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# Ketchum favors increasing impact fee

## Charge could be boosted by up to 26 percent

by *TREVON MILLIARD*

Ketchum consultant Randy Young has given city leaders two options for updating impact fees, which are used in part to fund city projects. Depending on how much it wants to rely on "potential" funding sources, the city can either decrease fees by 4 percent for homes and 8 percent for the average commercial building, or increase them by 26 and 12 percent, respectively.

Three of four City Council members have said they're leaning toward a fee increase, meaning a new house would have to pay \$15,800 instead of the \$12,500 currently charged.

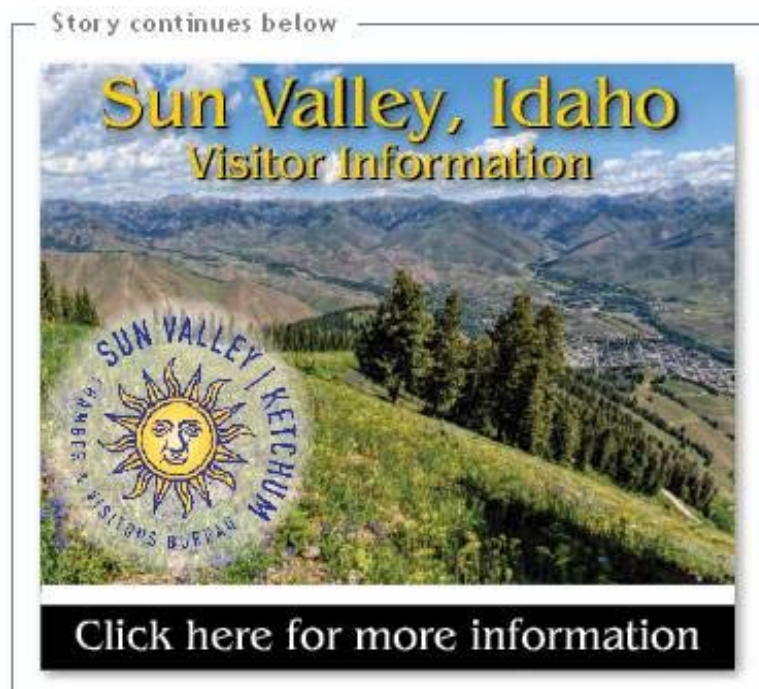
Impact fees are one-time charges paid on newly constructed buildings for the additional burden that their residents or customers place on city services, such as increased wear to streets or more demand on the water and sewer systems. The city has impact fees for fire, parks, police, streets, wastewater and water facilities.

The city charges residences a flat impact fee regardless of size, while a commercial building's impact fee is dependent on square footage. Under an increase, the payment for a 3,000-square-foot commercial building would increase from \$12,000 to \$13,300.

Impact fees must be updated when a city adopts a new capital-projects plan, which outlines five years worth of capital projects. Ketchum has replaced its previous plan from 2007.

Capital projects are things that will have long life spans, such as building a new city hall. These projects—like the proposed new \$3.6 million City Hall that Ketchum has in its \$32 million plan—are typically on the expensive side. Impact fees will pay for these projects in part.

So, how can the two options for updating impact fees to meet project costs be so different: slightly decrease impact fees or substantially increase them?



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Young said during a City Council meeting Tuesday that the option to lower impact fees is calculated on an assumption that potential funding sources for capital projects, such as federal grants, are received. The alternative to increase the fees by one-fourth assumes that none of these sources is awarded, forcing the city to pay for everything.

Councilman Larry Helzel said that relying on these sources is risky considering that grants are becoming harder to obtain and are never guaranteed.

"We need to adopt the kind of ordinance that protects us," he said, advocating an increase in impact fees.

Councilman Curtis Kemp agreed during the meeting and so did Councilwoman Nina Jonas in a phone interview. She said the city should be "conservative" and not assume it will receive the grants and other money it's seeking.

"There's a high chance that they won't happen," she said.

Councilman Baird Gourlay, the last remaining council member, didn't express his leaning at Tuesday's meeting and couldn't be reached by phone afterward.

The council didn't make a decision Tuesday but merely held the first reading. It will meet March 7 and March 12 before deciding.

"I'm glad we don't have to button this up tonight," Helzel said.

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