

**RESOLUTION NUMBER 07-142**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, APPROVING AN AGREEMENT WITH RICHARD CAPLAN & ASSOCIATES FOR PROFESSIONAL SERVICES RELATED TO ANALYZING ANNEXATION FEES AT A COST NOT TO EXCEED \$14,500, AND AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE SUCH AGREEMENT.

WHEREAS, the City adopted Resolution No. 07-042 on April 2, 2007, authorizing the Mayor to sign an agreement with Richard Caplan & Associates for updating the Development Impact Fee; and Resolution No. 07-066, authorizing the Mayor to sign an agreement with Richard Caplan & Associates for Financial Feasibility Analysis for Hotels, and

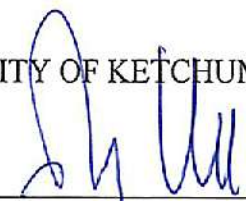
WHEREAS, Richard Caplan & Associates has acquired a substantial knowledge of development issues facing Ketchum and financial restrictions unique to Idaho municipalities that can be applied to analyzing annexation fees and that the City Council recognizes the public benefits of expanding the scope of work with Richard Caplan & Associates to include analysis of annexation fees, particularly related to large scale developments, and

WHEREAS, Richard Caplan & Associates have offered to provide such services for an amount not to exceed \$14500 as outlined in the attached scope of services,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ketchum, Idaho, approves an agreement with Richard Caplan & Associates for professional services related to analyzing annexation fees at a cost not to exceed \$14,500, and authorizing and directing the Mayor to execute the agreement.



This Resolution will be in full force and effect upon its adoption this third (3rd) day of December 2007.

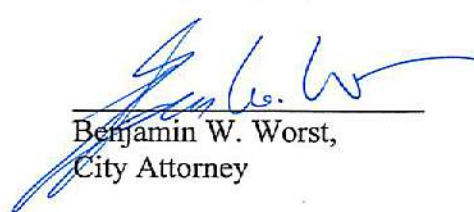
CITY OF KETCHUM, IDAHO

  
\_\_\_\_\_  
Randy Hall, Mayor

ATTEST:

APPROVED AS TO FORM  
AND CONTENT:

  
  
Sandra E. Cady, CMC  
City Treasurer/Clerk

  
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Benjamin W. Worst,  
City Attorney



## RICHARD CAPLAN & ASSOCIATES

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November 26, 2007

Mayor Randy Hall and Ketchum City Council  
City of Ketchum  
Attn: Ron Le Blanc, City Administrator  
480 East Ave. North  
Ketchum ID, 83340

Re: Review and Recommend Updated  
Annexation Fee

Dear Mayor and Council members:

In response to the City Council's discussion at the Council meeting on November 19, 2007 regarding the need to review annexation fees for the City of Ketchum, I am pleased to submit this proposal to assess the city's current annexation fee structure and recommend a revised fee structure. This fee annexation fee structure will:

- a. Compare the City of Ketchum to other resort municipalities policies and fees, including annexation fee best practices; and
- b. Incorporate/consider those costs for municipal services over and above those fees assessed by the city as a part of the city's Development Impact Fee model.

Annexation in Idaho can only be accomplished when the owners of the property to be annexed and the incorporated city or town to which the property is to be annexed agree on the terms of the annexation. The City of Ketchum seeks to ensure that annexations as approved under a subsequent annexation agreement(s) would not reduce the quality or quantity of services the City is able to deliver to existing residents and property owners. More specifically, this annexation assessment will be performed in three phases:

- Phase I – Annexation Fees Best Practices
- Phase II – Evaluate Non-Impact Fee City Service Requirements
- Phase III – Recommend Annexation Fee Revisions

The impact of additional infrastructure and service costs related to growth are not part of a development impact fee as adopted by the City of Ketchum. To address future capital and operational needs of the City of Ketchum, RICHARD CAPLAN & ASSOCIATES will recommend a fee that maximizes the City's ability to capture resources through the annexation process. An annexation fee will be calculated using three methods:

- a) **Service Level Deficiency** - Identify and apportion ongoing service deficiencies that will be accelerated or increased by new development. This approach benchmarks the current levels of municipal services not incorporated and authorized as a part of the city's development impact fee formula that service levels be brought up to par with benchmark communities. This benchmark analysis will be used to consider the both the City as a whole and the proposed annexation area. The cost of increased service levels are apportioned to current and future users in proportionate use will be determined.
- b) **Buy-In to the City** - Identify and apportion existing land, capital and equipment assets that benefit the City as well as the increased populations from annexation(s). This method is sometimes called a "buy-in" or a "cost recovery method." This approach

## RICHARD CAPLAN & ASSOCIATES

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calculates the value of existing facilities and infrastructure as reported in the City of Ketchum's Basic Financial Statements for the current year and apportions it to current and future users that benefit from these facilities and investments. This amount incorporates the current market value of City of Ketchum owned land that includes the city hall, the city shop, city park land, etc.

c) **Share of Projected Needs** - Identify and apportion planned capital improvements which that benefit the entire City that would have occurred notwithstanding new development including newly annexed areas. The calculation represents the annexation area's share of benefit in these projects.

The end product of this report is a recommended annexation fee calculation, separate and apart from those municipal projects incorporated into the city's development impact fee. This will consider parks and open spaces proposed within a proposed annexation that a developer may dedicate, improve and maintain through a home owners association.

### **Timing and Fees**

These services will be initiated immediately upon acceptance of this proposal by the Mayor and City Council. The total time required to complete this assessment and present a written report and recommendations will be three to four (3- 4) months.

The total cost for this annexation fee study and recommended fee will be \$14,500, plus reimbursement for out-of-pocket travel expenses (air, compact car rental and lodging only when required for this project).

We appreciate the opportunity to provide this additional assistance and look forward to continuing to assist the City of Ketchum on this study.

*Rich Caplan*

Richard Caplan

RICHARD CAPLAN & ASSOCIATES