

Proposed Bald Mountain Lodge

Fiscal Impact Analysis

April 9, 2010

Henderson,
Young &
Company

What is “Fiscal Impact Analysis”

- **Estimates (“forecasts”) of revenues and expenses for City government**
- **Revenues are compared to expenses**
- **If more revenue than expense = “benefit” to Ketchum, but**
- **If less revenue than expense = “cost” to Ketchum**

1

Science and Art of Fiscal Impact Analysis

The devil is in the details.

- **Which revenues?**
- **Which expenses?**
- **What assumptions?**
- **What development is proposed?**

2

Proposed Bald Mountain Lodge Development

87 hotel rooms

average rate per night = \$250

26 dwelling units

24,400 sq. ft. retail & restaurant

3

Basis for Research

Build on previous research: (1) consistency, (2) cost

1. **RRC report for River Run**
2. **Rosenthal report for Warm Springs**
3. **Caplan study of 3 hotels for Ketchum**
4. **Caplan study of annexation fees**
5. **Peer review of River Run**

4

Exclusions from Fiscal Impact Analysis

- **Water and wastewater (approx. \$380,000 impact fees)**
- **Building permit fees & inspection costs (approx. \$450,000)**
- **Trust funds: police & fire**
- **Wagon Days fund**

5

Cost Methodology for Fiscal Impact Analysis

- City cost ÷ city population = cost/capita
- Cost/capita x new population = cost of development
- Functional population, rather than permanent population
- Functional population = permanent + employees, customers, visitors
- Ketchum permanent population = 3,272
- Ketchum functional population = 7,104

6

Functional Population of Bald Mountain Lodge

Population Source	Bald Mtn. Lodge Units	Persons per Unit	Occupancy %	Functional Population
Residents	26	2.23	50%	29
Hotel Occupants	87	1.95	50%	85
Hotel Employees	87	1.20	n.a.	104
Rent Unit Employees	15	0.40	n.a.	6
Restaurant Employees	7,800	8/1,000	n.a.	62
Retail Employees	16,600	3.5/1,000	n.a.	58
Total				344

7

Cost Example for Fiscal Impact Analysis

- $\text{City cost} \div \text{city population} = \text{cost/capita}$
- $\text{Police cost} \div \text{functional population} = \text{police cost/capita}$
- $\$1,796,320 \div 7,104 = \$252.86 \text{ per capita}$
- $\text{Cost/capita} \times \text{new population} = \text{cost of development}$
- $\$252.86 \text{ per capita} \times 344 = \$86,984$

8

Fiscal Impact Analysis: Two Agencies

- **City of Ketchum**
- **Ketchum URA (Urban Renewal Agency)**

9

Fiscal Impact Analysis: Two Time Periods

- **Construction**
- **Buildout (after construction)**

10

Fiscal Impact Summary

Bald Mountain Lodge

	Ketchum During Construction	Ketchum Annual After Buildout
Revenue	\$ 593,751	
Cost	319,351	
Cost Sharing	n.a.	
Net + or -	+ 274,400	

11

Fiscal Impact Summary

Bald Mountain Lodge

	Ketchum During Construction	Ketchum Annual After Buildout
Revenue		\$ 285,430
Cost		446,176
Cost Sharing		164,072
Net + or -		+ 3,327

12

Fiscal Impact Summary

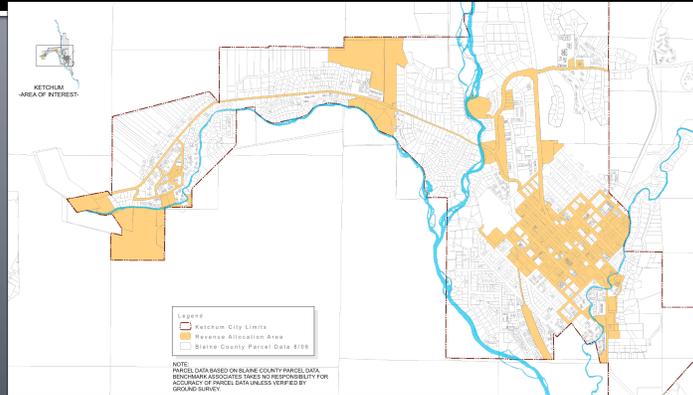
Bald Mountain Lodge

	Ketchum During Construction	Ketchum Annual After Buildout
Revenue	\$ 593,751	\$ 285,430
Cost	319,351	446,176
Cost Sharing	n.a.	164,072
Net + or -	+ 274,400	+ 3,327

13

What about the URA?

Ketchum's Current URA

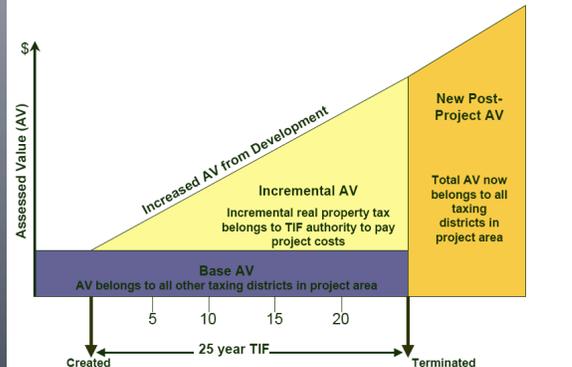


KETCHUM URBAN RENEWAL AGENCY
REVENUE ALLOCATION AREA
DRAFT 10/23/06

What about the URA?

How "tax increment" works

Exhibit 1. TIF Assessed Value (AV) Over Project Life



National Association of Realtors: Nov. 2002

Fiscal Impact on URA

Revenue Assumptions for URA from Bald Mountain Lodge

URA revenue from Bald Mountain Lodge:

- **\$4.35 million total 2011 - 2030**
- **Assumes 100% of estimated cost**

16

Fiscal Impact on URA

Borrowing Capacity from Bald Mountain Lodge Revenue

Debt Capacity:

- **\$4.35 million revenue total thru 2030**
- **45.6% can be borrowed (@ \$2.19 / \$1.00)**
- **\$1.98 million could be borrowed**

17

Fiscal Impact on URA

Bald Mountain Lodge

	URA During Construction	URA Annual After Buildout
Revenue	0	
Cost	0	
Cost Sharing	n.a.	
Net + or -	0	

18

Fiscal Impact on URA

Bald Mountain Lodge

	URA During Construction	URA Annual After Buildout
Revenue		\$ 217,698
Cost		0
Cost Sharing		n.a.
Net + or -		+ 217,698

19

Fiscal Impact Summary

Bald Mountain Lodge

	Ketchum During Construction	Ketchum Annual After Buildout	URA During Construction	URA Annual After Buildout
Revenue	\$ 593,751	\$ 285,430	0	\$ 217,698
Cost	319,351	446,176	0	0
Cost Sharing	n.a.	164,072	n.a.	n.a.
Net + or -	+ 274,400	+ 3,327	0	+ 217,698

20

Conclusions: Fiscal Impact of Bald Mountain Lodge

1. Fiscal impact on City is positive.
2. Fiscal impact on URA is positive.
3. Fiscal impact on government does not include impact on local economy (jobs, sales, multiplier effect) which are also typically positive.

21

End of Presentation

**Questions?
Discussion!**

22