%$ AMI)	800 Sq Ft
2 Moderate Income (81 – 120% AMI)	1,000 Sq Ft
3 Middle Income (121 – 160% AMI)	1,200 Sq Ft
4 Upper Income (161% - 200% AMI)	1,500 Sq Ft

The purpose of this policy is to discourage all required units from being the minimum size. When two or more units are required, their average size should be as described in the chart above.

Sustainability

Policy 16: Sustainability should be an underlying principal of affordable housing in Crested Butte.

Sustainability in all affordable housing should be achieved by the following, but is not limited to the following:

- “Green” designs with energy-efficient appliances, alternative energy sources, non-toxic building materials, solar orientation, and high R-value insulation and windows, which improve long-term affordability and provide a healthier living environment.
- Compact developments, which reduce the amount of land converted into residential use, minimize resources consumed in infrastructure construction and maintenance, lower water consumption and enhance sense of neighborhood.

Policy 17: The Town will pursue affordable housing to sustain community.

Crested Butte’s vibrant local community is unique among comparable small mountain resorts. Loss of community challenges the very foundation of the community. Where housing is concerned, loss of community occurs when people who volunteer to participate in community organizations, and when people who lived here for a time, find that they can no longer afford to own or rent a home in Crested Butte and decide to move “down valley” where prices and rents are lower. Crested Butte loses its sense of community when this occurs.

Eligibility and Priorities for Affordable Housing

Policy 18: *Workforce Housing* - Affordable housing efforts should focus primarily on providing units designed for the workforce.

Length of residency should be a consideration with priority based on the time lived/worked in the community. A minimum of one year residency should be required.

Policy 19: *Family Housing* – Family oriented housing should be maintained into the future as growth occurs to help maintain the current mix of household composition.

To preserve this demographic trait, about 75% of new units intended for occupancy as primary residences should accommodate families, (couples and adults with children) and roommate households with design characteristics that include at least two bedrooms, a safe outside area for children to play and adequate storage. About 20% should be designed for single households, with the recognition that it is generally more affordable and desirable for units developed for single homeowners to have one bedroom.

Policy 20: *Senior Housing* – If opportunities arise (e.g. grant programs) the Town could consider including housing specifically for seniors, when designing affordable housing developments.

Because the baby boomer generation is reaching retirement age, Crested Butte’s retiree population is expected to grow at a disproportionately high rate for at least the next 15 years. Providing housing for seniors could provide opportunities for seniors to downsize their homes. The primary senior housing program should be to provide housing for the employees who acquired affordable housing while working and want to continue to live in their homes after retirement. Because the proposed requirements and fees in this document are based on the number of employees generated by increases in residential and commercial floor areas, senior housing should not be built to satisfy the housing requirements.

Policy 21: *Seasonal Workers* –The Town’s affordable housing efforts will focus on year-round residents.

Employers who provide seasonal jobs should be responsible for providing housing for seasonal employees.

Income Mix

Policy 22: Income targeting should be responsive to the housing needs unmet by the private market and appropriate for the type of jobs in the community.

Policy 23: The current mix of incomes is as follows, and affordable housing should be designed to serve Categories 1 through 4:

Categories

1	40% low income	(less than or equal to 80% AMI),
2	23% moderate/middle income	(81% to 120% AMI)
3	16% upper- middle income	(121% to 160% AMI)
4	10% upper income	(161% to 200% AMI)
5	11% high income	(greater than 200% AMI)

The income diversity of the community’s population should therefore be maintained as it grows. It is appropriate that affordable housing serve households with incomes as high as 200% AMI, since the free market provides few options for housing at this income level. However, the number of units provided for incomes as high as 200% AMI , should be much lower than the number of units provided for lower incomes, since the list above indicates that most incomes are in the “low” to “upper- middle” income ranges (79%), and this Policy recommends maintaining the current mix of incomes.

Income Distribution – Crested Butte Households, 2009

Shading Denotes Low Income

	AMI	Max. Income	% total households	% Owners	% Renters
Extremely Low Income	0 - 30%	\$18,000	11%	10%	12%
Very Low Income	31 - 50%	\$30,000	12%	5%	27%
Low Income	51 – 80%	\$48,000	17%	16%	19%
Moderate Income	81 – 100%	\$60,000	16%	17%	13%
Middle Income	100 - 120%	\$72,000	7%	5%	12%
Upper/Middle Income	121 - 160%	\$96,000	16%	18%	10%
Upper Income	161 - 200%	\$120,000	10%	13%	4%
High Income	>200%	N/A	11%	15%	4%
Total			100%	100%	100%

Source: 2009 Gunnison County Needs Assessment.

Responsibility

Policy 24: Responsibility for housing should be broadly shared in the community with mechanisms for financial support to be contributed from multiple sectors including government, employers, developers, the general public and various stakeholders.

Therefore, new residential and new commercial development should be held responsible for addressing a reasonable share of the housing demand it generates in order to sustain the community and its economy.

Affordability over Time

Policy 25: A variety of deed restricted units is needed to address the variety of housing needs in Crested Butte.

Most deed restrictions should require that only people in a particular income category are eligible to live in a particular unit. A 3% appreciation cap, or the change in the consumer price index, whichever is less, should also be applied to most units to help keep units affordable. Funding sources may also have deed restriction requirements that must be met.

Because higher income households can afford to pay more than lower incomes, the Town subsidies for their units can be smaller, or a smaller percentage, than for lower income units and therefore, deed restrictions on units for higher income households may be less. For instance, there may be no appreciation cap on a unit for the 160-200% AMI range if the Town subsidy for the lot price is less than the subsidy for a lot in the 80% AMI range. The Town can, in turn, use payments for the higher income lots to further subsidize lower income units.

Policy 26: Occupants should be allowed to make improvements, but the primary goal of the program is to ensure units remain affordable for the income bracket identified for each unit.

Continuation of the current policy which allows the owner of a unit to be reimbursed up to 10% of the original value (original sales price) of the unit for each 10 years of ownership should continue. This does not allow the owner to be reimbursed for very many

improvements for a low cost unit so owners of units costing less than \$100,000 when new, should be allowed to be reimbursed up to 20% of the price of the unit when new, for each ten years of ownership. In all cases the restriction should also be coupled with a maximum sales price that is affordable for the income bracket identified for the unit, assuming the buyers do not spend more than 30% of their income on housing.

Reimbursable improvements include adding square footage for a bedroom. Reimbursable improvements do not include upgrades, such as replacing linoleum with tile. The price of cosmetic upgrades should not be allowed to affect the unit price.

Policy 27: New deed restrictions on affordable housing units should give the Town a first right of refusal when those units sell.

This will allow the Town to purchase the unit, and if necessary, resell it at a lower price that is affordable to a lower income household. It will also allow the Town to make changes to the deed restriction as needed.

Policy 28: An affordable housing first right of refusal fund should be started so when a unit sells, the Town has the funds to purchase it.

Policy 29: If a resale unit is priced too high, so the target income group is not interested due to price, the price should be reduced rather than weakening the deed restrictions on the unit.

One purpose of affordable housing is provision of housing that is affordable.

Incremental Unit Size

Policy 30: To ensure fairness in implementation, affordable housing requirements should vary by size of the home.

As unit sizes grow, their impacts on the community increase. The job generation rates for residential units are based on finished square feet and are expressed in 500 square foot increments because there is a positive correlation between household size and job generation - the larger the home, the more jobs that are generated by the residence. The implementation of requirements segmented by categories that are too broad (e.g., less than 2,000 square feet and 2,000 square feet or more) does not equitably distribute job generation and employee mitigation.

Incentives

Policy 31: When the owner of a deed restricted unit receives benefits from reduced fees for a deed restricted unit, occupants of those units should earn at least 80% of their income in Gunnison County.

The Town has offered the tap fee reduction for many years but has no way to ensure owners who receive the tap fee reduction will rent their units to employees in the valley. The policy above helps ensure housing will be available for employees in the county. The deed restriction should be written to allow confirmation by the Town that the deed restriction is being met.

Fire Protection

Residential Fire Protection Capital Expansion Recovery System

1. Units Served

The Fire District currently serves 2,388 residential units. The units served in each subdivision and Town are listed in the “Total Units Built” column in Table 1.

The Board of Directors of the Fire District feels that it can serve all of the existing units adequately but that current equipment is at capacity. They feel they are at capacity because they have no backup for a second incident when the current equipment is occupied. Backup comes from a mutual aid agreement with the Gunnison Fire Protection District.

2. Inventory

The Fire District has two stations. One is in Crested Butte, and is 6,688 square feet in size and the other is in Mt. Crested Butte and is 4,650 in size.

An inventory of the fire protection equipment has been compiled and is summarized in Table 2. Table 2 also summarizes the fire protection standards the Fire District is adopting for purposes of this analysis. These standards represent the existing level of service for developed property which is the level of service the Fire District desires to maintain as future development occurs. The standard has been established by considering the number of residential units served rounded to 2,400, and the square footage of commercial structures in the District rounded to 688,000.

Table 2
Fire Protection Standards

Facility	Current Supply	Existing Level of Service
Pumper Trucks	2	1 / 1,200 Residential units and 335,000 Square Feet of Commercial structures.
Ladder Truck	1	1 / 2,400 Res. units & 670,000 SF Comm.
Tanker Truck	1	1 / 2,400 Res. units & 670,000 SF Comm.
Rescue Truck	1	1 / 2,400 Res. units & 670,000 SF Comm.
4WD Ambulances	2	1 / 1,200 Res. units & 335,000 SF Comm
Utility Truck	1	1 / 2,400 Res. units & 670,000 SF Comm.
Equipment		1 / 2,400 Res. units & 670,000 SF Comm.
Stations	2	1 / 1,200 Res. units & 335,000 SF Comm

Table 1
RESIDENTIAL UNITS APPROVED, BUILT AND PROPOSED
Round Mountain, North
June, 1996

Subdivision/Town	a	b	c	d	e	f	g
	Units Approve	Units Built 1993	Units Built 1994	Units Built 1995	Subtotal Units Built 93+94+	Average % of Total Units Built Each Year in 93-95	Total Units Built
Allen Homesites	22	0	1		1	2%	17
Alpine Meadows	22	0	1	1	2	3%	17
Avion	9	0	0	2	2	7%	2
Cement Creek @ CB So.	5	0	0		0		0
Crested Butte Highlands	16	1	0	1	2	4%	8
Crested Butte Meadows	17		2	2	4	8%	10
Crested Butte South	619	40	40	15	95	5%	214
Glacier Lilly Estates	20	3	3		6	10%	9
Meridian Lake Pk F 1,2	106	2	2	3	7	2%	45
Meridian Lake Pk F 3	55	0	0		0		0
Moon Ridge	10	0	0		0		0
Ridge (above CB So.)	7	1	1		2	10%	2
Rivergreen	17	0	0	4	4	8%	4
River Rim	11	0	0		0		0
Riverbend	30	1	1	1	3	3%	44
Riverland (residential)	6		0		0		6
Riverland II (residential)	23	0	0		0		0
Silversage	22	0	0		0		0
Skyland	435	8.5	8.5	4	21	2%	72
Slate River Estates	14	1	0		1	2%	8
Trappers Crossing CB	24	1	0	2	3	4%	8
Trappers Crossing South	8	1	4	1	6	25%	6
Trappers Crossing Wildcat	36	1	1	1	3	3%	3
Wildbird Estates	6		0		0		6
Gothic Corridor	10	0	3		3	10%	7
Hwy 135 Rd Mtn. to CB	30	3	3		6	7%	30
Subtotal subdivisions	1525	63.5	70.5	37	171		518
Town of Crested Butte	1044	41	31	19	91	3%	791
Town of Mt. Crested Butte	4830	14	14	10	38	0.26%	1079
Subtotal Towns	5874	55	45	29	129		1870

TOTAL	7399	119	116	66	300	5.89%	2388
						Average % of Total	32.3%

The Fire District has determined that the fire protection facilities are at capacity and increased use will cause the District to lose volunteers as well as degrade the service they provide to residents and other property owners in the District. A few examples of this capacity area as follows:

1. The ambulance service received 58 calls in March, 1996 and the volunteer service was pressed to its limits that month.
2. The Crested Butte Fire Protection District Board of Directors stated at its July 9, 1996 meeting that they "...felt the District was currently at full capacity to service the existing District with the current number of engines and felt a third pumper would be valuable to provide redundancy in the event of two concurrent incidents...."

3. Costs

Total known expenditures to date have been \$875,638. Significant items such as the cost to build Station 1 in 1976 are not included as well as the costs of the two pumper trucks. The District has projected that the replacement costs for all District facilities and equipment is \$2,212,873. (See Table 3)

Table 3
Crested Butte Fire Protection District
Expenditures and Replacement Costs

Buildings	Year Built	Size	Cost	Replacement Cost in 1995
Station 1	1976	6,688		\$600,000
Station 2	1994	4,650	487,345	\$504,873
Equipment	Year	Year Purchased	Cost	Replacement Cost
Pumped 1	1979	1979		\$150,000
Pumped 2	1981	1981		\$150,000
Ladder Truck	1977	1991	\$162,000	\$350,000
Tanker Truck	1984	1995	\$ 41,000	\$ 50,000
Rescue Truck	1995	1995	\$ 55,000	\$ 65,000
Ambulance 1	1992	1992	\$ 70,043	\$ 75,000
Ambulance 2	1987	1987	\$ 54,000	\$ 75,000
Pickup Truck	1986	1992	\$ 6,250	\$ 8,000
<u>Equipment</u>				<u>\$185,000</u>
Total				\$2,212,873

Source: Crested Butte Fire Protection District

Table 4 above should be adjusted for the grants received by the District which are two, one in 1992 for an ambulance and one in 1994 for Station 2. Since owners of existing units did not need to pay for this equipment, owners of new units should not be charged for the same equipment. The grants totaled \$139,753. In 1995 dollars, the grants would

be worth \$148,414. When these grant amounts, adjusted for inflation, are subtracted from total expenditures and replacement costs in 1995 dollars, the total replacement costs are \$2,064,459.

Since fire protection facilities serve all development, the benefits received from protection must be apportioned across all land uses. This is done by apportioning total community property value by land use sector, so that each sector pays its proportionate share of the cost of fire protection facilities. The assumption made here is that property value is an adequate proxy for the benefits of fire protection. Another way of saying this is fire protection services generally benefit development according to value since property values are being protected.

The estimated distribution of property values in the District was developed according to actual property values as identified by the Gunnison County Assessor. (See Table 4)

Using the same assumptions as Loveland, Colorado, the District made a finding that the proportion of residential and commercial development as a percentage of the total property value of the District, is a good proxy to determine how much of the expenditures have been, and will be, made for each. Residential accounts for 63.7% of the total property valuation in the District. Therefore, to find the expenditures for residential units, we multiply the total adjusted replacement cost times the percentage of residential property value. $\$2,064,459 * 63.7\% = \$1,315,060$ Residential Expenditures

Table 4
Land Values by Type in the
Crested Butte Fire Protection District

Type	Total Value	Percent of Total
Residential	\$405,577,130	63.7%
Commercial	100,663,380	15.8%
Other (Ag, Vacant, Utilities)	130,356,770	20.5%
Total	\$636,597,280	100 %

Source: Gunnison County Assessor's Office.

Since 2,400 units are being served by these expenditures and the District can meet its level of service standard while doing so, the cost per unit is **\$547.94** ($\$1,315,060 / 2,400 = \547.94)

4. Credits

Because each property in a new subdivision will pay taxes and because part of those taxes will be for the Fire District Capital Fund, developers should be given a credit for those taxes that will be paid in the future. The taxes that units will pay in the future should be subtracted from the costs. No credit has been given for past taxes paid on vacant land because grasses and other vegetation on vacant land can burn and the Fire

Protection District will provide services for such lands. A letter to the newspaper editor, in the spring of 1996, about a grass fire on a 35 acre lot south of Crested Butte South, describes open land fire dangers and thanks was given to the Gunnison Fire Protection District for their services. Therefore there have been no taxes paid in the past for which a service was not provided or available.

A list of operating and capital mill levys from 1982 to 1996 is shown in Table 5. As can be seen, the ratio of the Operating Fund to the Capital Fund mill levy has changed dramatically. Mike Miller, the Finance Director for the Fire District, projects that given this year's mill levy and the \$37,700 coming out of the operating fund to help pay for capital equipment, 25% of the mill levy will be used for capital equipment into the foreseeable future. He feels this is a more accurate projection of future capital and operating ratios for future years.

As an example, the assessed valuation of the district \$104,166,760 times the mill levy of .003004 = \$312,917 in revenues from the mill levy. 25% of \$312,917 = \$78,230 which is very close to the \$74,700 budgeted from both funds for capital equipment in 1996.

Table 5
Crested Butte Fire Protection District
Comparison of Mill Levys

Year	General Fund Mills	Debt Service Mills (Capital Fund)	Capital Fund As percent of Total	Capital Fund Revenue Based on Mill Levy
1982	3.933	9.686	71%	
1983	3.986	7.398	65%	
1984	3.733	6.457	63%	
1985	4.385	5.098	54%	
1986	4.542	4.891	52%	
1987	4.577	4.856	51%	
1988	2.293	2.131	48%	
1989	2.617	1.292	33%	
1990	3.800	1.490	28%	
1991	3.906	1.271	25%	
1992	4.536	1.073	19%	
1993	4.649	.860	17%	
1994	4.503	.739	14%	
1995	4.356	.699	14%	
1996	2.649	.355	12%	\$37,000

Source: Crested Butte Fire Protection District

The number of units built in 1993, 1994, and 1995 in each subdivision and town in the District has been counted. (See Table 1) We have then figured the percentage of units built each year by dividing the total number of units approved in each subdivision into the units built in those three years and divided it by three to create the average number of units built each year in all subdivisions and the town (build-out rate). When the build-out rate for all subdivisions and the two towns is averaged, we find that the average subdivision is building out at a rate of 5.89% per year. This is a little optimistic because 1993 and 1994 were in the middle of boom cycle in the valley. However, in 1995, the rate of building slowed down bringing the build-out rate closer to what many people feel is normal. Therefore, in 17 years, the average subdivision will be built out. ($100\% / 5.89\% = 16.98$ years.)

The average piece of fire equipment will be used for 20 years. The expenditures listed in Table 3 above have been paid by existing residents and commercial land uses in the District. New residents will be serviced by existing equipment and by new equipment that will be purchased at the replacement costs. Credits against the fees will be based on paying taxes for twenty years which is when the District projects the equipment will need to be replaced. No credits will be given for tax payments after twenty years and at that time new residents, who arrived during the 20 year period, will be helping to pay for the new equipment along with all other existing residents through their property taxes.

Since all residential units will receive the same service from the District, no matter how many people live inside, units have not been segregated by type to arrive at varying fees. With fire protection, if a unit begins burning the fire department will be there, whether or not the unit currently has occupants, or year round occupants. In addition, in Crested Butte, multifamily and single family units can be found adjacent to each other. If one type begins burning, the fire department will be hosing down the neighboring building, which may be of another type, and therefore both types of units are being protected during the same fire. For these reasons, the credit has been simplified again and residential units are used in the calculations of the fee, not types of units.

A related issue is raised when thinking about the above paragraph. Since this fee will be charged against new subdivisions, are they being taxed twice? Since all existing units will contribute to the capital fund which will pay off the bond to pay for new equipment, won't the new units pay it too? Part of the answer lies in when they will build. If they do not build until the last year of the average subdivision built-out, year 17, they will pay almost nothing toward the equipment. Second, by giving a tax credit, the taxes that will be levied against the new units will be neutralized.

The County Assessor's Office has stated that the Total Assessed Valuation of the Fire District as of July, 1996 is \$104,166,760 and 40.2% of that is residential (See Table 6). The assessed valuation of residential land uses is therefore, \$41,875,038. The "assessed value" of residential land differs significantly from "property value" because the residential assessed value is roughly 10% of actual value and vacant land and commercial land must use approximately 29% of actual value as required by the State. Value in Table 4 is actual property value. The Fire District current total mill levy is 3.004 and that

means the residential units generate \$125,793 per year for the Fire District budget. If we divide that figure by the total number of units served (built) then the average residential unit now pays \$53.01 per year to the District. Approximately 25% of that is for capital needs meaning that \$13.25 is paid by each unit each year for Fire District capital needs. ($\$104,166,760 * 40.2\% = 41,875,038$. $41,875,038 * .003004 = \$125,793$. $\$125,793 / 2,373 = \53.01 . $\$53.01 * 25\% = \13.25)

Table 6
Assessed Valuation in the Crested Butte Fire Protection District

Type	Assessed Value	Percent of Total
Residential	\$ 41,853,520	40.2%
Commercial	29,663,750	28.5%
Other (Ag, Vacant, Utilities)	32,649,490	31.3%
Total	\$104,166,760	100 %

Source: Gunnison County Assessor's Office

If each subdivision were fully built out in the first year we could expect the average unit to pay \$265 towards the capital fund over a twenty year period. But, because subdivisions build out at an average rate of 5.89% per year, the credit needs to be adjusted to take into account that all of the units will not be built until the 17th year. ($\$13.25 * 20 = \265)

To do this we have applied the rate of build-out to a "typical" 100 unit subdivision. This means that 6 (actually 5.89) units will be built in the first year, and 6 more in the second year, etc. The 6 units in the first year will pay \$78.04 in taxes for the Fire District Capital Fund and the 12 units in the second year will pay \$156.09 in taxes for the Fire District Capital Fund. If all units were built in the first year, they would pay \$1,325 the first year and \$26,500 over 20 years towards the capital fund. Using the above scenario, at the end of 20 years, we can expect the subdivision units to pay a total of \$15,916 or 60% of the amount they would pay if all units were built in the first year. (See Table 7) Therefore the average unit can be expected to pay 60% of the Fire District taxes for capital equipment over 20 years. $60\% * \$265 = \159.15 credit for property taxes over the 20 year period.

Other potential credits include the EMS Service Fees, EMS Training Fees, EMS Special Event Fees, Specific Ownership Tax, and Administrative Services. Since none of these fees are used for the Capital Fund, they should not be used for credits against the capital equipment fee.

6. Fee Schedule

The capital equipment fire protection fee is calculated by subtracting the credits from the costs in Section 3 above. $\$547.94 - \$159.15 = \mathbf{\$388.79}$. The residential capital

expansion recovery system fee for each residential unit in the Crested Butte Fire Protection District should be \$388.79.

The Fee should be reduced by the value of any structures or equipment on the Future Capital Expenditures list that are provided by the developer.

Commercial Fire Protection Capital Expansion Recovery System

1. Commercial Facilities Served.

The following amounts of commercial square footage have been built in the vicinity of Crested Butte which includes all commercial land uses in the Fire Protection District.

**Table 8
Commercial Square Footage
Existing**

Crested Butte	391,000
Mt. Crested Butte	210,011
<u>Unincorporated County</u>	<u>66,061</u>
Total	667,072

Sources: Town of Mt. Crested Butte and Crested Butte Land Use Plan.

2. Inventory

An inventory of equipment currently serving the commercial structures in the Fire Protection District can be found in Section 2 of the Residential Fire Protection Capital Expansion Recovery System section and in Table 2 in that section.

3. Fire Protection Standard

The commercial fire protection standard is stated in Section 2 in Table 2 in the Residential Capital Expansion Recovery System section.

4. Costs

The costs are the same as stated in section 3 of the Residential Capital Expansion Recovery System . However, the share prorated to commercial should reflect the percentage of property value that is commercial, 15.8 %. Therefore, the fire protection costs attributable to commercial land uses are \$326,185. ($\$2,064,459 * 15.8\% = \$326,185$)
The expenditures per square foot have been \$.487. The expenditures per square foot were determined by dividing the rounded floor area of existing commercial structures (670,000) into the portion of total adjusted replacement cost that is commercial. ($\$326,185 / 670,000 = \$.4868$)

Table 7
Crested Butte Fire Protection District
Table of Property Taxes Paid Using a Given Build-out Rate

	Property tax paid by average unit per year									
	1	2	3	4	5	6	7	8	9	10
\$ 13.25										
0.0589										
100										
	Total units at build out									
Years										
Units of 100 built each year	6	12	18	24	29	35	41	47	53	59
Property tax paid by all units	78	156	234	312	390	468	546	624	702	780
Years										
Units of 100 built each year	11	12	13	14	15	16	17	18	19	20
Property tax paid by all units	65	71	77	82	88	94	100	100	100	100
	858	937	1015	1093	1171	1249	1327	1325	1325	1325
	\$ 15915.5	Sum of property tax								
	\$ 159.16	Average (total prop tax /100 units)								
	\$ 26500.00	Sum of tax if all units built in 1 st year								
	60.1%	Actual tax as percentage of total tax if all units were built in 1 st year								

Table 7 was inadvertently excluded when the Fire Protection section of the Crested Butte Land Use Plan was adopted. This is Table 7 which will be adopted as part of the Fire Protection section when the next Land Use Plan amendment is made.

5. Credits

Because each property in a new commercial development will pay taxes and because part of those taxes will be for the Fire Protection District Capital Fund, developers should be given a credit for those taxes that will be paid in the future. The taxes that commercial properties will pay in the future should be subtracted from the costs. It is recommended that no credit be given for past taxes paid on vacant land because vegetation on vacant land can burn and the Fire Protection District will provide services for such lands. Therefore there have been no taxes paid in the past for which a service was not provided or available.

The Finance Director for the Fire Protection District projects that given this year's mill levy and the \$37,700 coming out of the operating fund to help pay for capital equipment, 25% of the mill levy will be used for capital equipment into the foreseeable future.

The number of square feet of commercial development in the District built in 1993, 1994, and 1995 has been counted in each subdivision and town in the District. (See Table 9)

Table 9
Commercial Construction by Year
In Square Feet

	1993	1994	1995	Total
Crested Butte	6,542	28,381	13,037	47,960
Mt. Crested Butte	860	2,463	822	4,145
County				
Riverland	3,200	10,040	0	13,240
Skyland	0	0	0	0
Avion	0	0	0	0
Total over three years				65,345
Average per Year				21,782

The total maximum number of square feet of commercial structures that are permitted to be built in the Fire Protection District is listed in Table 10. The percentage of commercial square feet built each year was determined by dividing the number of square feet of commercial permitted in each town and subdivision in the District into the number of square feet of commercial built in the past three years. The percentages for each town or subdivision were added and divided by three to create the average percentage of square feet of commercial built each year in all subdivisions and the towns (build-out rate). The build-out rate of commercial developments in all subdivisions and the towns over the last three years is 2.7% per year (See Table 11). Therefore in 37 years the average already approved and permitted commercial developments in the Fire Protection District should be built out. ($100\% / 2.7\% = 37.0$)

Table 10
Permitted Number of Square Feet of Commercial Development

	Crested Butte	Mt. Crested Butte	County	Total
Total	1,020,000	1,369,590	80,943	2,470,533

Sources: Crested Butte Land Use Plan and Gunnison County Assessor's Office.

Table 11
Build-out Rate
for Commercial Development
In Square Feet

	1993	1994	1995	Average Year	Total Permitted	Projected Percent of Total per Year
Crested Butte	6,542	28,381	13,037	15,987	1,020,000	1.6%
Mt. Crested Butte	860	2,463	822	1,381	1,369,590	.1%
County						
Riverland I	3,200	10,040	0	4,413	68,341	6.5 %
Skyland	0	0	0	0	12,602	n/a
Avion	0	0	0	0	unknown	n/a
Average per Year						2.73%

Note: The Total Permitted in Riverland I was determined by averaging the total already built and applying the average to the four vacant lots and then adding the averages to the total square feet already built.

The Fire Protection District expects that the average piece of fire equipment will be used for 20 years. The expenditures listed in Table 3 above have been paid by existing residents and commercial land uses in the District. New residents and new commercial developments will be serviced by existing equipment and by new equipment that will be purchased at the replacement costs. Credits against the fees will be based on paying taxes for twenty years which is when the District projects the equipment will need to be replaced. No credits will be given for tax payments after twenty years and at that time new residents, who arrived during the 20 year period, will be helping to pay for the new equipment along with all other existing residents through their property taxes. If most of the commercial development is not built until the last year at the present build-out rate of commercial developments, year 37, new commercial development owners will pay almost nothing toward the equipment during this first 20 year period.

The County Assessor's Office tells us that the total assessed valuation of the District is \$104,166,760 and 28.5% of that is commercial. The assessed valuation of commercial land uses is therefore, \$29,663,750. The assessed value of commercial land differs

significantly from property value because the commercial land is assessed at 29% of its value while residential assessed value is roughly 10% of actual value as required by the State. Value in Table 4 is actual value. The current Crested Butte Fire Protection District total mill levy is 3.004 and that means the existing commercial development generates \$89,110 per year. If that figure is divided by the total rounded existing number of square feet of commercial development (built) then the average commercial square foot of development now pays \$.133 per year to the District. Approximately 25% of that is for capital needs meaning that \$.033 is paid by each square foot each year for Fire District capital needs.

$(\$104,166,760 * 28.5\% = \$29,663,750. \$29,663,750 * .003004 = \$89,110. \$89,110 / 670,000 = \$.1329. \$.133 * 25\% = \$.033)$

If all commercial development were to be fully built out in the first year, we could expect the average square foot of commercial development to pay \$.66 towards the capital fund over a twenty year period. But, because commercial development will build out at an average rate of 2.73% per year, the credit needs to be adjusted to take into account that all of the units will not be built until the 37th year. $(\$.033 * 20 = \$.664)$

To do this the build-out rate has been multiplied times the total remaining commercial square feet that are permitted to arrive at the total square feet that will be built in the first year. $(2.73\% * 1,803,461 = 49,234)$ When this figure is multiplied times the tax per square foot, we find that the first 49,234 square feet will pay \$1,625 in taxes. The next year \$3,249 will be paid by 98,469 commercial square feet. At the end of 20 years as many as 984,690 square feet will be built and they will pay \$32,495 in taxes in the 20th year. According to Table 12 a total of \$341,195 will be paid over 20 years using the 2.73% build-out rate. If all the square footage that could be built in 20 years (984,690 sf) were built in the first year, it would pay \$649,895 in taxes over the twenty year period. Therefore, the actual amount paid will be 52.5% of the total. $(\$341,195 / \$649,895 = 52.5\%)$.

Therefore the average square foot of commercial development structure can be expected to pay 52.5% of the Fire Protection District taxes for capital equipment over 20 years. $52.5\% * \$.664 = \$.349$ credit for property taxes over the 20 year period.

Other potential credits include the EMS Service Fees, EMS Training Fees, EMS Special Event Fees, Specific Ownership Tax, and Administrative Services. Since none of these are used for the Capital Fund, none should be used for credits to the fee for capital equipment.

6. Fee Schedule

The commercial structure capital equipment fee is calculated by subtracting the credits from the costs in Section 4 above. $\$.4868 - \$.349 = \$.138$. The commercial capital expansion recovery system fee for each square foot of commercial structure in the Crested Butte Fire Protection District should be \$.138 (thirteen and eight tenths cents).

The Fee should be reduced by the value of any structures or equipment on the Future Capital Expenditures list that are provided by the developer.

Table 12
 Crested Butte Fire Protection District
 Table of Commercial Property Taxes Paid Using a Given Build-out Rate

	1	2	3	4	5	6	7	8	9	10
\$ 0.033	Property tax paid by average square foot of Commercial structure									
0.0273	Build out rate									
1803461	Total square feet remaining to be built									
Years										
Units of 100 built each year	49234	98469	147703	196938	246172	295407	344641	393876	443110	492345
Property tax paid by all units	1625	3249	4874	6499	8124	9748	11373	12998	14623	16247
Years	11	12	13	14	15	16	17	18	19	20
Units of 100 built each year	541579	590814	640048	689283	738517	787752	836986	886221	935455	984690
Property tax paid by all units	17872	19497	21122	22746	24371	25996	27621	29245	30870	32495
	\$ 341195	Sum of property tax x								
	\$ 0.19	Average tax paid / sq ft of commercial over 20 years								
	\$ 649895	Sum of tax if all square feet were built in 1 st year								
	52.5%	Actual tax as percentage of total tax if all square feet were built in 1 st year								
