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Ketchum may curb impact-fee increase

Fees would increase 13 percent instead 26 percent

by *TREVON MILLIARD*

Raising Ketchum's development-impact fees by 26 percent for new residences and 12 percent for new commercial buildings seems to be too much, City Councilman Larry Helzel said Monday. He advocated a compromise to the City Council and public.

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.

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. The projects—like the proposed new \$3.6 million City Hall that Ketchum has in its \$32 million plan—are typically on the expensive side and have long lifespans. Impact fees would pay for these projects in part.

The option to increase fees by one-fourth assumes that potential funding sources for capital projects—such as federal grants—aren't received, forcing the city to pay for everything. However, if all these potential funding sources were received, the city would be able to decrease impact fees by 4 percent for homes and 8 percent for the average commercial building.



Instead of choosing between those two options, Helzel suggested adjusting impact fees on the assumption that half of potential funding comes into the city, meaning increasing fees about 13 percent for residences. That would mean a new house would have to pay \$14,125 instead of the \$12,500 currently charged. Commercial fees would increase 6 percent.

The city could then come back in two years, adjusting impact fees based on the outside funding that materializes.

Helzel said the intent of such a compromise is to prevent discouraging development, which is already stunted.

City consultant Randy Young told the council that impact fees have little impact on development. He mentioned a 2010 study of 20 jurisdictions. He said nine suspended or reduced impact fees, while 11 increased them so the correct fees would be in place when the economy recovered.

"The economy is so bad that both groups experienced a 60 percent reduction in building permits," Young said. "The moral of the story is that impact fees are such a small piece of development costs."

Nevertheless, the council agreed with Helzel's suggestion and will have one more meeting on Monday, March 21, before updating impact fees.

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