

**Economic Impact Study**  
of  
**3 Proposed Hotels**  
*on the*



*April 23, 2008*

**RICHARD CAPLAN & ASSOCIATES**

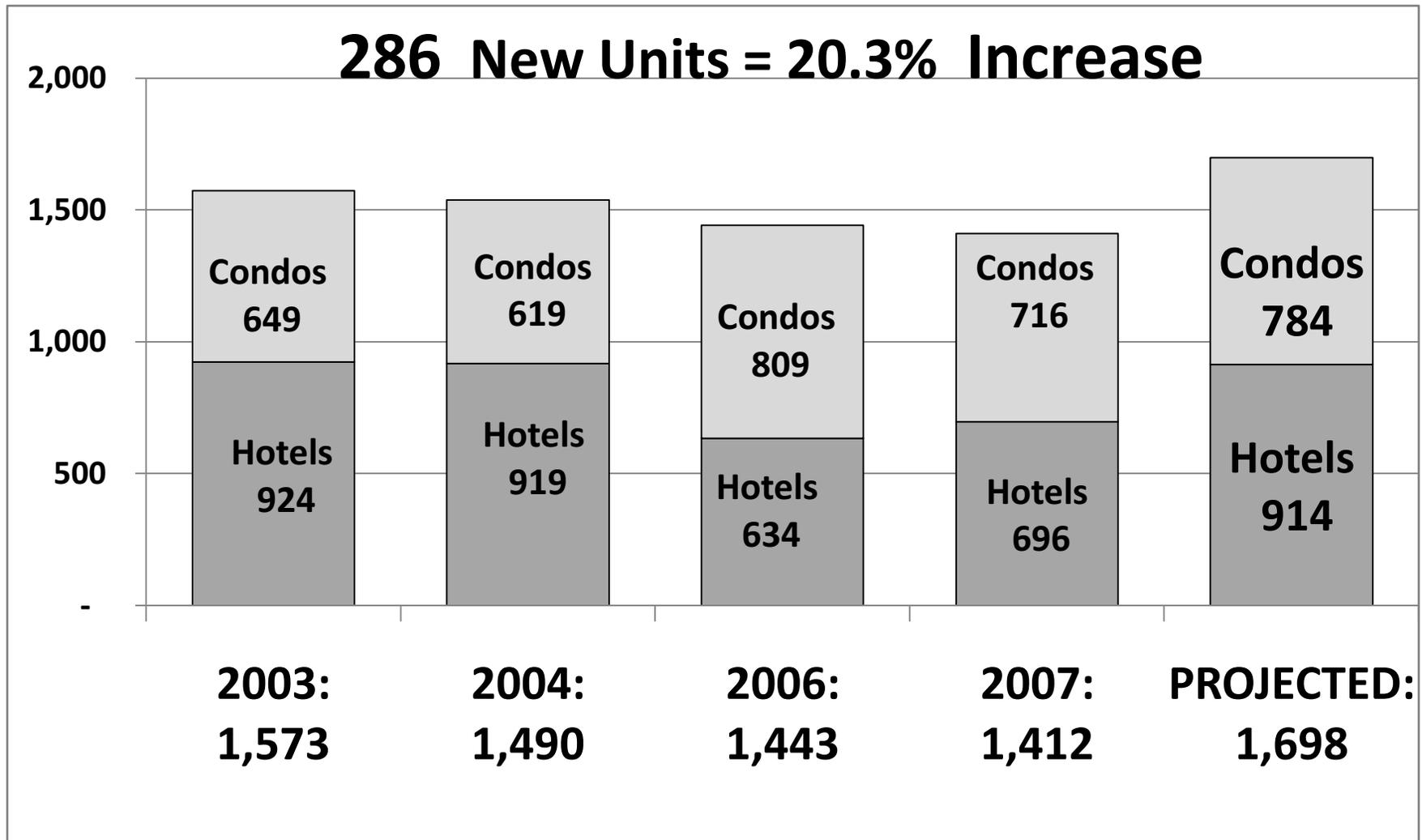
# Sources of Revenue & Direct Impact

<u>Measured Area:</u>	One-Time	On-Going
Impact fees & permits	√	
LOT – Construction Materials	√	
Employment: Construction workers	√	
Hotel , retail workers		√
City & URA property taxes		√
LOT – Lodging, Retail, Liquor		√
Other: Franchise fees, State shared revenues		√
<b><u>Cost:</u></b>		
City of Ketchum services		√

# Hotel Projects Summary

	Warm Springs Ranch Resort	Ketchum Lodge (Centurion)	Hotel Ketchum (Bariteau)	<b>TOTAL</b>
<b>Guest Rooms</b>	120	87	79	<b>286</b>
<b>Condos, Fractional &amp; All Other Units</b>	119	9	6	<b>134</b>
<b>Est. Hotel / Condo Sq. Feet</b>	431,947	173,000	95,010	<b>699,957</b>
<b>Projected New Employment</b>	220	133	90	<b>443</b>
<b>Hotel Est. Construction Cost</b>	<b>\$96,000,000+</b>	<b>\$80,000,000</b>	<b>\$62,500,000</b>	<b>\$254,500,000+</b>

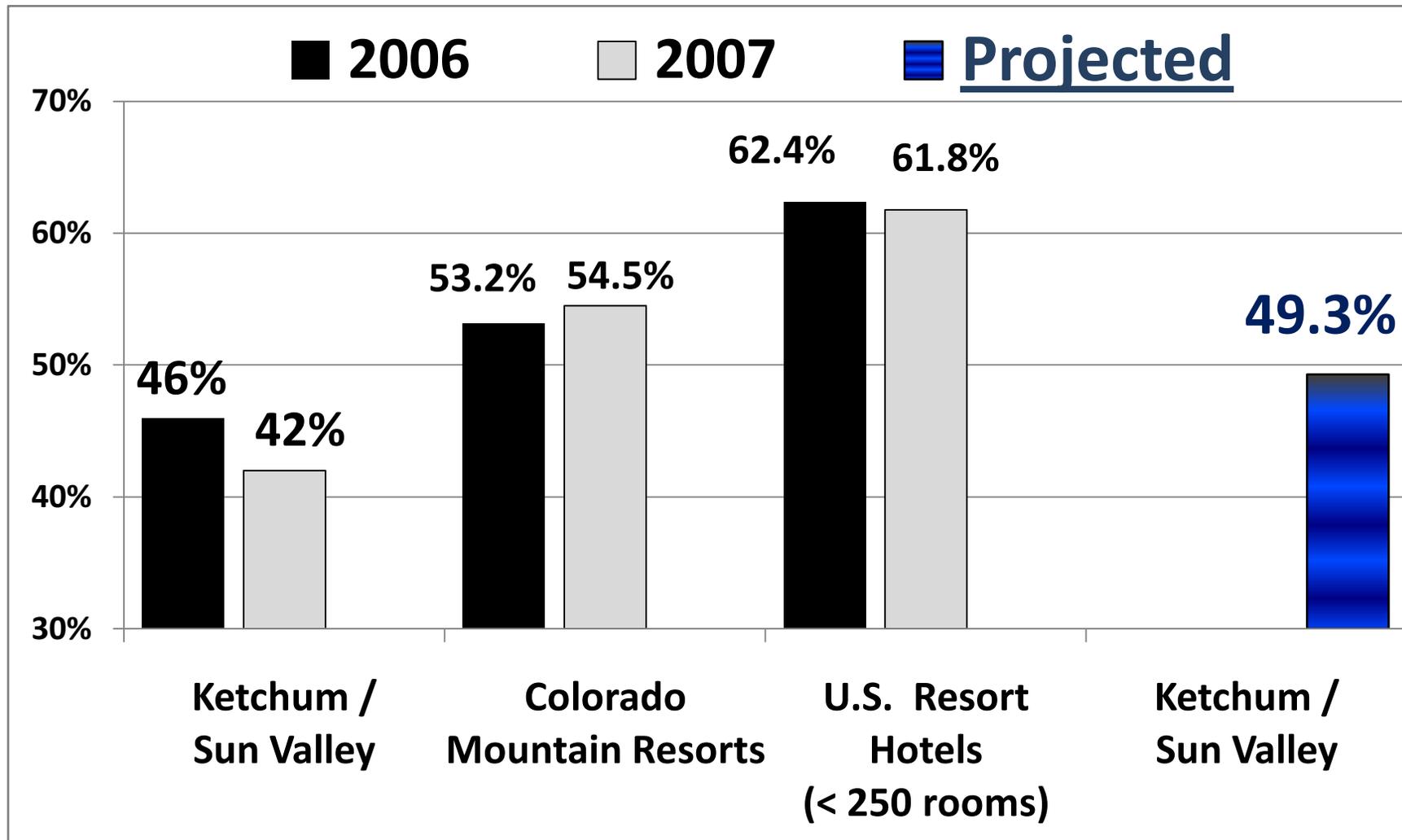
# Ketchum Lodging Unit Trends



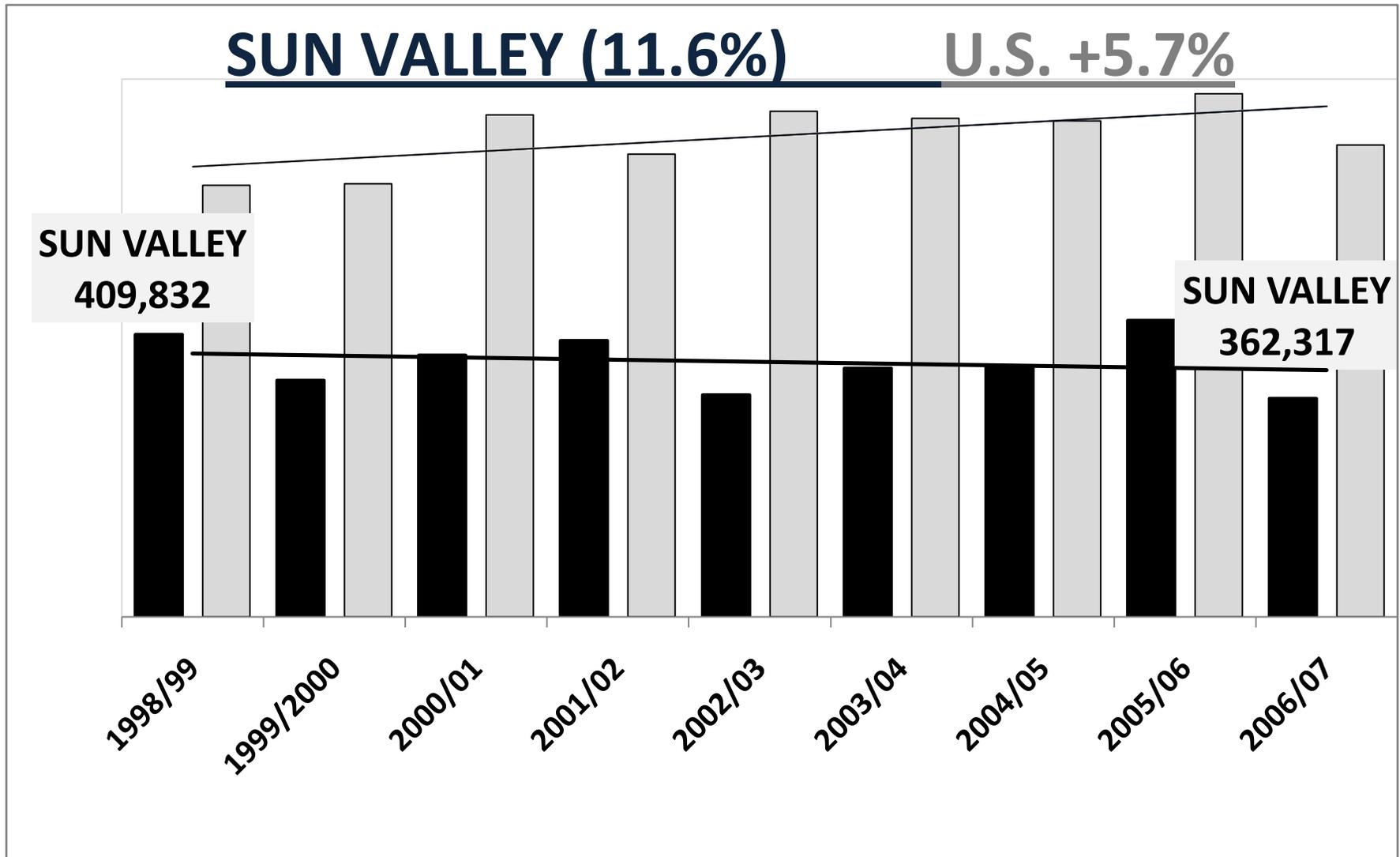
# **Hotel Occupancy Rate Analysis**

- **The Ketchum / Sun Valley hotel occupancy is lower than the Colorado mountain resort towns and the U.S. resort hotel average occupancy levels.** *(See “Hotel Occupancy Rates” graph.)*
- **The three proposed hotels’ project stabilized occupancy rates from approximately 60% to 65% by the 3<sup>rd</sup> full year of operation.**
- **The three hotels’ addition of 286 guest rooms will increase the Ketchum / Sun Valley annual occupancy rate to 49.3% upon completion.**

# Hotel Occupancy Rates

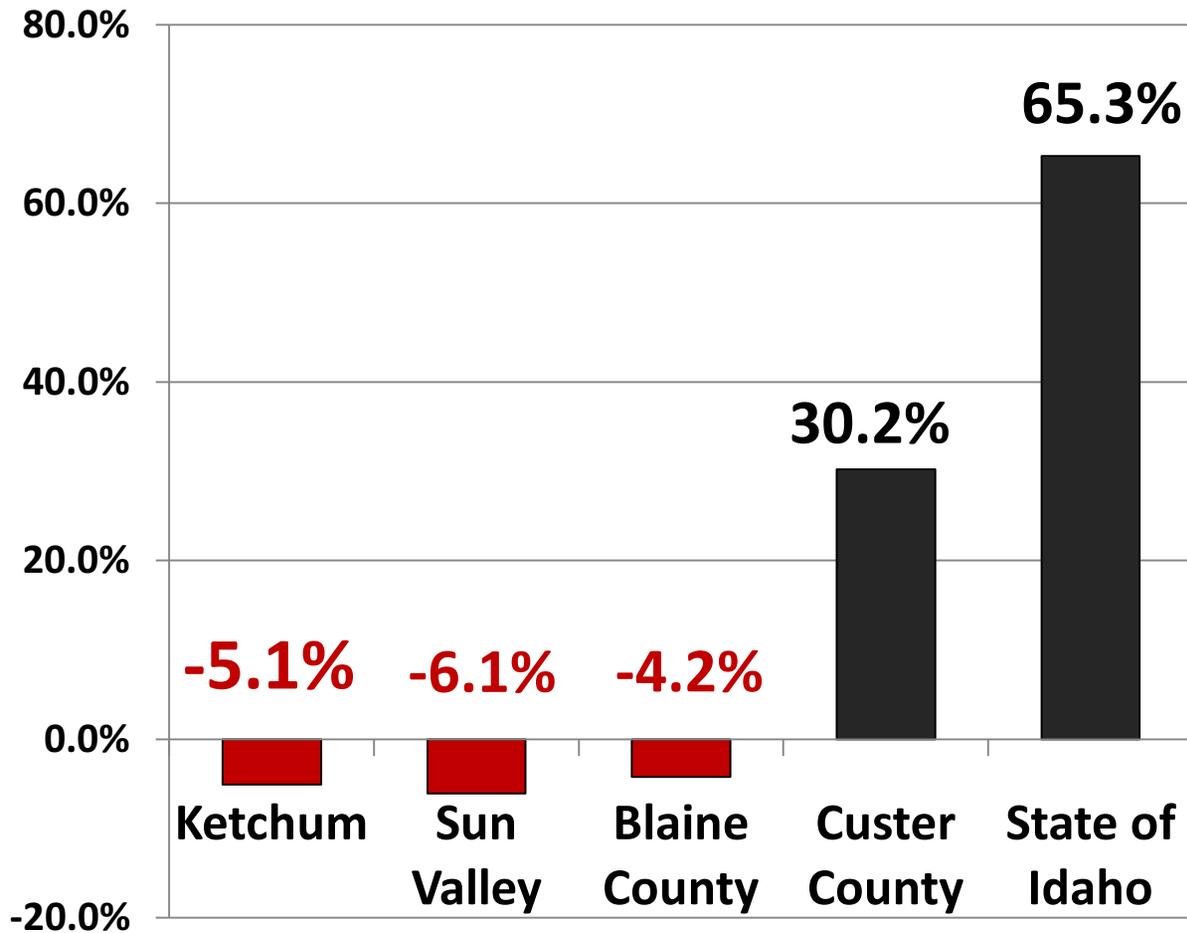


# Annual Skier Days '98/99 - '06/07



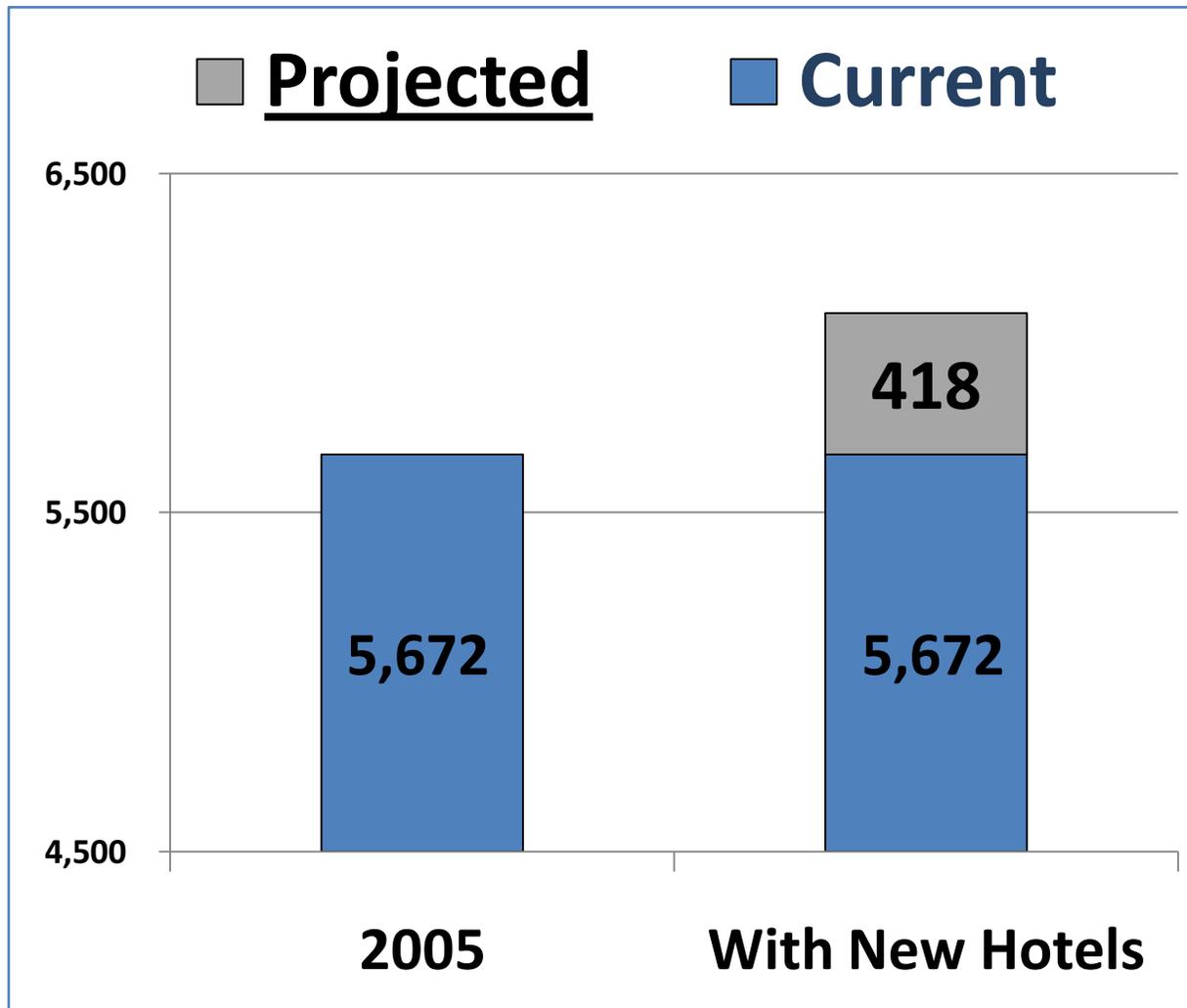
# LOT / Hotel Tax Collections

## 2001 - 2007 Change



- Ketchum LOT collections for lodging have declined since 2001 counter to trends in nearby Custer County (SNRA; Stanley) and the State of Idaho.

# Projected Employment Impact



- An estimated 418 new jobs from the three new hotels are projected to increase Ketchum's employment by approximately 7.4%.

# Hotel's Impact Summary

	<u>CURRENT</u>	<u>PROJECTED</u>	<u>% CHANGE</u>
<b>Guest Room Count</b>	<b>1,412 units</b>	<b>1,698 units</b>	<b>+ 20.3%</b>
<b>Area Occupancy</b>	<b>42% - 46%</b>	<b>49.3%</b>	<b>+ 3.3+%</b>
<b>LOT Lodging Collections</b>	<b>\$2,067,661</b>	<b>\$2,482,316</b>	<b>+ 20.0%</b>
<b>Employment</b>	<b>5,672 jobs</b>	<b>6,090 jobs</b>	<b>+ 7.4%</b>

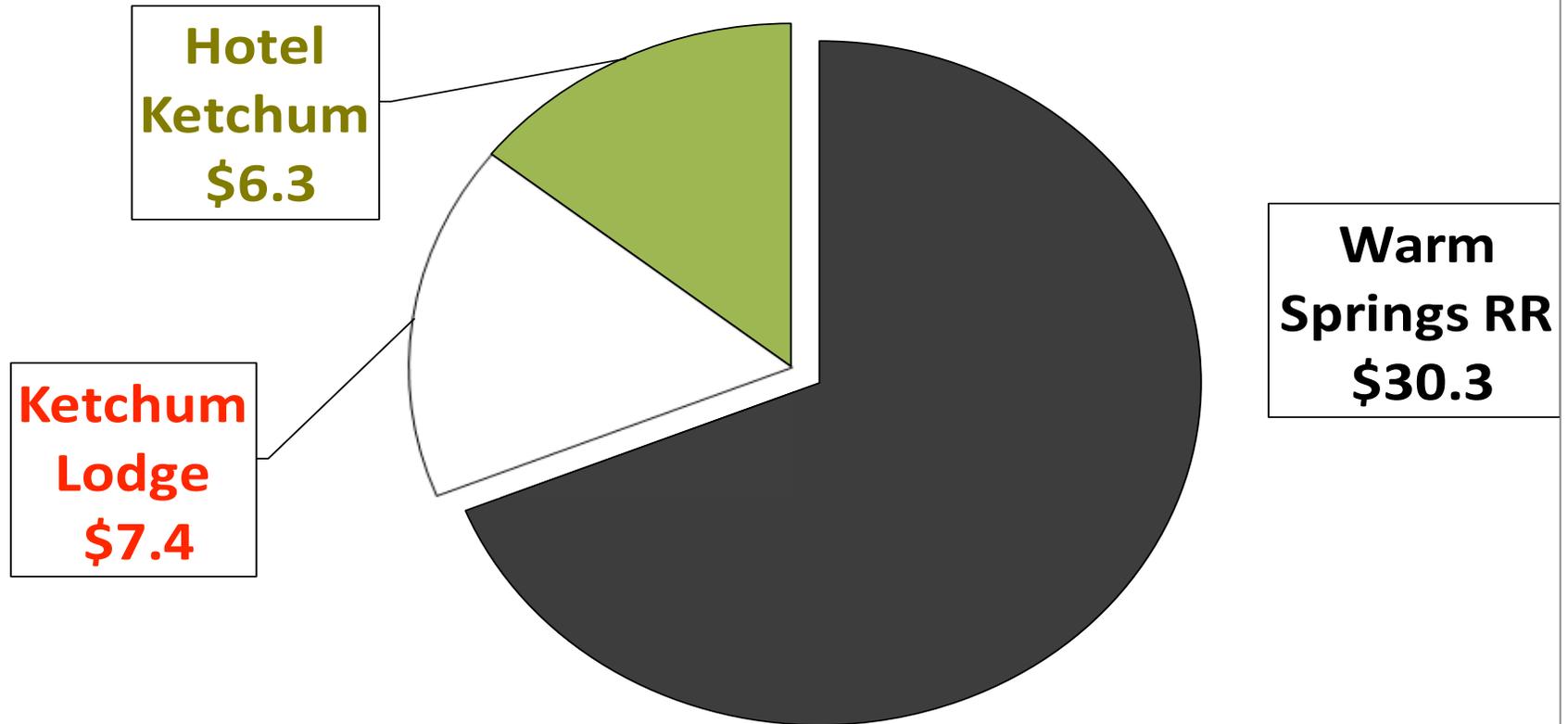
Source: Sun Valley Ketchum Chamber & Visitors Bureau; City of Ketchum;  
U.S. Bureau of Economic Analysis; RICHARD CAPLAN & ASSOCIATES.



# 15 Year Impact Summary

\$43.9 million

■ Warm Springs RR    □ Ketchum Lodge    ■ Hotel Ketchum



# Projected 15 Year Summary

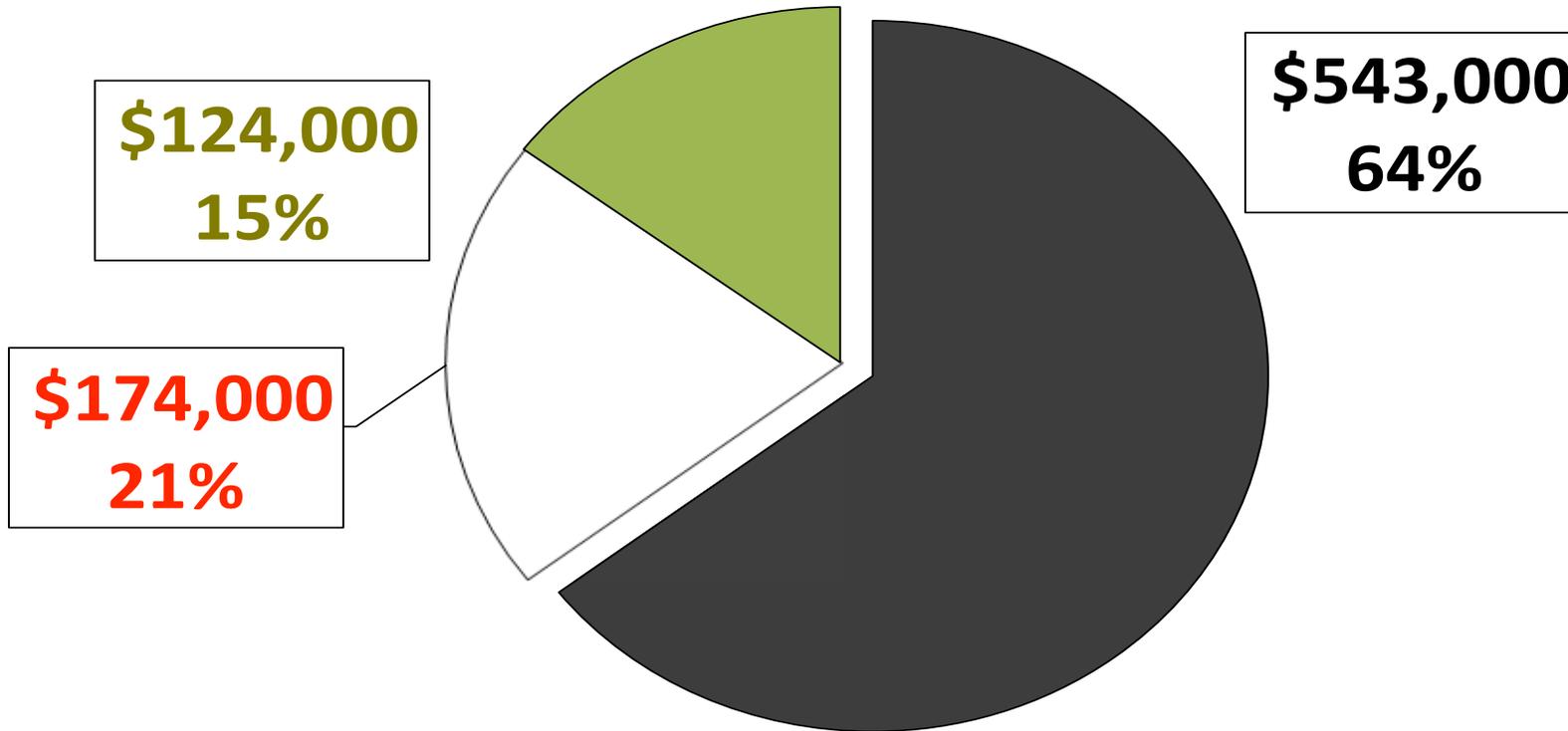
*(in 2008 dollars )*

	Warm Springs Ranch Resort	Hotel Ketchum	Ketchum Lodge	<b>TOTAL</b>
<b>PROJECTED REVENUES</b>				
	\$37,315,606	\$7,928,965	\$9,614,191	<b>\$54,858,762</b>
<b>(EST. COST OF CITY SERVICES)</b>				
	<u>(\$7,059,000)</u>	<u>(\$1,612,000)</u>	<u>(\$2,262,000)</u>	<u><b>(\$10,933,000)</b></u>
<b>NET REVENUE SURPLUS</b>	<b>\$30,256,606</b>	<b>\$6,316,965</b>	<b>\$7,352,191</b>	<b>\$43,925,762</b>

# Annual Cost of City Services

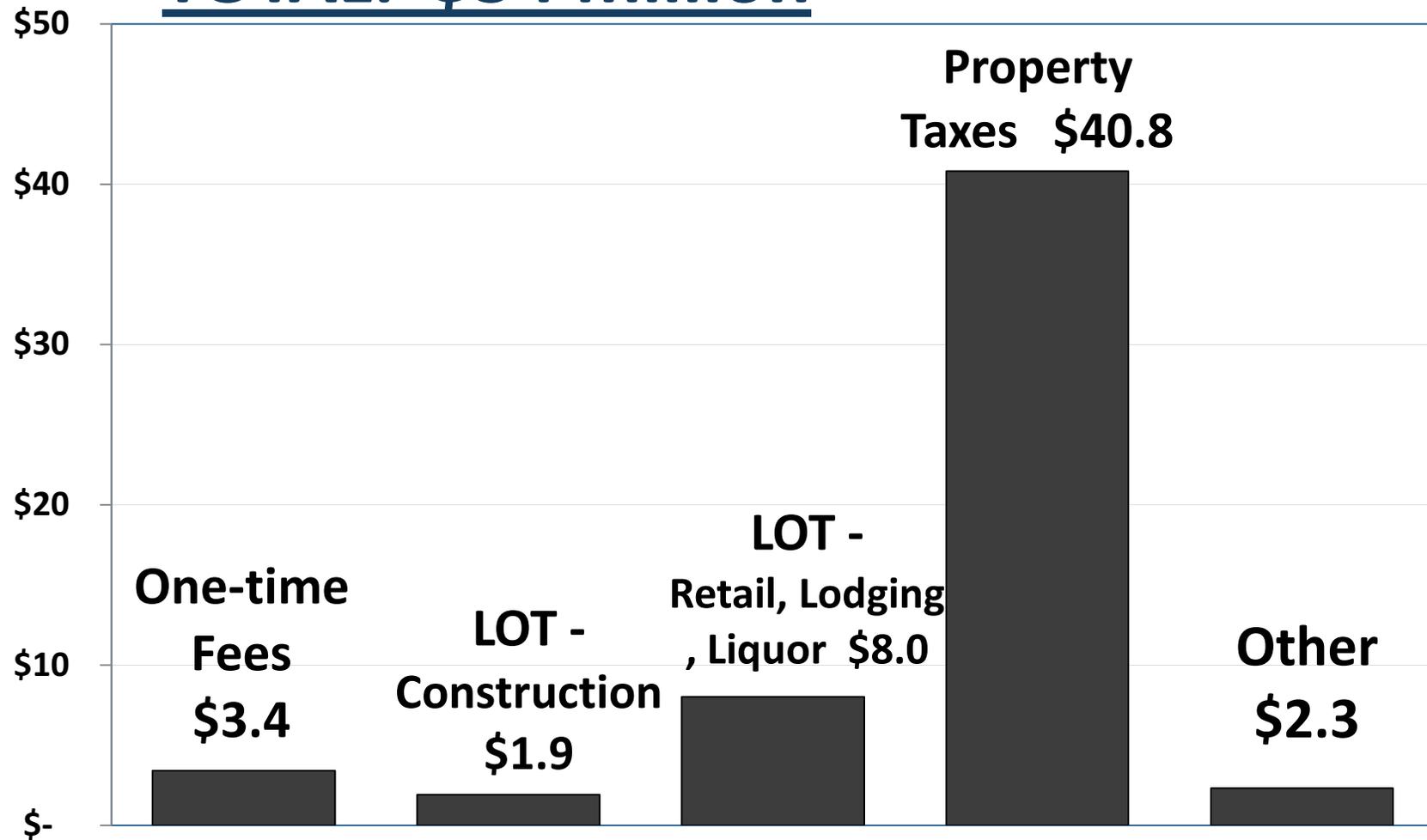
**\$841,000**

■ Warm Springs RR   □ Ketchum Lodge   ■ Hotel Ketchum



# Projected Revenues: 15 Years

**TOTAL: \$54 million**



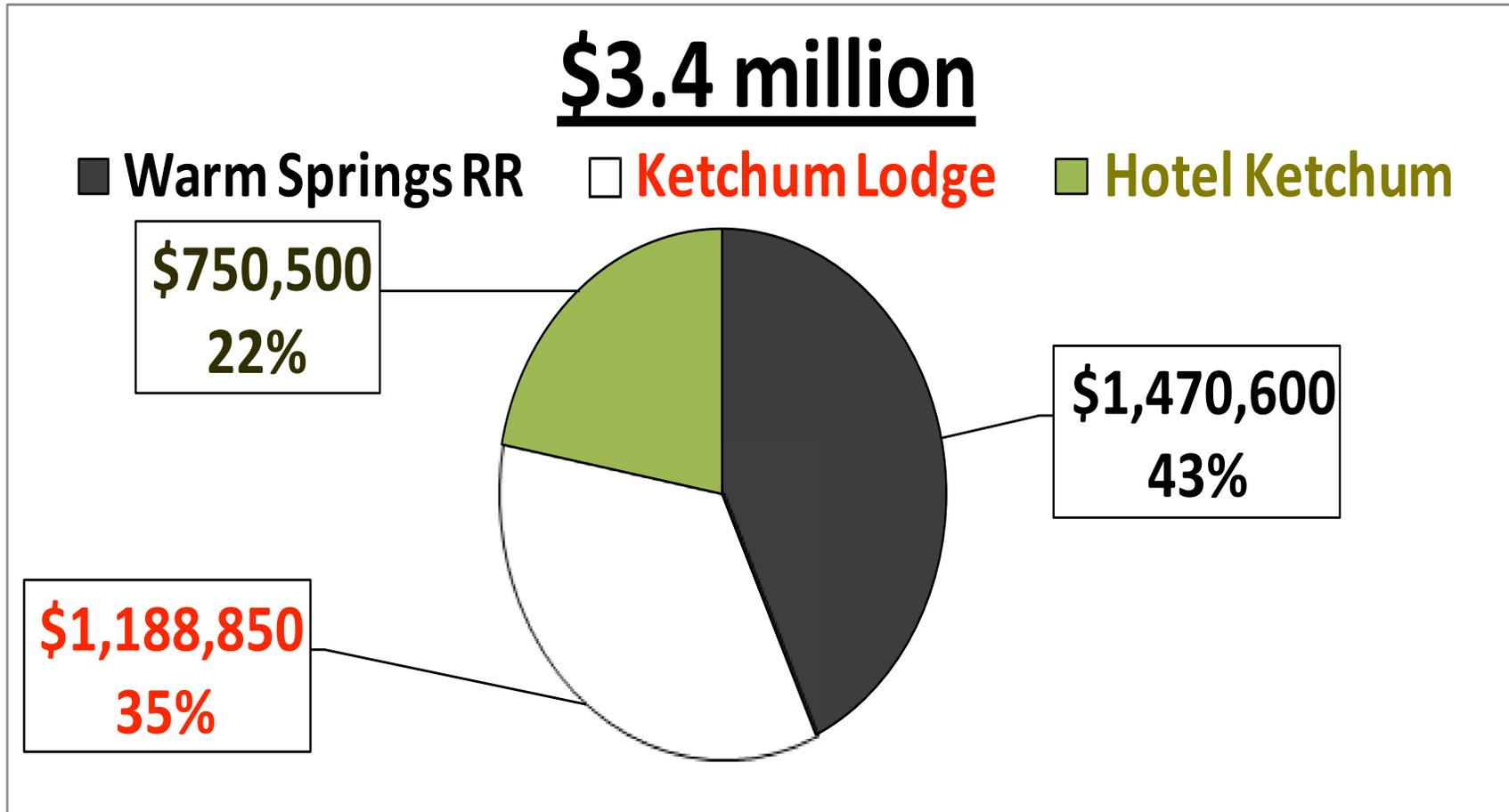
# Projected 15 Year Summary

	Warm Springs Ranch Resort	Hotel Ketchum	Ketchum Lodge	<b>TOTAL</b>
<b>CITY REVENUES</b>				
One-Time (fees, permits over build out)	\$1,470,600	\$750,500	\$1,188,850	<b>\$3,409,950</b>
LOT- Construction	\$840,000	\$416,000	\$696,000	<b>\$1,952,000</b>
Property Tax	\$30,825,160	\$3,825,307	\$4,524,575	<b>\$39,175,042</b>
LOT – Retail, Lodging, Liquor	\$2,877,663	\$2,474,038	\$2,681,713	<b>\$8,033,413</b>
<u>Other</u>	<u>\$1,302,183</u>	<u>\$463,120</u>	<u>\$523,053</u>	<u><b>\$2,288,355</b></u>
<b>Sub-Total</b>	\$37,315,606	\$7,928,965	\$9,614,191	<b>\$54,858,762</b>
<b>(EST. COST OF CITY SERVICES)</b>				
	<u>(\$7,059,000)</u>	<u>( \$1,612,000)</u>	<u>(\$2,262,000)</u>	<u><b>(\$10,933,000)</b></u>
<b>NET TOTAL</b>	<b>\$30,256,606</b>	<b>\$6,315,965</b>	<b>\$7,352,191</b>	<b>\$43,925,762</b>

# Projected Annual Summary

	Warm Springs Ranch Resort	Hotel Ketchum	Ketchum Lodge	<b>TOTAL</b>
<b>REVENUES</b>				
<b>One-Time:</b> Fees, permits over build out	\$1,470,600	\$1,188,850	\$750,500	<b>\$3,409,950</b>
<b>LOT –</b> Construction	\$840,000	\$696,000	\$416,000	<b>\$1,952,000</b>
<b><u>ANNUAL</u></b> Property Tax	\$2,621,235	\$281,273	\$361,966	<b>\$3,264,473</b>
<b>LOT –</b> Retail, Lodging, Liquor	\$230,213	\$197,923	\$214,537	<b>\$642,673</b>
<b><u>Other</u></b>	<u>\$108,515</u>	<u>\$38,593</u>	<u>\$43,588</u>	<u><b>\$190,696</b></u>
<b>Sub-Total</b>	<b>\$2,959,963</b>	<b>\$517,789</b>	<b>\$620,091</b>	<b>\$4,097,843</b>
<b>EST. COST OF CITY SERVICES</b>				
	<u><b>(\$543,000 )</b></u>	<u><b>(\$124,000 )</b></u>	<u><b>(\$174,000 )</b></u>	<u><b>(\$841,000)</b></u>
<b>NET TOTAL</b>	<b>\$2,416,963</b>	<b>\$393,789</b>	<b>\$446,091</b>	<b>\$3,256,843</b>

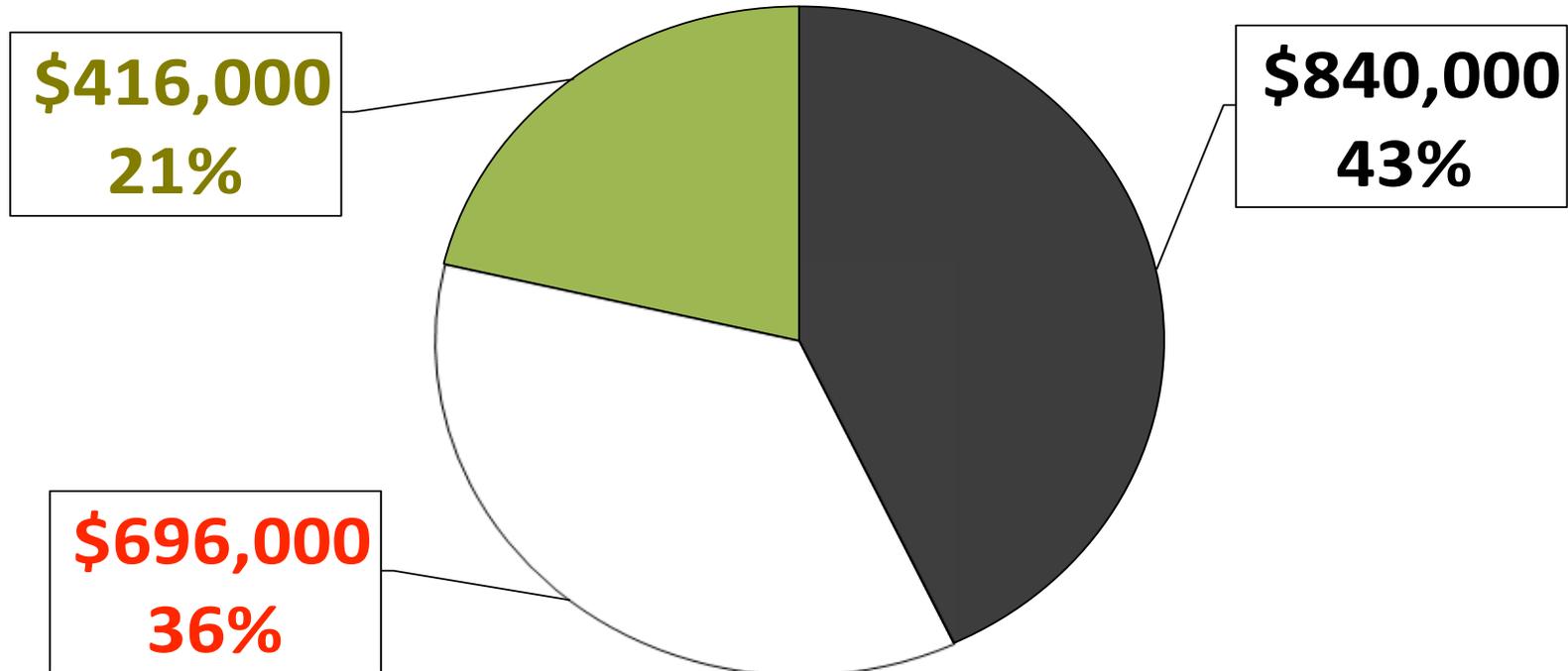
# One-Time Revenues (Fees, Permits)



# LOT - Construction

**\$1,952,000** (over life of constuction)

■ Warm Springs RR    □ Ketchum Lodge    ■ Hotel Ketchum



# Annual Property Tax (upon build out)

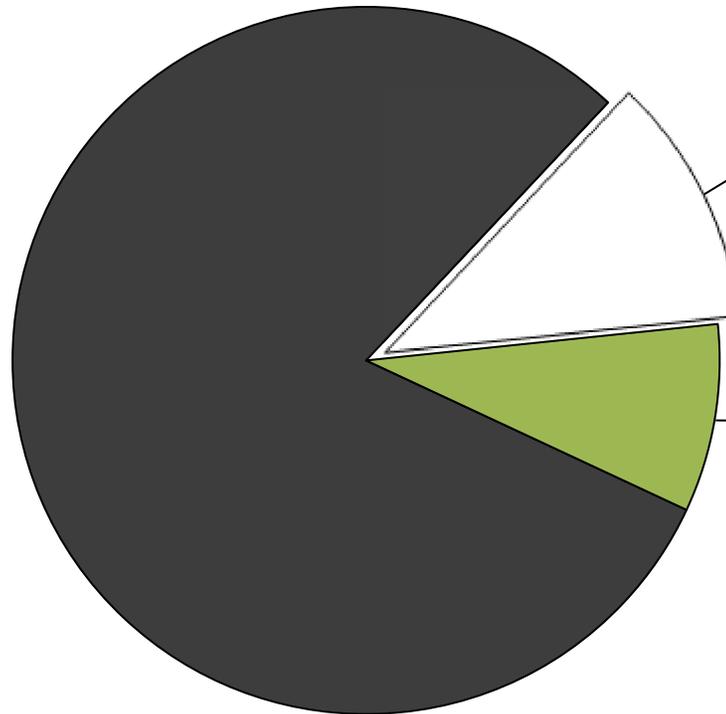
**\$3,264,473**

■ Warm Springs RR

□ Ketchum Lodge

■ Hotel Ketchum

**\$2,621,235**  
**80%**



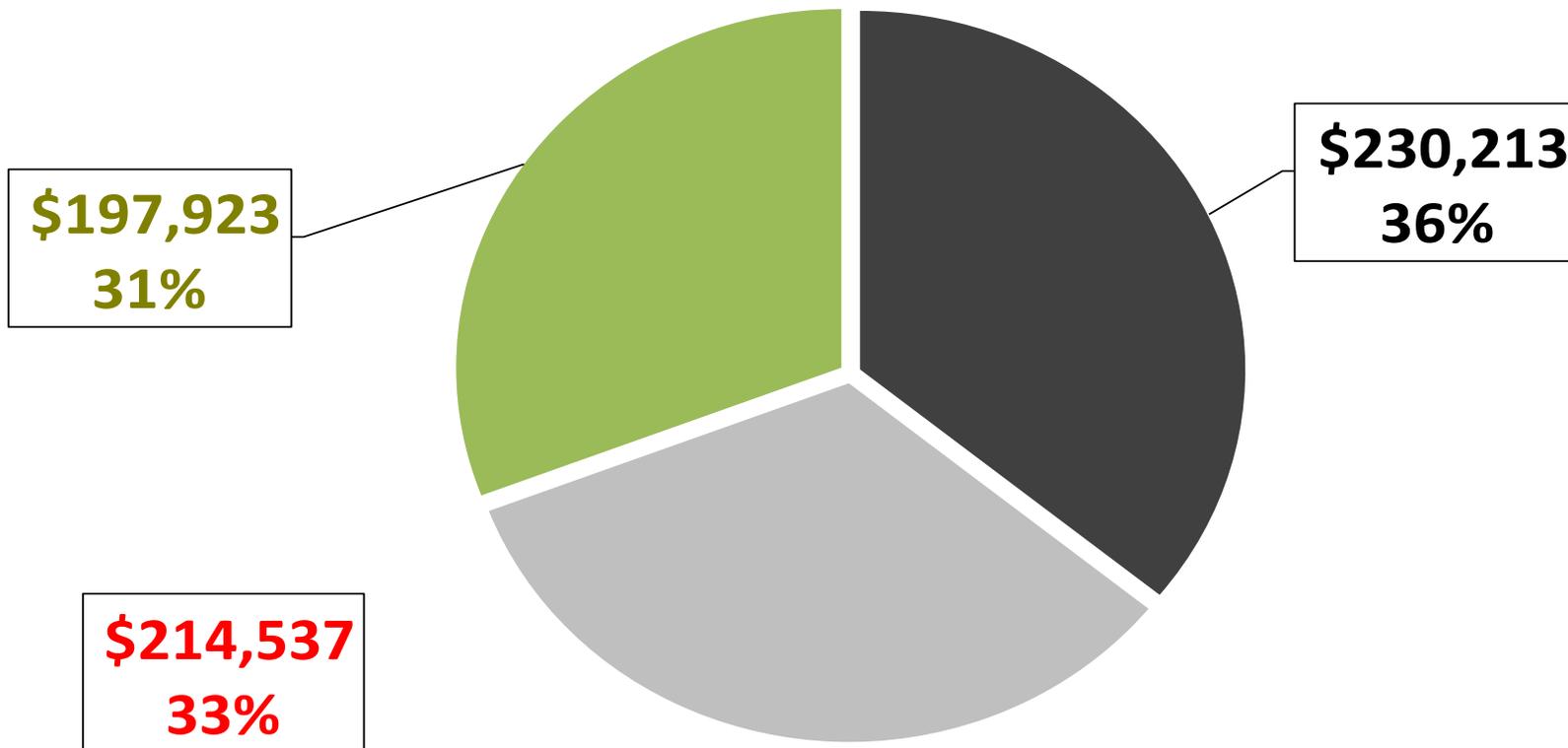
**\$371,966**  
**11%**

**\$281,273**  
**9%**

# Annual LOT – Lodging, Retail, Liquor

**\$642,673**

■ Warm Springs RR   ■ Ketchum Lodge   ■ Hotel Ketchum

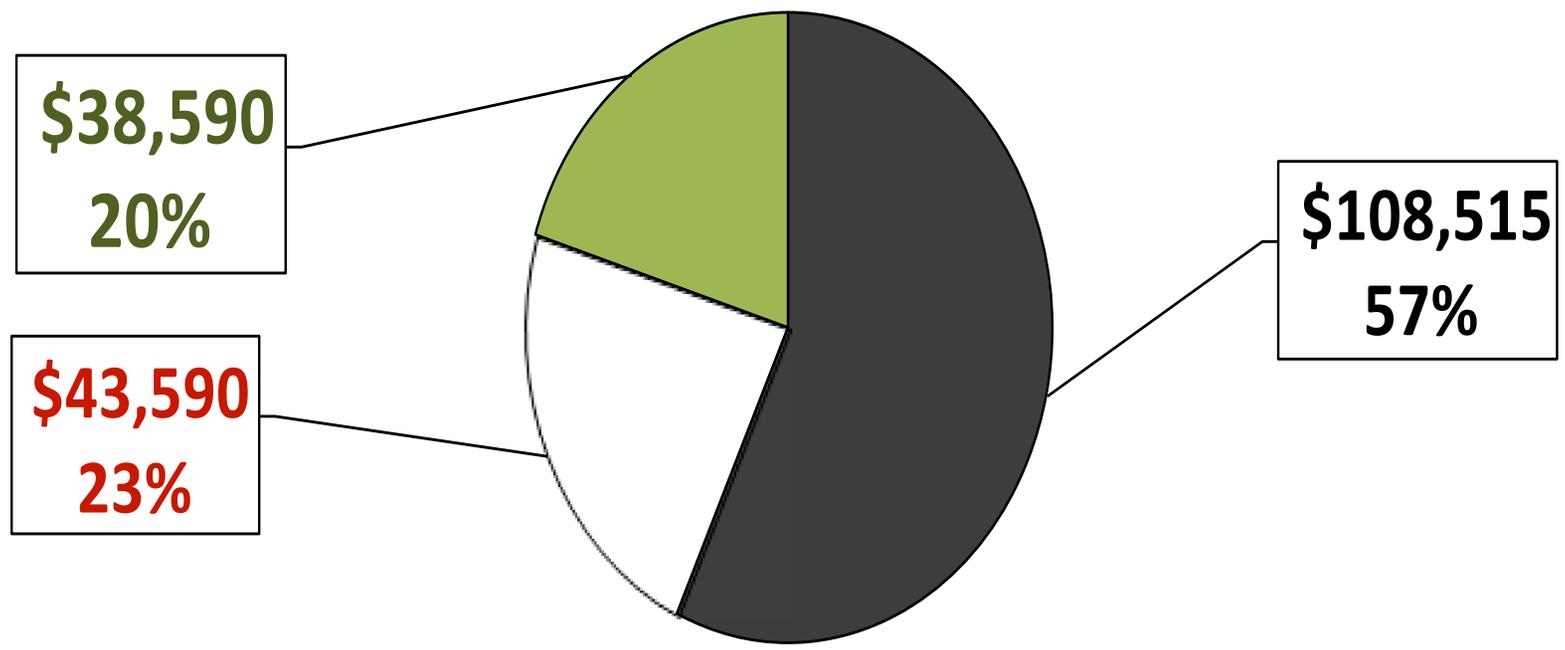


# Other Annual Revenues

(Franchise fees, State shared sales)

**\$190,696**

■ Warm Springs RR    □ Ketchum Lodge    ■ Hotel Ketchum



# **Impact Study Key Assumptions:**

- 1. All projections are in 2008 dollars and are not inflated.**
- 2. Non-hotel property taxes from Warm Springs Ranch Resort are included (golf course, townhomes, lots).**
- 3. Property taxes are calculated on the city's 2007 tax rate.**
- 4. City service levels are based on the City of Ketchum 2008 Budget and current personnel levels.**
- 5. New hotel occupancy levels are reached in the 3<sup>rd</sup> year of opening and will remain constant through year 15.**
- 6. Increased visitors will be new dollars to Ketchum and will not detract from existing hotels or retail sales.**
- 7. New retail sales expenditures generated by new condo residents, new employees and hotel construction workers are not included in these projections.**
- 8. Annexation fees associated with Warm Springs RR are not included.**

# **Sources:**

- 1. U.S. Bureau of Economic Analysis.**
- 2. Warm Springs Ranch Resort PUD application.**
- 3. Centurion Partners.**
- 4. Jack Bariteau.**
- 5. Colorado Hotel and Lodging Association.**
- 6. City of Ketchum 2008 Budget.**
- 7. PKF.**
- 8. Sun Valley Ketchum Chamber & Visitors Bureau.**
- 9. Blaine County Assessor's Office.**
- 10. Idaho State Tax Commission.**

*April 28, 2008*