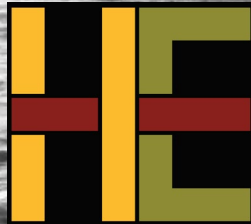


# **FINANCIAL ANALYSIS FEE STUDY**

**Larimer County  
Department of Natural Resources**

**Presentation to the Board of County  
Commissioners**

**October 8, 2018**



---

# Study Purpose and Focus Areas

---

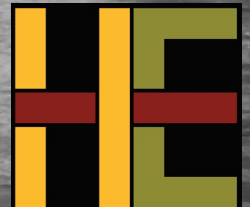
## Purpose:

- Evaluate current user fees (entrance permits and camping) at Larimer County's Reservoir Parks and Open Spaces
- Analyze fee revenue in context of operating/capital expenses
- Recommendations for fee levels and pricing strategies

## Focus Areas:

Historic visitation and finances  
Projected revenues / expenses  
Recommended fee increases  
Low-income visitor opportunities  
Revenue generation concepts

Demographic analysis  
Revenue requirements  
Revenue generation at Devil's Backbone  
Fees at comparable locations  
Approaches to fee adjustments

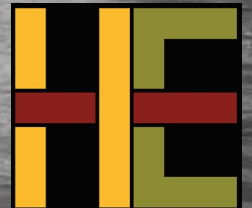


---

# Discussion Topics

---

- Revenue requirements
- Simple fee increases (entrance permits and camping fees)
- Fees at Devil's Backbone Open Space – Loveland/South Trailhead
- Weekend/holiday fees for camping





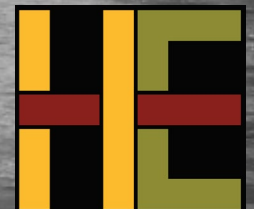
# Fee Background

## ➤ Fee Locations:

- Reservoir Parks – Horsetooth Reservoir, Carter Lake, Flatiron Reservoir, and Pinewood Reservoir
- Open Spaces – Blue Sky Trailhead @ DBBOS, Horsetooth Mountain, Hermit Park, Ramsay-Shockey

## ➤ Few Fee Changes in the Past 10 Years

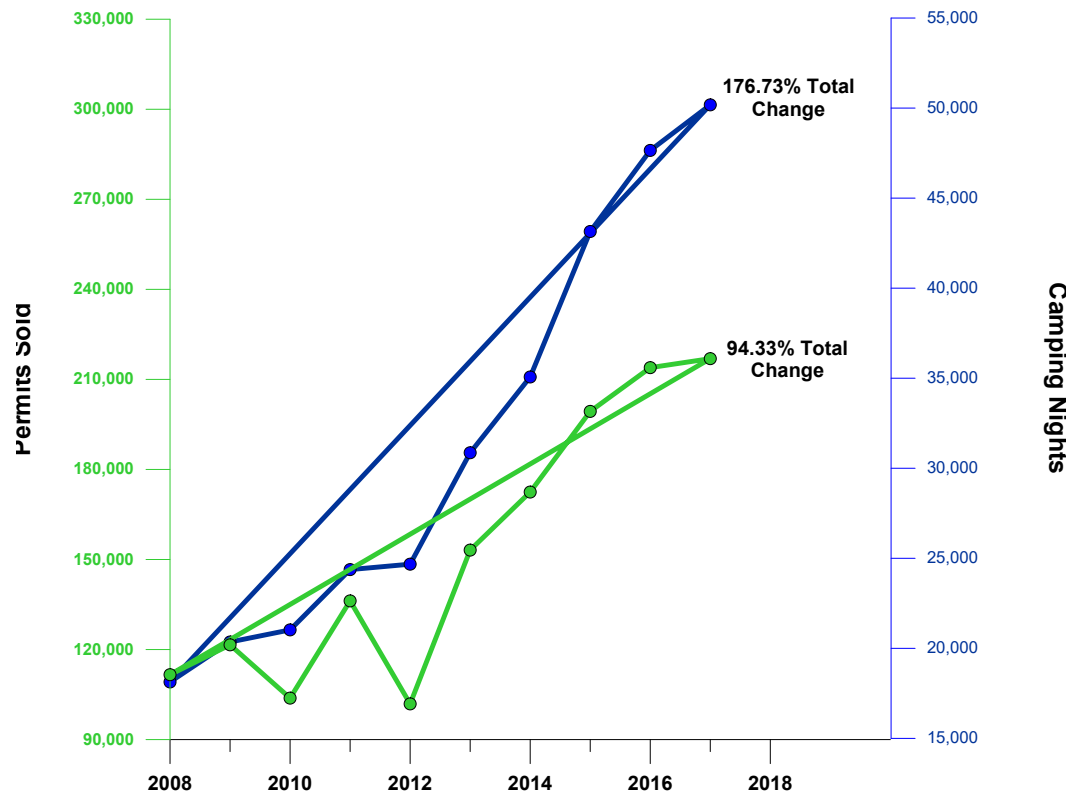
<b>Type of Permit or Fee</b>	<b>2018 Fee Amount</b>	<b>2008 Fee Amount</b>
<b><i>Daily Entrance Permits</i></b>		
Reservoirs (per vehicle and per boat trailer)	\$7	\$7
All other permitted open spaces (per vehicle)	\$6	\$6
<b><i>Annual Entrance Permit Prices</i></b>		
Vehicle – Larimer County Resident	\$75	\$65
Vehicle – Nonresident	\$95	\$85
<b><i>Camping Prices (in addition to entrance permits; prices are per night, per site)</i></b>		
Non-electric campsite (January – December)	\$15	\$15
Electric campsite (April – September)	\$25	\$20
Electric campsite (October – March)	\$15	\$15
Full hookups campsite – Horsetooth Reservoir (April – September)	\$30	\$25
Full hookups campsite – Horsetooth Reservoir (October – March)	\$20	\$20



## ➤ Many Non-Fee Locations throughout Larimer County

# Permit and Camping Trends

- Large increases in historic permit sales and camping nights
- Continued growth in visitation expected, but at slower rates as capacity at popular locations is reached (parking spaces, campsites)



# Revenues and Costs – Parks

## Future Conditions Without Fee Increases

<u>Year</u>	<u>Fee Revenues (millions)</u>	<u>Operating Expenses (millions)</u>	<u>Difference (millions)</u>	<u>% of Expenses Covered</u>
2017	\$2.9	\$3.3	(\$0.4)	89%
2018	\$3.1	\$3.8	(\$0.7)	81%
2019	\$3.3	\$4.1	(\$0.8)	80%
2020	\$3.5	\$4.5	(\$1.0)	78%
2021	\$3.8	\$5.0	(\$1.2)	76%
2022	\$4.0	\$5.5	(\$1.5)	72%

2017 is actual data

Fee revenues increases at about 7% per year through 2021; 5% in 2022

Increases in fee revenues are due to increased visitation only – no fee rate increases

Expenses increase at 10% per year after 2018

- By 2020, Parks operating costs are estimated to be 30% greater than fee revenues
- A 30% increase in entrance permits and a 30% increase in camping fees would close that “gap” for the next couple of years



# Proposed Fee Increases - Parks

What would a 30% increase in fees at Reservoir Parks look like?

<u>Type of Permit or Fee</u>	<u>2018 Fee Amount</u>	<u>2019 Fee Proposed</u>
<b><i>Daily Entrance Permits</i></b>		
Carter Lake, Flatiron, Pinewood and Horsetooth reservoirs (per vehicle and per boat trailer)	\$7	\$9
<b><i>Camping Prices (in addition to entrance permits; prices are per night, per site)</i></b>		
Non-electric campsite (January – December)	\$15	\$20
Electric campsite (April – September)	\$25	\$32
Electric campsite (October – March)	\$15	\$20
Full hookups campsite – Horsetooth Reservoir (April – September)	\$30	\$40
Full hookups campsite – Horsetooth Reservoir (October – March)	\$20	\$25
2nd camping unit (January – December)	\$10	\$13
Boat-in camping – Horsetooth Reservoir (May – September)	\$20	\$25
Camper cabins (April – September)	\$60	\$80
Camper cabins (October – March)	\$30	\$40
Tipis (Flatiron Reservoir, May 1 – October 15)	\$35	\$45



# Revenues and Costs – Open Spaces

## Future Conditions Without Fee Increases

<b>Year</b>	<b>Fee Revenues (millions)</b>	<b>Operating Expenses (millions)</b>	<b>Difference (millions)</b>	<b>% of Expenses Covered</b>
2017	\$0.9	\$3.3	(\$2.4)	26%
2018	\$1.0	\$3.6	(\$2.7)	26%
2019	\$1.0	\$4.0	(\$3.0)	26%
2020	\$1.1	\$4.4	(\$3.3)	25%
2021	\$1.2	\$4.8	(\$3.7)	24%
2022	\$1.2	\$5.3	(\$4.1)	23%

2017 is actual data

Growth in fee revenues slows from about 10% per year in 2018 to about 4% by 2022

Increases in fee revenues are due to increased visitation only – no fee rate increases

Expenses increase at 10% per year

- At current fee levels, fee revenues cover approximately 25% of operating costs for Open Spaces
- Proposed fee increases would support current levels of service and stretch funds available for additional maintenance and infrastructure investment





# Proposed Fee Increases – Open Spaces

- Charge same entrance fees at Open Spaces and Reservoir Parks (\$9)
  - Similar maintenance/management activities, time required, costs
  - Simplify fee structure
  - Both provide high value to visitor experiences
- 30% increase in camping fees (Hermit Park Open Space)

<b>Type of Permit or Fee</b>	<b>2018 Fee Amount</b>	<b>2019 Fee Proposed</b>
<b><i>Daily Entrance Permits</i></b>		
All fee-based open spaces (per vehicle)	\$6	\$9
<b><i>Camping Prices (in addition to entrance permits; prices are per night, per site)</i></b>		
Non-electric campsite (March – December)	\$24	\$30
Equestrian campsite (May – September)	\$30	\$40
2nd camping unit (March – December)	\$10	\$13
Camper cabins (May – October)	\$80	\$105
Camper cabins (November, December, March, April)	\$60	\$80

- Would generate approximately \$430K in 2019
- Increasing fees at existing open spaces would cover 36% of operating costs in 2019

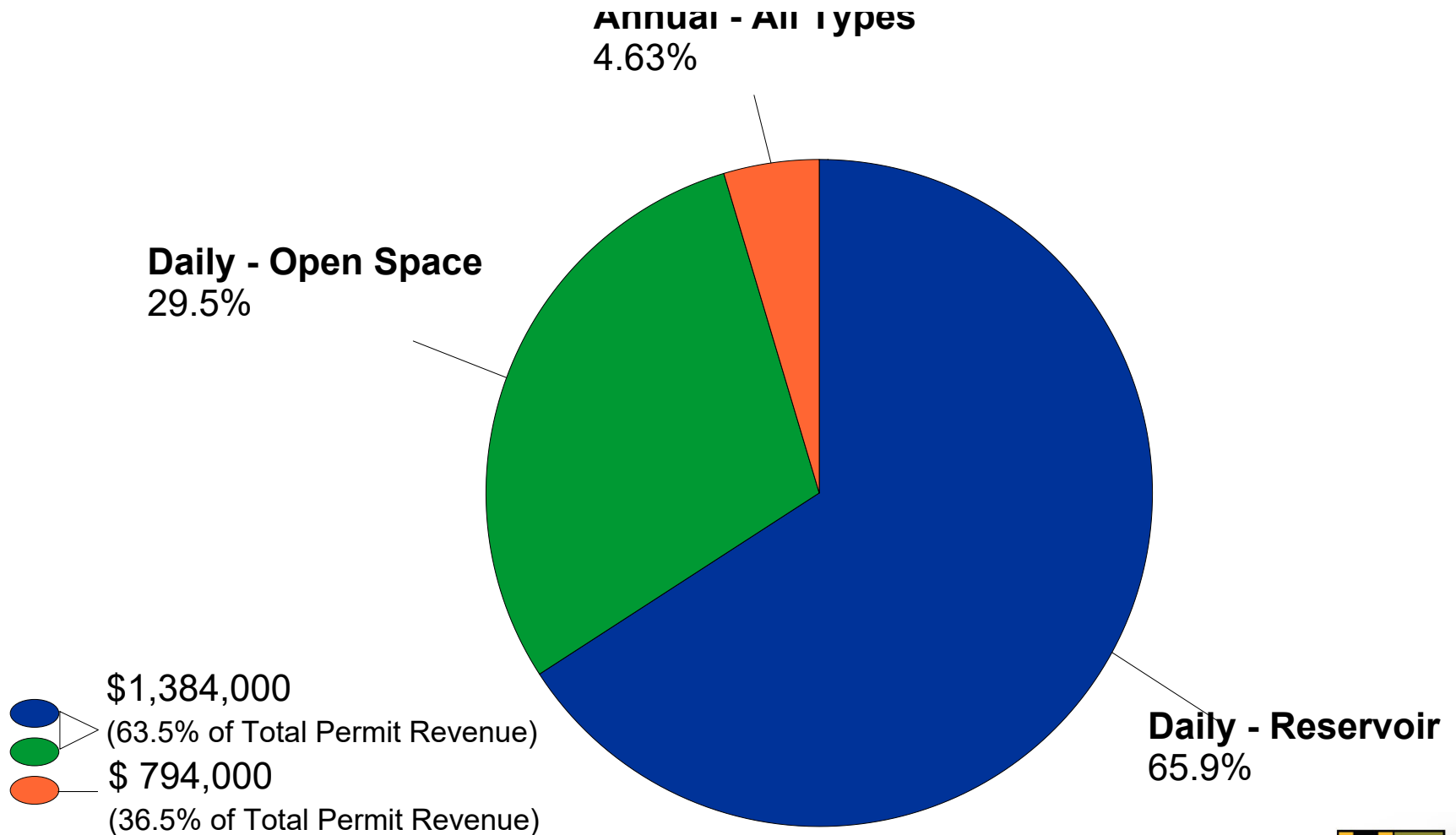


# Proposed Fee Increases – Annual Permits

<b><u>Type of Permit or Fee</u></b>	<b><u>2018 Fee Amount</u></b>	<b><u>2019 Fee Proposed</u></b>
<b><i>Annual Entrance Permit Prices</i></b>		
Vehicle – Larimer County Resident	\$75	\$95
Vehicle – Nonresident	\$95	\$125
Vehicle – Senior (Senior (65+ or turning 65 in month of purchase)	\$45	\$45
Vehicle – Disabled	\$10	\$10
Combination Vehicle and Boat (trailerred) – Larimer County Resident	\$150	\$190
Combination Vehicle and Boat (trailerred) – Nonresident	\$190	\$250
Combination Vehicle and Boat (trailerred) – Senior (65+)	\$120	\$140
Combination Vehicle and Boat (trailerred) – Disabled	\$85	\$105



# Daily vs. Annual Permit Sales and Revenue



# Devil's Backbone Open Space

## Increasing Visitation Level

- 2014 Visitation: 67,936 visitors (trail counter); approx. 34,000 vehicles
- 2019 Projection: 100,480 visitors; approx. 50,000 vehicles
- About a 50% increase in visitors projected between 2014 and 2019

## Intensive Management Required

- Similar to Horsetooth Mountain and Hermit Park (both charge fees)
- Parking lot on the Loveland side doubled in size in 2015; parking frequently reaches capacity even with additional spaces
- Periods at capacity require additional staffing

**Access from the Fort Collins side requires a fee; Access from the Loveland side is currently free**



# Devil's Backbone Open Space

Proposed fee revenue at Devil's Backbone-Loveland/South TH in 2019:

	<u>Annual Permits</u>	<u>Daily Permits</u>	<u>Total</u>
% of Permits	1.5%	98.5%	100.0%
# of Permits	774	49,466	50,240
Rate	\$10 - \$125	\$9.00	
<b>Revenue</b>	<b>\$65,636</b>	<b>\$445,191</b>	<b>\$510,827</b>

- 2019 projected operating costs at Devil's Backbone: \$562K
- Revenues generated at DBBOS will remain at DBBOS for maintenance and improvements
- In comparison: In 2017, 52,119 permits were sold at Horsetooth Mountain Open Space generating about \$367K in permit revenue





# Holidays & Weekends (Camping)

- Historically, holidays and weekends are busier than weekdays
- Currently turning away visitors when capacity is reached
- Differential pricing model is common in recreation industry
- Parks Master Plan mentions the move towards this concept



# Holidays & Weekends (Camping)

Proposed holiday / weekend camping fee revenue:

- Based on extended peak season (mid-April through mid-October)
- 2017 season: 159 total days, 6 holidays and 49 weekend days
- Weighted weekend day revenues assume that 50 percent of visitation occurs on the weekends
- Assume 50 percent fee increase on holidays and 30 percent fee increase for weekend days

	<u>Camping Revenue</u>
Revenue/Season	\$1,441,000
Revenue/Day	\$9,000
Revenue/Weekend Day (Weighted)	\$15,000
Revenue/Holidays (50% Increase)	\$82,000
Revenue/Weekend Days (Weighted) (30% Increase)	\$936,000
Additional Revenue Generated	<b>\$161,000</b>
Additional Revenue Generated (Weighted)	<b>\$243,000</b>

- Additional camping fee revenue: \$160 to \$245K per year

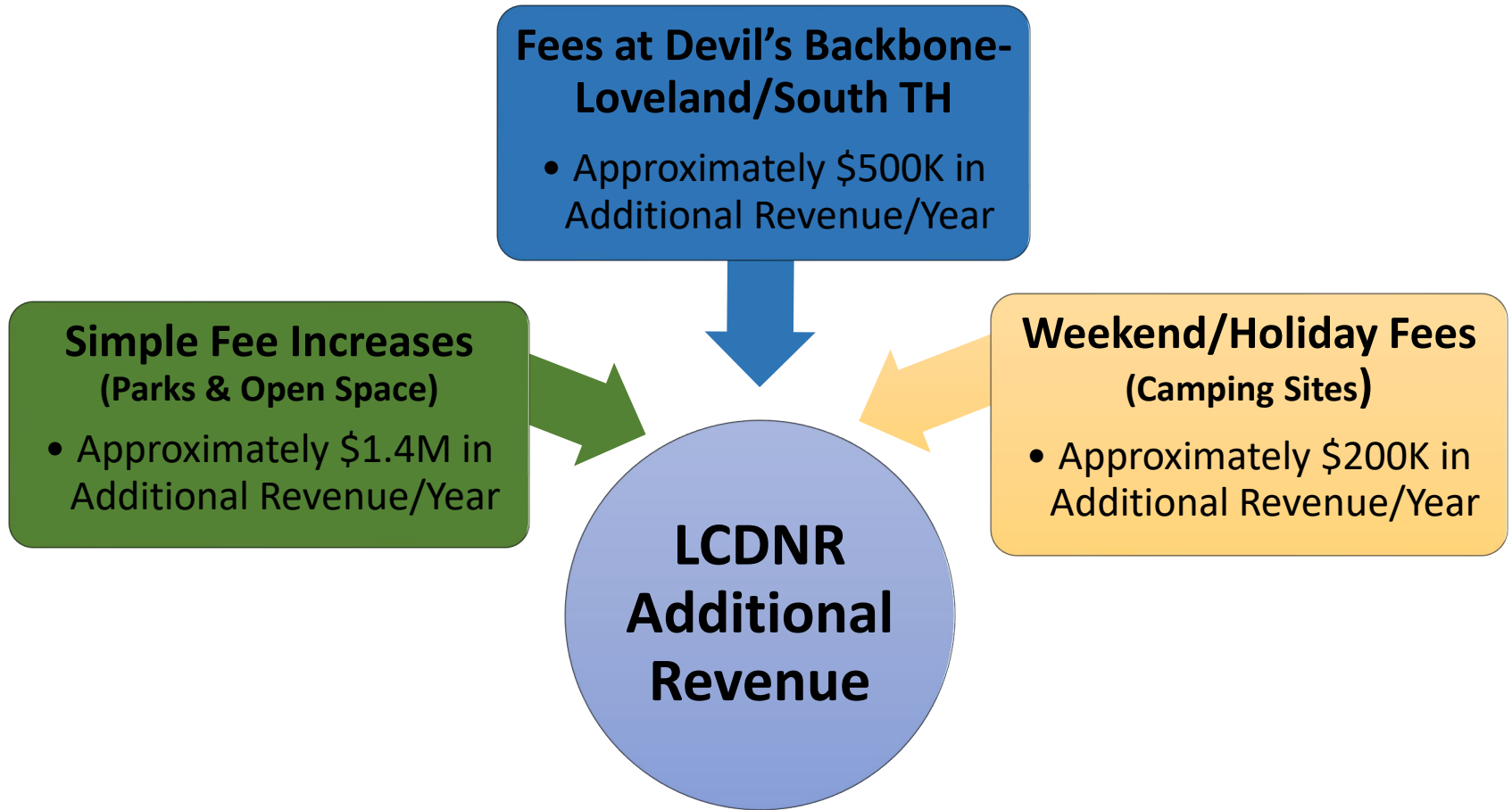


# A Pro-Active Approach to the Future

- *Comparison of projected expenses and projected revenues at future points in time; application of steady annual or periodic fee increases*
  - Specific to Parks and Open Space financial data
  - Incorporates trends in visitation, revenue generation, changes in operating costs
  - Requires careful projection of future revenues and costs
  - Evaluation occur annually, with decisions on fee increases occurring every 3 years
  - Would smooth out annual fee increases over a period of time



# Proposed Additional Revenue Sources





# Questions and Discussion

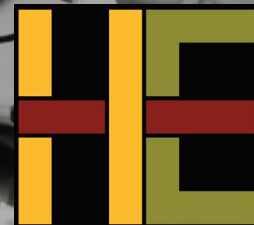




720.889.2755

HE@HarveyEconomics.com

HarveyEconomics.com



# Opportunities for Low Income Visitors

