

RESOLUTION NUMBER 08-002

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, REVISING AND ESTABLISHING THE AMOUNT AND TIME OF PAYMENT OF HOTEL PRE-APPLICATION FEES, HOTEL DESIGN REVIEW APPLICATION FEES AND HOTEL PLANNED UNIT DEVELOPMENT (PUD) APPLICATION FEES.

WHEREAS, the City Council finds it necessary to establish and increase the hotel pre-application design review fees, hotel design review application fees and hotel PUD application fees in order to recover all or part of the costs to conduct the necessary reviews on complex hotel projects thereby ensuring the public health, safety and welfare; and

WHEREAS, the adjustment of these fees will enable the timely review, processing of applications and accelerate the opportunity for applicants to begin hotel development; and

WHEREAS, the need to establish and revise such fees is supported by the verbal testimony of the public, spokespeople for several hotel development groups and research performed by independent contractors Lisa Horowitz and Rich Caplan in addition to the memo from Richard Caplan and Associates, attached hereto and incorporated herein as Exhibit A; and

WHEREAS, the revised fees will replace the fee schedule attached to Resolution 07-137 and 07-074 which are hereby repealed; and

WHEREAS, such hotel pre-application design review fees calculated at a rate of .10 per gross square feet of the project (per the City definition of Gross Square Feet) shall be due upon submittal for pre-application design review; and

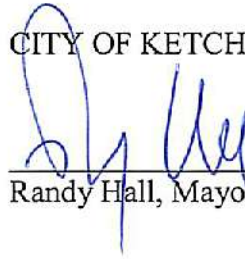
WHEREAS, such hotel design review application fees calculated at a rate of .32 per gross square feet of the project (per the City definition of Gross Square Feet) shall be due upon design review application submittal. However, if the applicant elects to phase the Design Review submittal, said fees may also be phased proportionally to the submittal, up to a maximum of three (3) phases. If the applicant elects to phase the Design Review submittal into more than three (3) phases, the full fee shall be due upon submittal of the third phase.

WHEREAS, such hotel PUD application fees calculated at a rate of .48 per gross square feet of the project (per the City definition of Gross Square Feet) shall be due upon PUD application submittal.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ketchum, Idaho, that the hotel pre-application design review fees, hotel design review application fees and hotel PUD application fees shall be due at the times and in the amounts set forth above.

This Resolution will be in full force and effect upon its adoption this seventh (7th) day of January 2008.

CITY OF KETCHUM, IDAHO



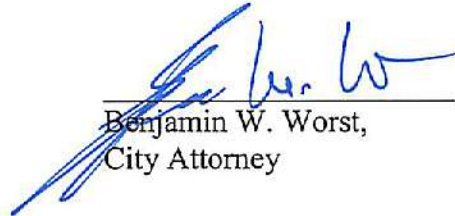
Randy Hall, Mayor

ATTEST:

APPROVED AS TO FORM
AND CONTENT:



Sandra E. Cady, CMC
City Treasurer/Clerk



Benjamin W. Worst,
City Attorney





December 17, 2007

To: Mayor and City Council

From: Rich Caplan, Hotel Team Financial Consultant *RC*

Re: Revised - Supplemental Financing Requirements/Fees for Proposed Hotel Developments

As the City Council is aware, because of the size, importance and number of proposed hotel developments in the community, it has become necessary for the city staff and city's hotel consultant team to spend a considerable amount of time and resources to respond to these proposals in a comprehensive and professional manner.

This past May, the City Council took a temporary measure to establish a fee structure to partially off-set city costs including adoption Resolution 070-074 that established:

- a. A pre-application fee for design review for hotels of \$5,000, plus the cost of application, notices and postage; and
- b. Design application fee for hotels of \$1,000, plus \$0.25 per 1.0 gross square foot of hotel, plus \$0.125 per 1.0 gross square foot of residential, plus the cost of application, notices and postage for public hearings.
- c. There is also a PUD fee for hotels of \$2,000 for the first 10 units or lots and \$200 for each additional unit (i.e. room).

Since that time, the staff has recognized that this interim measure does not adequately cover the costs of all existing and anticipated planning efforts for these projects and the associated staff and hotel consulting team responsibilities such as:

- Introduction discussions with potential new developers that may or may not have acquired or secured property in Ketchum,
- Coordinate and guide hotel developers for pre-application design review, analyze projects and prepare staff reports,
- Contract for massing studies,
- Analyze different revenue and economic impacts of hotel ownership models and/or projects (financial support), and
- Prepare hotel use agreements (legal support).

These efforts are realistically expected to be on-going over a three year period until one or more of these projects are through the review and design process. Therefore, staff has prepared an updated and more accurate budget of the total costs associated with these projects. A table summarizing these projected expenses and revenues is presented on the following page.

This memorandum revises the recommended fee schedule that provides for the Design Review fee portion of the adjusted fee to be paid by the applicant to the city in up to two or three payments in cases where the proposed development is being planned and reviewed in two or three phases as follows:

Supplemental Financing Requirements/Fees for Proposed Hotel Developments (cont.)

Time of Payment	Current Fee (07-074)	Proposed Fee Schedule			
		Total	Single Phase Project	Two (2) Phased Project	Three (3) Phased Project
Pre-Application	\$5,000	\$0.10 per sq. foot	\$0.10 per square foot		
Design Review	\$1,000 + \$0.25 per sq. foot	\$0.32 per sq. ft.	\$0.32/sq.ft.	Phase 1:\$0.16/sf Phase 2:\$0.16/sf Total: \$0.32/sf	Phase 1:\$0.11/sf Phase 2:\$0.11/sf Phase 3:\$0.10/sf Total: \$0.32/sf
PUD Submittal	\$2,000 for 10 units+ \$200 each add'l unit (room)	\$0.48 per sq. foot	\$0.48/square foot		
TOTAL	\$8,000 plus \$0.25 per sq. ft.+ \$200 per room	\$0.90 per sq. ft.	\$0.90 per sq. foot		

These recommended fees will insure that the city costs are covered for these projects. The existing and projected expenses and projected revenues are presented for the three most active hotel projects and a "Sample single phase and two phased 100,000 square foot Hotel Example" are presented in the table on page 3 "Projected Revenues".

PROJECTED Budget Expenses	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>3 Year Total</u>	<u>3 Hotel Average</u>
Hotel Lead Team	\$135,000	\$135,000	\$140,000	\$410,000	\$136,667
Planning staff support	\$60,000	\$64,000	\$35,000	\$159,000	\$53,000
Legal support	\$15,000	\$15,000	\$10,000	\$40,000	\$26,667
Engineering support	\$30,000	\$30,000	\$20,000	\$80,000	\$26,667
Financial support	\$30,000	\$30,000	\$10,000	\$70,000	\$23,333
Massing studies	\$30,000	\$ -	\$ -	\$30,000	\$10,000
Office support	\$15,000	\$3,000	\$3,000	\$21,000	\$30,000
Building Inspection (supplemental contract)	\$ -	\$80,000	\$85,000	\$165,000	\$75,000
Total	\$315,000	\$357,000	\$303,000	\$975,000	\$391,333

PROJECTED REVENUES

		Hotel A	Hotel B	Hotel C	Hotels A,B,C	Hotel Example A - No Phasing	Hotel Example B - 2 Phases @
	Est. Square Feet	101,148	682,500	170,000	N / A	100,000	100,000
	Hotel Room Assumption	70	125	80	275	70	70
Existing:							
\$5,000/project	Pre-application	\$5,000	\$5,000	\$5,000	\$ 15,000	\$5,000	\$5,000
\$1,000+\$.25/sf	Design Review App. Fee	\$26,287	\$171,625	\$43,500	\$ 241,412	\$26,000	\$26,000
\$200/unit	PUD Application	\$14,000	\$25,000	\$16,000	\$ 55,000	\$14,000	\$14,000
Total		\$45,287	\$201,625	\$64,500	\$311,412	\$45,000	\$45,000
Proposed Project Phase:							
\$0.10/sf	Pre-application	\$10,115	\$68,250	\$17,000	\$95,365	\$10,000	\$10,000
\$0.16/sf	Design Review: Phase I	(assumes 1 phase)	may be	(assumes 1 phase)		\$0	\$16,000
\$0.16/sf	Design Review: Phase II		phased				\$16,000
<i>Or</i>						<i>or ></i>	
\$0.32/sf	Design Review (all in one phase)	\$32,367	\$218,400	\$54,400	\$ 305,167	\$32,000	\$0
\$0.48/sf	PUD Application	\$48,551	\$327,600	\$81,600	\$457,751	\$48,000	\$48,000
Total: \$0.90/sf		\$ 91,033	\$614,250	\$153,000	\$858,283	\$ 90,000	\$90,000

@ May be \$0.11 per sq. ft. phase I and II if designed and planned to be built in 3 three phases and \$0.10 per sq. ft. for Phase III