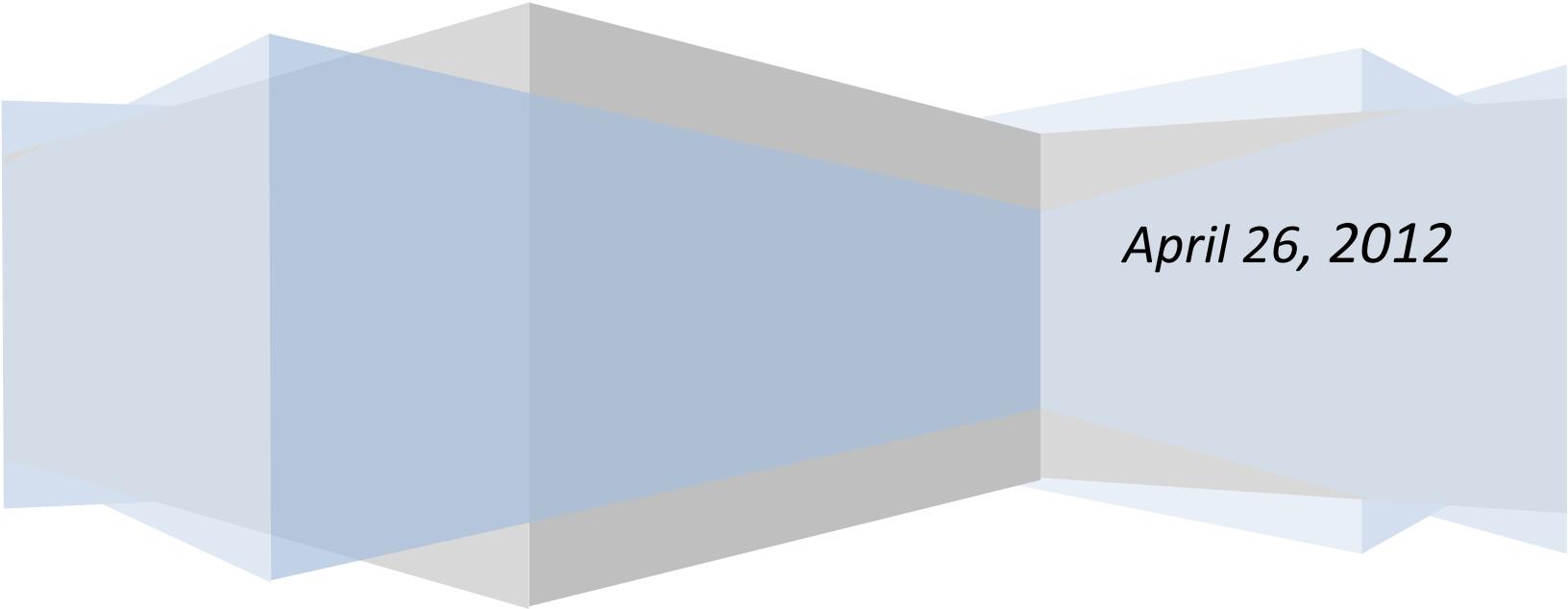


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# **Quigley Canyon Ranch Cost/Benefit Study Update**



*April 26, 2012*

## RICHARD CAPLAN & ASSOCIATES

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April 26, 2012

Mayor Fritz Haemmerle  
Hailey City Council  
115 Main Street  
Hailey, ID 83333

Dear Mayor Haemmerle and Council:

An update to the Quigley Canyon Ranch Cost / Benefit Study has been performed. This update incorporates the proposed increase in residential units to 444 as well as revisions to the mix of unit types. The study's projection period for the costs and benefits has been extended from 15 to 25 years, reflecting the change in residential market conditions and the proposed increase in the number of residential units.

This updated study concludes that the combined annexation and development fees are estimated to have a combined positive impact on the city's general fund over the first 25 years with regards to operating costs. This study also determines an annexation fee of \$2,548,560 to the General Fund reflecting the revised number of residential units. The updated cost (expenses) and benefit (revenues) are summarized in the following table. (Also see Table V – "Summary of General Fund Revenues and Expenses").

General Fund Cost / Benefit	Amount at Year 25	25 Year Total
General Fund Revenues / Benefit	\$705,228	\$9,167,964
General Fund Expenses / Costs	\$573,572	\$7,456,436
<b>TOTAL NET GENERAL FUND</b>	<b>\$131,656</b>	<b>\$1,711,528</b>
<b>PLUS QUIGLEY CANYON RANCH ANNEXATION FEE (@ \$5,740 per unit)</b>	<b>\$103,320 / year</b>	<b>\$2,548,560</b>

These figures represent an improved financial result for the development from the 2009 Cost/Benefit Study that is attributable, in part, to the following important factors:

1. An increase in the City of Hailey property tax rate that improves the project's revenues;
2. A decrease in the City of Hailey's annual operating budget;
3. An increase in the number of residential units, and
4. An extended number of years measured due to the increase in the number of units.

The costs associated with other developer contributions to the City of Hailey and the Blaine County School District (\$2,083,692) as recommended by the Planning and Zoning Commission are also included in this study.

We appreciate the opportunity to provide this continued assistance to the city on behalf of this important project.

Respectfully submitted,

*Richard Caplan*  
Principal

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Benchmark Survey

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City of Hailey officials are evaluating a proposed 444 unit residential development located in Quigley Canyon. As a part of the city's consideration of the project, RICHARD CAPLAN & ASSOCIATES (RCA) was retained by the City of Hailey to prepare a Cost / Benefit Study on the City of Hailey of the proposed Quigley Canyon Ranch.

The primary goals in conducting this updated study:

- 1) Determine if the project generates sufficient general fund revenues to fund the project's share of city's on-going service costs; and
- 2) Determine annexation fees based on city service or operational deficiencies.

The city's annexation fee as enacted in Hailey Ordinance No. 889 requires a fee to fund system improvements that will benefit or accommodate the proposed development and surrounding area. This fee may be imposed at the City Council's discretion and does not replace development impact fees. This study also provides recommendations associated with the financial participation conditions recommended by the Hailey Planning and Zoning Commission.

## **Introduction**

The purpose of this study is to provide an updated analysis of the costs and benefits of the proposed Quigley Canyon Ranch annexation and development on the City of Hailey. This study is based on the proposed Quigley Canyon Ranch development plan considered in November 2011 by the Hailey Planning and Zoning Commission and the removal of the proposed golf course and increase in the total number of residential units to 444 units as proposed by the applicant, The Hennessy Company, in August 2011.

The study calculates the cost of City of Hailey services associated with the proposed residential units during the first 25 years of operation. Development impact fees, water and sewer connection fees and supplemental developer contributions reduce the total cost to a city so that the expanded municipal tax base can carry any remaining infrastructure and annual operational costs. These are further offset by the city's annexation fee requirements.

There are specific factors associated with development that influence the fiscal benefits and the costs of providing municipal services to a development. Major factors influencing the costs and benefits include a combination of the following:

1. The City's tax structure and operational levels
2. The type of land uses
3. The residential mix of units
4. The period required to complete the development, and
5. The development site characteristics.

National economic conditions, including consumer confidence, employment trends, interest rates, etc., strongly influence the success of any major development. Because of the 25 year build out period anticipated for the Quigley Canyon Ranch, economic cycles are expected to factor into the pace of residential development. A 25 year build out for the residential component for Quigley

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Canyon Ranch accounts for economic cycles in the housing market (See Table G – “Quigley Canyon Ranch Residential Unit Build Out Analysis”).

In summary, this study projects the costs and benefits for the City of Hailey in conjunction with the proposed Quigley Canyon Ranch residential development. This updated Cost/Benefit Study is presented in seven parts:

- I. Executive Summary
- II. Annexation Fee Analysis
- III. Benefits / General Fund Revenues +
- IV. Cost of City Services
- VI. Planning and Zoning Commission Conditions
- VI. Water and Wastewater Revenues and Fees
- VII. Summary

The 2011 Benchmark Survey of comparable cities staffing is attached as an Appendix to this study.

## **I. Executive Summary**

The revised plan comprises 912 acres and a total of 444 residential units. The residential units will be constructed in phases and all construction and 95% occupancy is projected to be complete in the 25<sup>th</sup> year.

This Cost / Benefit Study calculates the proposed fiscal impacts generated by the Quigley Canyon Ranch residential components from two perspectives:

1. One-time revenues to the City of Hailey from the proposed development are projected to total \$5,706,453 (building permits, development impact fees and the annexation fee of \$2,548,560 see Table A – “Summary of Quigley Canyon Ranch Costs and Benefits”);
2. The annual costs and benefits to City of Hailey over 25 years are presented, since the project will be constructed in phases and take 25 years to be completed (See Table P – “Cost of City of Hailey Services Year 1 – 25” and Table V).

**These figures are enhanced as a result of the annexation fee, development impact fees and other developer contributions conditioned as a part of the proposed development.** The costs associated with water and wastewater funds and the specific elements for all of these projections are also described in this study.

Key assumptions incorporated into this study include:

- Financial projections for all revenues and expenses are in current (2012) dollars;
- The City of Hailey year ended September 30, 2011 revenues and expenses and the 2012 updated Capital Improvements Plan were used as a basis for municipal service levels, cost of services and capital costs;
- The city’s population is 7,960 residents with 3,264 persons working in the city;
- Quigley Canyon Ranch will be home to 1,137 residents upon completion in year 25;
- Quigley Canyon Ranch will result in a total of 156 new employees working in Hailey based upon the ratio of workers in Hailey per Hailey housing unit including the 11 live/work units; and
- Revenue projections are based on the city’s 2011 tax rates, permit and fee schedules except the updated D.I.F. fee as recommended in April 2012 and current water and wastewater fee schedules.

The following Table A summarizes the total costs and benefits for the development.

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**Table A**  
**Summary of Quigley Canyon Ranch Costs and Benefits**

Fund / Revenue Source	See Table	Onetime Revenues	Total Years 1 - 25
General Fund	L, V	-----	\$9,167,964
Building Permits & D.I.F.	K	\$2,421,180	n / a
Annexation Fee	D	\$2,548,560	n / a
Water Services	S	n / a	Offset by monthly service charges
Wastewater Services	S	n / a	
Water Annexation Fee	T	\$898,190	n / a
Wastewater Annexation Fee	T	\$3,084,150	n / a
P & Z Commission Conditions	Q	\$2,224,029	n / a
<b>Expenses</b>			
General Fund	P, V	-----	\$7,456,436
Water Services	S	n / a	Rates adjusted as required for operations & maintenance
Wastewater Services	S	n / a	

The annual costs and benefits for the Quigley Canyon Ranch for to the General Fund for each year are presented in Table V.

## **II. Annexation Fee Analysis**

Annexation fees are a one-time payment to fund system improvements that will benefit or accommodate the areas of impact. The fee excludes off-site improvements required by the Planning and Zoning Commission to upgrade streets, water and wastewater improvements and related obligations that are directly related to providing appropriate levels of infrastructure to service the development.

The proposed annexation fee calculations are based on the premise that the City of Hailey requirement ensures the Quigley Canyon Ranch annexation does not reduce the quality or quantity of services the City is able to deliver to existing residents and property owners. The approach and cost components used involve identifying service areas not provided in the city's development impact fee.

The recommended amount of the annexation fee reflects an apportioned cost of the proposed Quigley Canyon Ranch's share of current capital asset value (\$11,364,608) not including water and wastewater improvements; future capital investments not funded by the city's development impact fee (\$5,907,000); the average annual General Fund operating deficit; and those highest priority projects and services identified in the Hailey Citizen Survey. **The total annexation fee would be \$2,548,560.** (See Tables B and D – “Summary of Annexation Fee Components”). The components of the annexation fee are described in detail later in this section.

**Table B**  
**Summary of Annexation Fee Components**

<b>Annexation Fee Component</b>	<b>Basis for Fee</b>	<b>Basis Total Amount</b>
a) Current Asset Value	As of September 30, 2011	\$11,364,608
b) A portion of the Capital Improvement Plan	April 2012 Updated C.I.P.	\$31,517,264
c) General Fund Budget operating deficit	5 year average deficit	\$105,767
d) Service level deficiencies	2011 Benchmark Survey Annual Average	\$371,000

To perform this study, current and future service units based on Hailey's population and employment proportional shares (service units) were used. This approach allocates the fair share of existing and needed municipal services and capital improvement plan costs not calculated and incorporated into the city's development impact fee.

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Revenues, fees and costs for City of Hailey services to the residents in Quigley Canyon are calculated using the methodology utilized on behalf of the City of Hailey by the city's initial development impact fee consultant and the fees recommended in the 2012 Development Impact Fee Update, the combined number of city residents and employees in Hailey. These service units are the basis for establishing development impact fees in Hailey and across Idaho as the standardized method for allocating the cost of municipal services and capital improvements as follows:

$$\begin{aligned} &\text{City Population} \\ &+ \underline{\text{Hailey Employment}} \\ &= \text{Total Service Units} \end{aligned}$$

The 444 residential units in Quigley Canyon Ranch are projected to result in 1,137 new residents and the 156 added employees representing the proportionate share of Quigley Canyon residents that will be employed in Hailey. These 1,137 residents and 156 jobs equals 1,293 service units. This total represents 6.3% of the city's total projected service units upon development in year 25. (See Table C – “Hailey and Quigley Canyon Ranch Service Units.”)

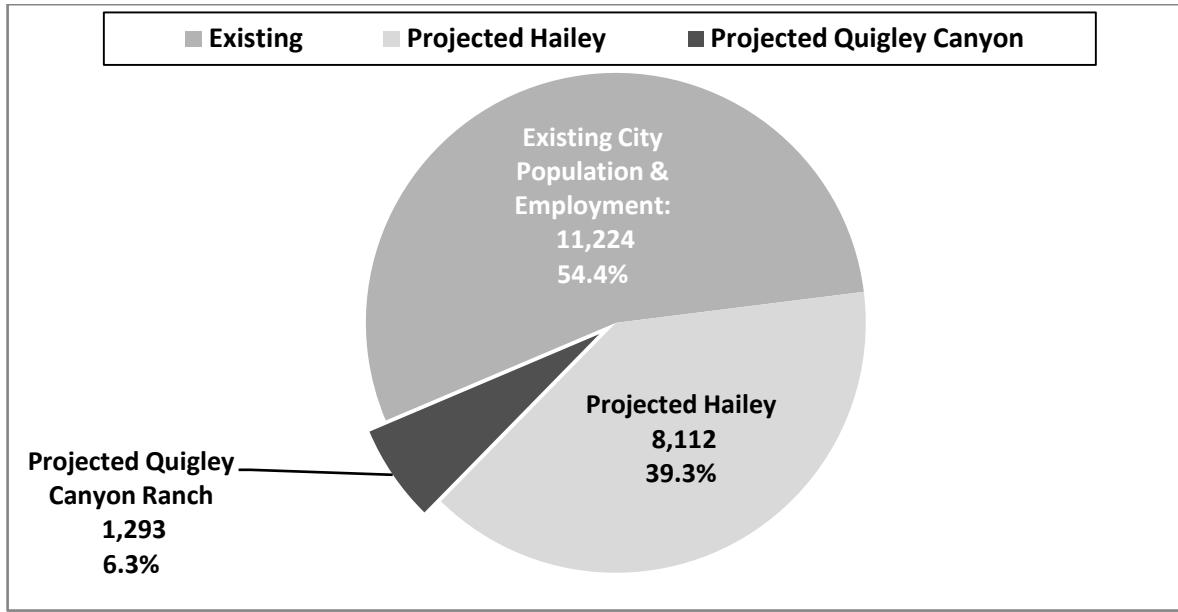
Other Hailey in-fill development during this 25 year period is based on the city's low growth rate for the next 25 years prepared in February 2012 that assumes a 1.5% growth through 2015 followed by 2.5% each year thereafter. Employment growth is based U.S. Census Bureau average annual employment growth in Hailey from 1998 through 2008. These population figures represent the city's most recent projections used for planning the city's future water and wastewater facilities. These projections reflect that Quigley Canyon Ranch would represent 19% of the housing units constructed over this 25 year period.

**Table C**  
**Hailey and Quigley Canyon Ranch Service Units**

Service Units	Hailey	Quigley Canyon Ranch	Other Hailey In-fill over 25 Year Period	25 Year Total	Hailey including Quigley Canyon Ranch & In-fill
<b>Population</b>	7,960	1,137	5,838	6,975	<b>14,935</b>
<b>Employment</b>	3,264	156	2,274	2,430	<b>5,694</b>
<b>TOTAL Service Units</b>	<b>11,224</b>	<b>1,293</b>	<b>8,112</b>	9,405	<b>20,629</b>
<b>% of Total Service Units</b>	<b>54.4%</b>	<b>6.3%</b>	<b>39.3%</b>	N / A	<b>100%</b>

Source: 2010 Hailey Comprehensive Plan; U.S. Census Bureau; U.S. Bureau of Economic Analysis.

**Graph A**  
**Current and Projected Service Units with Quigley Canyon Ranch**



As noted, it is recommended that the city utilize the annexation fee to capture resources through the annexation process. The proposed annexation fee is calculated using the following methods:

- a) **Share of Capital Asset Value / “Buy-In” to the City** – This identifies and apportions existing land, capital and equipment assets that benefit the city as well as the increased population from the proposed annexation. This method is sometimes called a “buy-in” or a “cost recovery method.” This incorporates the current value of existing facilities and infrastructure.

The capital assets include land, building, equipment and machinery, and infrastructure and have a current value of \$11,364,608 as reported in the City of Hailey's Basic Financial Statements for the year ending September 30, 2011. This value does not include real estate because the value of city-owned land is subject to such wide variables. It also excludes city owned water rights.

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- b) **Share of Projected Capital Improvement Plan** – This identifies and apportions the \$31.5 million updated capital improvements plan from 2013 – 2032 identified in the City's Updated 2012 Capital Improvement Plan. It allocates a proportionate share of the projects not funded by D.I.F. funds, grants or bond measures since future bond measures will be shared by future property owners in Quigley Canyon Ranch.

Department	Total Projects
Parks and Trails	\$1,696,503
Transportation	\$16,749,950
Fire/EMS	\$10,330,850
Police	\$2,739,961
<b>TOTAL C.I.P.</b>	<b>\$31,517,264</b>
Less Growth Related C.I.P. Projects	(\$8,128,151)
<u>Less Grants, DIF, Bond &amp; URA Funds</u>	<u>(\$6,221,000)</u>
<b>Net C.I.P.</b>	<b>\$17,168,113</b>

The results of the *2012 Hailey Citizen Survey* identified and prioritized unsatisfactory service levels and routine street, alley and sidewalk maintenance needs and deficiencies have been incorporated into the updated April 2012 C.I.P.

- c) **General Fund Operating Deficit** – In three of the last five years the city has had to draw upon its reserve funds to balance the annual budget. This factor accounts for the average supplemental financial support that has been required because of the city's constrained general fund revenue sources.
- d) **Service Deficiencies** – The city has underfunded several basic services since available resources to carry out on-going city services are below peer cities due to the city's current general fund revenue structure. The cost of increased service levels which represents six unfunded personnel are apportioned to Quigley Canyon Ranch proportionate to the added service units from the project. These deficiencies have been quantified in the 2011 Benchmark Survey presented in detail in the Appendix to this study.

In summary, a total of 444 additional residential units would result in an annexation fee of \$5,740 per residential unit. The following table (Table D – “Annexation Fee Analysis”) summarizes the \$2,548,560 basis for the proposed annexation fee.

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**Table D**  
**Annexation Fee Analysis**

<b>Annexation Fee Component</b>	<b>Total</b>	<b>Quigley Canyon Ranch Annexation Share of Total Service Units</b>	<b>Quigley Canyon Ranch Fair Share Amount</b>
a) Current Asset Value (a)	\$11,364,608	X 6.3%	\$715,970
b) Updated Capital Improvement Plan	\$17,168,113		\$1,081,591
c) General Fund operating deficit (b)	\$2,644,175		\$166,583
d) Services deficiency expenses General Fund operations deficit: (c)	\$9,275,000		\$584,325
<b>Sub-Total</b>	<b>\$40,451,896</b>	<b>X 6.3%</b>	<b>\$2,548,469</b>
<b>TOTAL</b> Allocated to existing residents and businesses and in-fill over 25 year period	X 93.7% = \$37,903,427		
<b>Allocated to Quigley Canyon Ranch</b>		<b>X 6.3%</b>	<b>\$2,548,469</b>
<b>Quigley Canyon Ranch Fee Per Residential Unit (based on 444 units)</b>			<b>\$5,740</b>

(a) Source: City of Hailey Financial Statement year end September 30, 2011.

(b) The amount represents a five year average General Fund annual operating deficit covered by fund balances since fiscal year 2007/08 as follows:

FY 2007/08	(\$294,767)
FY 2008/09	(\$60,000)
FY 2009/10	(\$233,343)
FY 2010/11	\$60,726
<u>FY 2011/12</u>	\$ 0
Total Operating Deficit	(\$528,836)
Annual Average	(\$105,767) (25 years = \$2,644,175)

(c) Represents City of Hailey below 2011 Benchmark Survey (see Appendix) estimated to be at least six unfunded full-time city positions at an annual average cost of \$56,000 per employee or a total of \$371,000 as follows:

Police	4.0 persons (at an average of \$66,000 per officer)
Fire	1.5 persons (at an average of \$56,000 per person)
<u>Engineering &amp; Streets</u>	<u>0.5 persons (at an average of \$46,000 per person)</u>
Total:	\$371,000 per year (25 years = \$9,275,000)

### **III. Benefits / General Funds Revenues**

Fiscal benefits to the City of Hailey from the proposed annexation are presented in two parts—annual revenues and one-time revenues. General Fund revenues have been calculated using the following methodologies:

**Table E**  
**General Fund One-Time and Annual Revenues Methodology**

<b>Revenue Source</b>	<b>One-time Revenues</b>	<b>Annual Revenues</b>
City of Hailey Property Tax	N / A	Assessed value
Franchise Fees	N / A	Per housing unit
Local Option Taxes	N / A	Amount spent per household on food & beverages
Business & Alcohol Beverage Licenses	N / A	N / A
General Government (a)	N / A	Multiple sources (See Table N)
Building Permits & Fees	Square footage	Per housing unit
Development Impact Fees	Unit type	Per housing unit

- (a) General Government revenues include sales taxes received through Blaine County, motor vehicle fines, library fines and State of Idaho shared sales from liquor, sales tax and highway uses.

#### **A. General Fund Annual Revenues**

##### **1. Property Tax Revenues**

Property taxes will be the largest source of annual revenues from Quigley Canyon Ranch development. The projected values and property taxes of the residential units will be driven by the lot sale prices.

Property taxes generated from all residential units upon completion are projected to total \$521,609 annually to the City of Hailey upon completion in year 25 using the City of Hailey's 2011 property

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tax rate (2.311695) through 2020 until the General Obligation Bond levy is paid and then eliminated from the tax bill and the levy reverts to the average City of Hailey pre-bond levy rate of 1.810794.

The city's property tax rate will fluctuate upward and downward over the 25 year projection period influenced by changes in assessed value from other new development in the city, changes in market values of existing properties, potential municipal bond obligations, as well as constraints imposed by Idaho law. Because of the unknown factors that will inevitably alter the current property tax rate, it is reasonable and prudent to use the current city property tax rate for this study. The unit values used in these projections reflect a combined average reduction of 31% in value from the figures presented by the applicant in 2009.

**Table F**  
**Quigley Canyon Ranch Property Taxes by Housing Unit Type**

<b>Lot Size / Unit Type</b>	<b>Total Units</b>	<b>Average Value Per Unit</b>	<b>Total Assessed Values</b>	<b>City of Hailey Total Property Taxes at Year 25</b>
Live/ Work Unit	11	\$260,000	\$2,860,000	<b>\$6,210</b>
Townhomes	16	\$300,000	\$4,800,000	<b>\$5,615</b>
40' X 100' (SF)	42	\$350,000	\$14,700,000	<b>\$11,893</b>
45' X 100' (SF)	52	\$400,000	\$20,800,000	<b>\$20,327</b>
50' X 100' (SF)	59	\$425,000	\$25,075,000	<b>\$21,155</b>
55' X 100' (SF)	27	\$400,000	\$10,800,000	<b>\$9,827</b>
60' X 110' (SF)	75	\$300,000	\$22,500,000	<b>\$40,533</b>
80' x 120' (SF)	34	\$400,000	\$13,600,000	<b>\$20,956</b>
½ acre	38	\$440,000	\$16,720,000	<b>\$41,073</b>
¾ acre	24	\$675,000	\$16,200,000	<b>\$46,014</b>
Estate lots (>1.2 a.)	43	\$1,250,000	\$53,750,000	<b>\$136,543</b>
Estate lots (>3.9a.)	17	\$1,650,000	\$28,050,000	<b>\$104,662</b>
Estate lots (4+ a.)	6	\$4,750,000	\$28,500,000	<b>\$56,801</b>
<b>TOTAL YEAR 25</b>	<b>444 units</b>	N / A	<b>\$258,355,000</b>	<b>\$521,609</b>

Note: Property tax projections include the \$75,000 per unit homeowner's exemption for 418 units.

### **Projected Residential Build Out Analysis**

Hailey has constructed an average of 96 new residential units per year from 1990 through 2010. Based on the adjusted low population projections, an average of 92 units per year is projected for the next 25 years. The absorption of 444 additional resident units, or an average of 18 units per year, in Quigley Canyon Ranch represents 19%, or less than one in five new units, of the city's average projected residential development. (See Table G - "Quigley Canyon Ranch Build Out Analysis.") Given the size of the proposed development and the mix of residential lots sizes and prices, **Quigley Canyon Ranch's 19% capture rate of the city's future housing units over the next 25 years is reasonable.**

**Table G**  
**Quigley Canyon Ranch Build Out Analysis**

Period	City of Hailey		Hailey With Quigley Canyon Ranch		
	Total New Residential Units Permitted	Annual Average Units Permitted	Proposed Total Housing Units	Projected 25 Year Annual Average Units Built	% of 1990 – 2010 City Annual Average
1990 – 1999	1,068	107	N / A	N / A	111%
2000 – 2010	951	86	N / A	N / A	90%
<b>Total 1990 - 2010</b>	<b>2,013 units</b>	<b>96 units</b>	<b>N / A</b>	<b>N / A</b>	<b>100%</b>
<b>Projected Annual Residential In-fill for 25 Year Period (excluding Quigley Canyon Ranch)</b>			1,850 units	74 units	81% of total
<b>Quigley Canyon Ranch Estimated 25 Year Period</b>			<b>444 units</b>	<b>18 units</b>	<b>19% of total</b>
<b>25 Year Projected Total</b>			<b>2,286 units</b>	<b>92 units</b>	<b>100%</b>

### **2. Franchise Fees**

The City of Hailey has four franchise fees collected on all residential properties. Hailey collects a 5% franchise fee for cable television, 3% franchise fee for gas, 1% franchise fee on electric services and 6% on rubbish hauling for all residential and commercial customers in the city limits.

**Table H**  
**Annual Franchise Fee Revenues**

<b>Utility</b>	<b>Franchise Fee</b>	<b>Residential Units</b>		<b>TOTAL at Year 25 (444 Units)</b>
		<b>Projected Annual Charges per Unit</b>	<b>Annual Franchise Fees Revenues per Unit</b>	
Intermountain Gas (a)	3%	\$920	\$27.60	\$12,254
Idaho Power	1%	\$930	\$9.30	\$4,129
Cable T.V.	5%	\$186	\$9.30	\$4,129
Rubbish / Solid Waste	6%	\$265	\$15.90	\$7,060
<b>TOTAL at Year 25</b>		<b>\$2,301 per unit</b>	<b>\$62.10 per unit</b>	<b>\$27,572</b>

(a) Rate reflects Idaho Power's 3.44% rate increase effective 1/1/2012 and Intermountain Gas' proposed 4.5% rate decrease in 2012.

### **3. Local Option Tax Revenues**

Local option taxes will also be generated from the new households residing in Quigley Canyon Ranch. The City of Hailey collects local option taxes (L.O.T.) as follows:

- 3% tax on the rental vehicle charge for each rental vehicle at the Friedman Memorial Airport;
- 3% tax on the room occupancy charge for each hotel/motel room;
- 2% tax on the sales price of each retail sale of alcohol by the drink; and
- 1% tax on the sales price of each retail sale of restaurant food.

#### L.O.T. Collections

Local option taxes from the sale of restaurant food and alcohol will be generated by expenditures from the 444 new households in Quigley Canyon Ranch. In order to project the amount of sales subject to L.O.T., the U.S. Census reported median household data for Blaine County at \$62,717. This income was applied to the future Quigley Canyon Ranch households and used for these projections. The national average amount of food purchase away from home per household (i.e., restaurant food) spends 5.37% of their household income. It was assumed that one-half of food purchased away from home was spent in Hailey, and the other 50% will be spent elsewhere.

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To project L.O.T. for alcohol by the drink sales from Quigley Canyon Ranch households, it was calculated that \$0.41 for every \$1.00 in L.O.T. of restaurant food sales is collected by the city. The combined net result is a projected total of \$20,662 annually in L.O.T. as presented in the following Table I. ("Quigley Canyon Ranch L.O.T. Collections")

**Table I**  
**Quigley Canyon Ranch L.O.T. Collections**

<b>Revenue Factor</b>	<b>Amount</b>
Blaine County Median Annual Household Income 2009	\$62,717
x 5.37% of Household Income spent for food away from home =	\$3,368 per household
TOTAL households food away from home sales for 444 households	\$1,495,349
<u>x Estimated 50% of food away from home sales occurring in Hailey x Hailey 1% restaurant food &amp; 2% drink sales L.O.T.</u>	<u>\$747,674</u> = \$14,953
<u>Plus alcohol L.O.T. (amount based on \$0.41 collected in Hailey for alcohol L.O.T. for every \$1.00 collected for food L.O.T.)</u>	<u>+ \$6,131</u>
<b>Sub-Total L.O.T. from Quigley Canyon Ranch households collections</b>	<b>\$21,084</b>
(Less adjusted for 5% housing vacancy rate)	(\$422)
<b>TOTAL L.O.T. from Quigley Canyon Ranch households at Year 25 (422 households)</b>	<b>\$20,662</b>

Source: U.S. Census Bureau; City of Hailey Finance Department.

#### **4. Other General Fund Annual Revenues**

As a result of Quigley Canyon Ranch adding 1,137 residents, the General Fund will receive increased revenues from the State of Idaho from highway users, liquor and sales tax collection predominantly distributed on a per capita basis. Additional sales tax revenues will be remitted from Blaine County. New residents will also be contributing to the city motor vehicle and library fines and memberships. Altogether, these sources are projected to generate \$135,385 in annual revenues. (See Table J – "Other General Fund Annual Revenues.")

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**Table J**  
**Other General Fund Annual Revenues**

General Fund Revenue	2011 Actual	Basis for Quigley Canyon Ranch Revenue	Revenue Per Capita / Service Unit	Quigley Canyon Ranch Projected Annual Revenue at Year 25
<b>State and County Revenue Sources:</b>				
Sales Tax Revenues through Blaine County	\$75,729	Population	\$9.51	\$10,817
State Share Highway Users	\$269,393	Population	\$33.84	\$38,480
State Shared Liquor Tax	\$139,509	Liquor sales in city proportionate to statewide sales	\$17.53	\$19,927
State Shared Sales Tax	\$430,625	Population	\$54.10	\$61,510
<b>Local Revenue Sources:</b>				
Motor Vehicle Fines	\$52,554	Per capita based on 33% of total fines paid by residents	\$2.20	\$2,502
Library Fines & Memberships	\$21,000	Quigley Canyon Ranch service units	\$1.87	\$2,148
<b>OTHER GENERAL FUND ANNUAL TOTAL at Year 25</b>				<b>\$135,385</b>

Note: Per capita based on U.S. Census Hailey 2010 population of 7,960.

### **B. Onetime Revenues**

The City of Hailey has an assortment of non-recurring fees and revenues tied to new development that offset municipal service costs during the planning and construction of a project, including plan check, building permits and inspection fees. Development impact, water and wastewater connection fees also contribute to a proportionate share of the capital cost of road, parks, police and fire capital improvements, as well as water and wastewater facilities. These one-time revenues are derived by a combination of the value of the specific requirements to serve the development.

The updated development impact fees (D.I.F.) for the single family residential units are based on \$1,810 per unit and for the 11 live/work and 16 townhome units are \$1,450 per unit. The total fees collected for these services are projected to be \$2,421,180.

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**Table K**  
**Building Related and Development Impact Fees and Permits**

Unit Type	Plan Review Fee	Building Permit Fee	Final Inspection Fee	Fire Dept. Fee & Development Impact Fee	Total / Average per unit	Total
Rate	\$1,155 per unit	\$1,777 per unit	\$733 per unit			
417 Residential Units		\$3,665		\$1,810 per unit	\$5,475	\$2,283,075
27 Live/Work & Townhomes		\$3,665		\$1,450 per unit	\$5,115	\$138,105
<b>BUILDING RELATED FEES</b>						<b>\$1,627,260</b>
<b>DEVELOPMENT IMPACT FEES</b>						<b>\$793,920</b>
<b>TOTAL 444 UNITS</b>						<b>\$2,421,180</b>

(a) Residential fees are based on an average 2,000 square foot single family unit.  
Source: City of Hailey Building Department.

**Total General Fund Revenues**

In summary, the total estimated revenues for the General Fund generated by the Quigley Canyon Ranch is projected to be \$705,228 per year in year 25 and \$5,706,453 in onetime non-recurring revenues. (See Table L.)

**Table L**  
**Total Annual Revenues at Build Out and Onetime Revenues Summary**

Revenue Source	Amount at Year 25	Total Years 1 – 25	Total Onetime Revenues
City of Hailey Property Taxes	\$521,609		
Franchise Fees	\$27,572		N / A
Local Option Taxes	\$20,662		
Other General Government	\$135,385		
<b>General Fund</b>	<b>\$705,228</b>	<b>\$9,700,197</b>	<b>---</b>
<b>One-Time Revenues</b> (Plan, Building Related Permits and Development Impact Fees:			\$2,421,180
<b>Annexation Fee:</b>	---	---	\$3,285,273
<b>Total Onetime Revenues</b>	<b>---</b>	<b>---</b>	<b>\$5,706,453</b>

## **IV. Cost of City Services**

The costs of providing municipal services are projected based on a combination of the number service units for all general city government services with the exception of building department costs. Annual building department costs are equal to the combined fees charged by the city for plan review, building permit and final inspection since these fees are established and are revenue neutral, they are based on the cost associated with providing these municipal services.

Based on the city's actual year ended 2011 Financial Statement, one service unit equals \$392, plus building department related expenses based on an average cost per unit. Therefore, the projected annual cost of services to the City of Hailey of Quigley Canyon Ranch will reach \$573,572 in year 25. (See Table M.)

The following Table M calculates the proportionate cost of services share by city department of Hailey city to Quigley Canyon Ranch. (See Table M – “Projected Annual General Fund Cost of Services.”) These costs include financial contribution for public transportation provided by contract through Mountain Rides presented in Tables P and Q (“Valley Bus Route Service Unit Allocation” and “Mountain Rides Valley Bus Route Cost / Benefit Analysis.”)

These costs are projected to be reached in the 25<sup>th</sup> year of the development.

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**Table M**  
**Projected Annual General Fund Cost of Services**

<b>Department</b>	<b>Actual Amount 2010 - 2011</b>	<b>Amount per Current Service Unit (a)</b>	<b>Average Annual Cost at Build Out (@ Year 25)</b>
Legislative	\$223,144	\$19.90	\$25,706
Finance	\$272,755	\$24.30	\$31,421
Fire	\$456,422	\$40.70	\$52,580
Police	\$1,430,132	\$27.40	\$164,751
Library	\$466,024	\$41.50	\$53,686
Public Works & Engineering	\$124,124	\$11.10	\$14,299
Streets	\$832,127	\$74.10	\$95,861
Parks and Recreation	\$221,712	\$19.75	\$25,541
Planning	\$231,949	\$20.70	\$26,720
Building	\$95,410	\$3,670 per housing unit	\$66,053 (b)
<b>Sub-Total General Fund</b>	<b>\$4,388,427</b>	<b>\$380</b>	<b>\$557,911</b>
Mountain Rides (for circular route)	\$65,000	\$5.80	\$7,488
Operating Deficit Transfer (5 year average)	\$70,950	\$6.30	\$8,173
<b>TOTAL: Per Service Unit; Total Amount at Year 25</b>	<b>---</b>	<b>\$392 per service unit</b>	<b>\$573,572</b>

Source: City of Hailey, Idaho Financial Statement Year Ended September 30, 2011.

(a) Based on 11,224 service units in Hailey.

(b) Based on Quigley Canyon Ranch permitting 18 residential units per year.

### **Public Transportation**

The City of Hailey contributes to public transportation services provided by Mountain Rides. Mountain Rides serves Hailey residents and employees with the Valley bus route system and with a circular bus system operating within Hailey. Both of these services will be available to and utilized by residents and visitors of Quigley Canyon Ranch. Therefore, a pro-rated fair share of these public transportation costs has been calculated and incorporated into the annexation fee.

#### **Hailey Circular Bus Route**

The City of Hailey currently allocates \$65,000 annually to Hailey's circular bus system. The share of Quigley Canyon Ranch's service units have been used to determine the share of this cost to be allocated to the proposed annexation fee. Based on this share, at year 25 Quigley Canyon Ranch's costs will be \$7,488. These costs are incorporated into the totals presented in Table M – "Projected Annual Cost of Services for Quigley Canyon Ranch."

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Valley Bus Route

A different annexation fee methodology is required to determine the amount associated with the Valley bus route since the public transportation system is also utilized by persons other than residents and employees within Hailey. The cost for the Valley bus route is estimated to be approximately \$703,000. This cost is offset by an average revenue of \$1.11 per rider for this service according to Mountain Rides operating figures.

Mountain Rides ridership figures indicate that approximately 70% of the Valley bus route originates or terminates in Hailey. Consequently, to determine the appropriate share for Quigley Canyon Ranch, those persons residing in the Hailey ZIP code 83333 outside of the city limits are also considered users of the Valley bus route. These residents and employees have been factored into determining Quigley Canyon Ranch's share of the Valley bus system. (See Table N – "Valley Bus Route Service Unit Allocation.")

After projecting fare revenues from Quigley Canyon Ranch residents and employees, the Valley bus route will be a cost of \$18,087 in year 25. (See Table O – "Mountain Rides Valley Bus Route Cost /Benefit Analysis.") These amounts are in lieu of the developer's proposed \$100,000 one-time contribution to public transit.

**Table N**  
**Valley Bus Route Service Unit Allocation**

Area Served	Existing Service Units 2010	Projected Service Units in 25 Year Period	Share of Total Projected Service Units
City of Hailey	11,912	20,629	N / A
<b>Quigley Canyon Ranch</b>	<b>0</b>	<b>1,148</b>	<b>3.7%</b>
<u>Other Valley Bus Riders:</u> Residents in 83333 beyond Hailey city limits	2,153	2,153	N / A
Residents and employees in Bellevue ZIP code 83313	4,391	6,811	N / A
<b>Total Service Units</b>	<b>18,456</b>	<b>30,741</b>	<b>100%</b>

Source: U.S. Census 2000, 2010; Hailey Comprehensive Plan; City of Bellevue Comprehensive Plan.

The following table projects the Quigley Canyon Ranch fair share contribution for the Valley bus route in year 25.

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**Table O**  
**Mountain Rides Valley Bus Route Cost / Benefit Analysis**

<b>Factor</b>	<b>2011 Ridership</b>	<b>Expenses / Revenues</b>
2011 Ridership	162,366 riders	(\$703,639)
X 70% Originating/Terminating in Hailey	113,650 riders	(\$492,515)
X 3.7% Quigley Canyon Ranch share of Valley Bus Route	4,209 riders	(\$26,035)
Revenues: Fare Collections per Valley Rider (@\$1.11 per rider x 7,160 riders)	N / A	\$7,948
<b>Quigley Canyon Ranch Total at Year 25</b>	N / A	<b>(\$18,087)</b>

Source: Mountain Rides Annual Budget.

In summary, the following Table P (“Cost of City of Hailey General Fund Services Years 1 – 25”) illustrates the general fund cost per year to the City of Hailey from years 1 through 25. The annual residential cost includes a proportionate share of all city service costs plus costs associated with an annual average of 5% of the residential units being constructed.

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**Table P**  
**Cost of City of Hailey General Fund Services Years 1 – 25**

<b>Year</b>	<b>% Units Built</b>	<b>General Fund Annual Cost</b>	<b>Cumulative Cost through Year</b>
1	4%	\$ 22,943	\$ 22,943
2	8%	\$ 45,886	\$ 68,829
3	12%	\$ 68,829	\$ 137,657
4	16%	\$ 91,772	\$ 229,429
5	20%	\$114,714	\$ 344,143
6	24%	\$137,657	\$ 481,800
7	28%	\$160,600	\$ 642,401
8	32%	\$183,543	\$ 825,944
9	36%	\$206,486	\$1,032,430
10	40%	\$229,429	\$1,261,858
11	44%	\$252,372	\$1,514,230
12	48%	\$275,315	\$1,789,545
13	52%	\$298,257	\$2,087,802
14	56%	\$321,200	\$2,409,002
15	60%	\$344,143	\$2,753,146
16	64%	\$367,086	\$3,120,232
17	68%	\$390,029	\$3,510,261
18	72%	\$412,972	\$3,923,232
19	76%	\$435,915	\$4,359,147
20	80%	\$458,858	\$4,818,005
21	84%	\$481,800	\$5,299,805
22	88%	\$504,743	\$5,804,549
23	92%	\$527,686	\$6,332,235
24	96%	\$550,629	\$6,882,864
25	100%	\$573,572	\$7,456,436
<b>TOTAL General Fund Cost Years 1 - 25</b>			<b>\$7,456,436</b>

## **V. Planning and Zoning Commission Conditions**

In addition to payments of fees, permits, licenses and taxes paid by the developer, home builders and future residents, the Hailey Planning and Zoning Commission recommended contributions as a part of the conditions for approval of the Quigley Canyon Ranch project. These conditions address land use, transportation needs, recreation uses, wildlife protection, water systems and public facilities.

Included in the November 7, 2011 Hailey Planning and Zoning Commission recommended conditions was the statement that "the applicant shall contribute to the City an amount determined through the fiscal impact analysis." This part of the study identifies the non-water and wastewater project amounts to be assigned to these conditions.

These conditions formalize city comprehensive plan policies, and zoning ordinances and development standards should not be construed as a direct cost or benefit to the city. The conditions ensure that proposed developments reflect city standards (road improvements, water availability, etc.) and community values (protection of wildlife, site design, etc.) of Hailey citizens as enacted in city codes and policies.

These Planning and Zoning Commission conditions reflect legitimate development site design, water demand, access and/or on-site traffic and circulation improvements or density on a proposed project. They are required as a direct result of developing Quigley Canyon Ranch and serving its residents and would not be required but for the development of Quigley Canyon Ranch.

These conditions and subsequent costs of the Planning and Zoning Commission are subject to a final decision by the Hailey Mayor and City Council.

**Table Q**  
**Recommended Quigley Canyon Ranch Fees**

<b>Planning and Zoning Commission Condition Number / Description</b>	<b>City of Hailey Updated Capital Improvement Plan Budgeted Amount</b>	<b>Basis for Quigley Canyon Ranch Participation</b>	<b>Recommended Quigley Canyon Ranch Participation</b>
<b>17. Public Transit</b>	Part of General Fund Expenditures	- Pro-rated share of Hailey ridership of Valley bus; - Service units for circular route	Valley Route: \$12,157 Circular Route: \$81,990 Total \$94,057
<b>65. Fire Station</b>	\$1,525,000	N/A; To be a part of a future bond measure	\$0
<b>66. School Facility</b>	See next section of the study "Blaine County School District Financial Assistance"		\$2,083,692
<b>37. City Well</b>	\$825,000	Based on SPF Study	Amount included in water annexation fee
<b>67. Library – expansion at the Fox Building</b>	Removed from C.I.P.	N / A	\$0

**Blaine County School District Financial Assistance**

Planning and Zoning Commission condition that the Quigley Canyon Ranch development be responsible for contributing to the Blaine County School District an amount to be recommended by this study.

Based on the projected number of housing units and total projected population, Quigley Canyon Ranch is expected to generate approximately 174 new students based on the Blaine County wide average of 154 public school students per 1,000 Blaine County residents. Given the Blaine County School District's 20:1 student/teacher ratio, Quigley Canyon Ranch will generate a demand for approximately nine additional classrooms. Although it is difficult to place an exact cost for a single classroom, the preliminary estimates from the Blaine County School District for new facilities anticipate the preliminary cost for a new middle school of approximately \$30 million and a new elementary school of approximately \$14 million.

Hailey and the Blaine County School District do not have a formal school impact fee. Idaho's development impact fee statute does not provide a methodology for setting a contribution to

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public school from new development. However, 32 states have school-related impact fees, including Montana, Washington and Oregon.

Some states, such as California, require a dedication of land for schools for new residential subdivision(s) based on the number of new residential units. Where school impact fees are imposed on new development, the latest survey found that the national average impact fee for schools for a single family unit was \$4,693 according to the most recent report published by the non-profit *National Clearinghouse for Educational Facilities*.

For Hailey, it is recommended that financial participation be based on the number of new housing units. Since there are no formal school impact fee benchmarks in Idaho, it is recommended that the national school impact fee average serve as a guide to determine the appropriate contribution on behalf of the Quigley Canyon Ranch.

Regional and national school impact fee assessments, the extent of their use and the fees are as follows:

<b>Area</b>	<b>Extent of Impact Fee Use</b>	<b>School Impact Fee Assessed</b>
Oregon	25 school districts	Average fee: \$2,000 per unit
Washington	15 school districts	Range: \$4,017 to \$7,000+ per unit
<b>U.S. Average</b>	<b>32 states</b>	<b>\$4,693 per residential unit</b>

Source: King County Department of Development and Environmental Services; National Clearinghouse for Educational Facilities National Impact Fee Study 2008.

Based on these standards, it is recommended that a contribution per housing unit equivalent to the national average be applied to Quigley Canyon Ranch, or \$4,693 per unit. It is further recommended that this amount be paid phased to coincide with the opening of each phase of Quigley Canyon Ranch. **Based on the revised Quigley Canyon Ranch plan for 444 residential units, this total school district contribution is recommended to be \$2,083,692.**

In summary, the total cost associated with the Hailey Planning and Zoning Commission conditions, subject to City Council approval, over and above those improvements and dedications required to serve Quigley Canyon Ranch is estimated to be \$596,760 to the City of Hailey and \$1,981,572 to the Blaine County School District.

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**Table R**  
**Costs of Hailey Planning and Zoning Commission Conditions**

<b>Condition Number</b>	<b>P &amp; Z Commission Condition Description</b>	<b>Revised / Recommended</b>	<b>Comment; Explanation</b>
1	No development in Deadmans	As required	P & Z site design consideration
2	Development past pond prohibited	As required	P & Z site design consideration
10	No lots greater than ½ acre	As required	P & Z site design consideration
14	Roundabout at Fox Acres	As required	P & Z site traffic consideration
15	Sidewalks on Quigley & Bullion	As required	P & Z site transportation consideration
17	Public Transit	\$94,057	See Tables O & Q
25	Active play fields	As required	Based on Hailey Parks Master Plan Standards
36	Water rights to city	Required to serve Quigley Canyon Ranch	To be determined
37	City well	Fair share amount included in water annexation fee	Based on estimate from SPF Study required to serve Quigley Canyon
65	Fire Station	\$0	Participation accounted for as part of Non-DIF C.I.P. if reconsidered
66	Blaine County School District Contribution	\$2,083,692	The City acts as a pass through to the District
67	Library participation	\$47,068	Based on 1,148 service units at \$41 per library service unit
<b>TOTAL</b>		<b>\$2,224,817</b>	

**Open Space Land Dedication**

The intent of the developer is to dedicate land used for open space and parks to the City of Hailey. This land represents portions of the 912 acres currently under private ownership. According to the Blaine County Assessor's Office, these combined parcels in the development are currently valued at an average of approximately \$68 per acre or a total market value of the land dedication of 579+ acres of approximately \$36,794.

No property taxes are currently accruing to the City of Hailey. However, upon annexation the open space land would be required to pay a modest property tax to the city but for it being dedicated. The loss of this small amount of property taxes by the proposed dedication will be offset by the future increased value of the City's total assets.

## **VI. Water and Wastewater Revenues and Fees**

The City of Hailey will collect monthly service charges from the Quigley Canyon Ranch for connection to and use of the city's water and wastewater systems. Both of these services operate separately from the general fund as enterprise funds. The monthly fees collected by the city for water and wastewater are based on the fees covering annual operating expenses. Therefore, based on the city's prevailing and continuing policy of setting water and wastewater monthly fees at a rate that offsets the operating expenses, there are neither net revenues nor net expenses projected to be incurred by either of these funds. (See Table S – "Annual Water and Wastewater Revenues and Operating Expenses.")

**Table S**  
**Annual Water and Wastewater Revenues and Operating Expenses**

Annual Revenues	Water			Wastewater	
	Est. Average Volume (a)	Average Monthly Fees	Total Annual at year 25	Average Monthly Fees	Total Annual at year 25
Per Residential Unit	200 gpd /unit	\$34.00	N / A	\$40.72	N / A
All Residential Units	88,000 gpd	\$15,096	\$181,152	\$18,080	\$216,960
<b>Total Revenues</b>	\$181,152			\$214,024	
<b>Total Annual Expenses</b>			<b>(\$181,152)</b>		<b>(\$214,024)</b>
<b>Net Total at Year 25</b>			<b>\$0</b>	<b>\$0</b>	

(a) Residential based upon average winter diversion of 6,000 gallon per month per hook-up.

### **Onetime Fees**

Water and wastewater connection fees are assessed upon hook-up for the replacement of capital improvements water and wastewater and will be paid by each residential unit and commercial business in Quigley Canyon Ranch. In addition to the projects covered by these connection fees, other water and wastewater capital improvements are also required because of the development of Quigley Canyon Ranch and necessitate a water and wastewater annexation fee. Some of these capital improvements not otherwise required will, in fact, benefit other parts of Hailey beyond Quigley Canyon Ranch. Therefore, the estimated share of benefit to Quigley Canyon Ranch has been allocated to determine the water and wastewater annexation fee. The balance of each project's cost will be absorbed by non-Quigley Canyon Ranch water and wastewater resources.

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The following Table T - "Water and Wastewater Connection and Annexation Fees" summarizes the elements of the \$3,372,624 in connection fees to be paid as Quigley Canyon Ranch develops, as well as the \$3,982,340 proposed water and wastewater annexation fees based on the water and wastewater capital project costs allocated to Quigley Canyon Ranch. The Quigley Canyon Ranch allocated share of costs presented in the Table U ("Water and Wastewater Capital Project Allocations") serve as the basis for determining the water and wastewater annexation fees.

**Table T**  
**Water and Wastewater Connection and Annexation Fees**

<b>Revenue Source</b>	<b>Amount Per Unit</b>	<b>Total</b>
Water Connection Fee	\$3,817	\$1,694,748
Wastewater Connection Fee	\$3,279	\$1,455,876
Meter Cost	\$400	\$177,600
<u>Inspection Fee</u>	<u>\$100</u>	<u>\$44,400</u>
<b>Total Connection Fees</b>	<b>\$7,596</b>	<b>\$3,372,624</b>
<b>Water and Wastewater Annexation Fees (a)</b>		
Water Annexation Fee		\$898,190
<u>Wastewater Annexation Fee</u>		<u>\$3,084,150</u>
<b>Total Water and Wastewater Annexation Fee</b>		<b>\$3,982,340</b>

(a) See Table U on following page.

The following Table U lists the 2011 Water and Wastewater C.I.P. and fair share of each capital project allocated to Quigley Canyon Ranch.

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**Table U**  
**Water and Wastewater Capital Project Allocations**

Capital Improvements by Fund	Budgeted Amount	Quigley Canyon Ranch Share	Quigley Canyon Ranch Amount of Cost
<b>Water Projects</b>			
City Well (does not credit cost for land)	\$825,000	Based on SPF study  6.3%	\$764,000
3rd Avenue Wellhouse & Contact Basin	\$500,000		\$31,500
Shop & Office	\$350,000		\$22,050
Middle School Irrigation	\$15,000		\$945
Woodside Blvd. Irrigation Pump Station	\$50,000		\$3,150
Lions, Hop Porter Irrigation Systems	\$115,000		\$7,245
Heagle Irrigation Systems	\$75,000		\$4,725
Second Avenue Water Main	\$465,000		\$29,295
Silver Street Water Main Installation	\$260,000		\$16,380
Woodside Water Grid Improvements	\$300,000		\$18,900
River Street Water Main Upgrade	\$135,000	N / A; participation paid through water connection fee	
<b>Total Water Projects / Water Annexation Fee</b>	<b>\$3,090,000</b> -----	N / A	----- <b>\$898,190</b>
<b>Wastewater Projects</b>			
Woodside trunk line along Bike Path	\$2,325,000	100%	\$2,325,000
Reclaimed Water Pipeline	\$2,200,000	6.3%	\$138,600
WWTP Treatment Capacity Expansion	\$9,850,000	6.3%	\$620,550
WWTP Fuel Storage	\$27,000	N / A; cost participation paid through wastewater connection fee	
WWTP Tertiary Filter Addition	\$8,330,000		
Replace Carbonate Drive Sewer Main	\$ 121,000		
WWTP Aerobic Digester Building & Dome	\$ 950,000		
<b>Total Wastewater Projects / Wastewater Annexation Fee</b>	<b>\$23,803,000</b> -----	N / A	----- <b>\$3,982,340</b>

## **VII. Summary**

In conclusion, the adjustment of city rates and fees in the past has resulted in the city positioning itself to satisfactorily recover the costs of new development. The annual and 25 year cost/benefit to the City of Hailey General Fund is summarized in the following Table V.

**Table V**  
**SUMMARY OF GENERAL FUND ANNUAL COSTS AND BENEFITS**

Year	% of Units Built	General Fund Expenses		General Fund Revenues		NET TOTAL COST / BENEFIT
		Annual Cost	Total Cost	Annual Revenues	Total Revenue	
<b>1</b>	4%	\$ 22,943	\$ 22,943	\$ 28,209	\$ 28,209	<b>\$ 5,266</b>
<b>2</b>	8%	\$ 45,886	\$ 68,829	\$ 56,418	\$ 84,627	<b>\$ 15,799</b>
<b>3</b>	12%	\$ 68,829	\$ 137,657	\$ 84,627	\$ 169,255	<b>\$ 31,597</b>
<b>4</b>	16%	\$ 91,772	\$ 229,429	\$ 112,836	\$ 282,091	<b>\$ 52,662</b>
<b>5</b>	20%	\$114,714	\$ 344,143	\$ 141,046	\$ 423,137	<b>\$ 78,994</b>
<b>6</b>	24%	\$137,657	\$ 481,800	\$ 169,255	\$ 592,392	<b>\$ 110,591</b>
<b>7</b>	28%	\$160,600	\$ 642,401	\$ 197,464	\$ 789,855	<b>\$ 147,455</b>
<b>8</b>	32%	\$183,543	\$ 825,944	\$ 225,673	\$1,015,528	<b>\$ 189,585</b>
<b>9</b>	36%	\$206,486	\$1,032,430	\$ 253,882	\$1,269,410	<b>\$ 236,981</b>
<b>10</b>	40%	\$229,429	\$1,261,858	\$ 282,091	\$1,551,502	<b>\$ 289,643</b>
<b>11</b>	44%	\$252,372	\$1,514,230	\$ 310,300	\$1,861,802	<b>\$ 347,572</b>
<b>12</b>	48%	\$275,315	\$1,789,545	\$ 338,509	\$2,200,311	<b>\$ 410,767</b>
<b>13</b>	52%	\$298,257	\$2,087,802	\$ 366,719	\$2,567,030	<b>\$ 479,228</b>
<b>14</b>	56%	\$321,200	\$2,409,002	\$ 394,928	\$2,961,958	<b>\$ 552,955</b>
<b>15</b>	60%	\$344,143	\$2,753,146	\$ 423,137	\$3,385,094	<b>\$ 631,949</b>
<b>16</b>	64%	\$367,086	\$3,120,232	\$ 451,346	\$3,836,440	<b>\$ 716,209</b>
<b>17</b>	68%	\$390,029	\$3,510,261	\$ 479,555	\$4,315,995	<b>\$ 805,735</b>
<b>18</b>	72%	\$412,972	\$3,923,232	\$ 507,764	\$4,823,760	<b>\$ 900,527</b>
<b>19</b>	76%	\$435,915	\$4,359,147	\$ 535,973	\$5,359,733	<b>\$1,000,586</b>
<b>20</b>	80%	\$458,858	\$4,818,005	\$ 564,182	\$5,923,915	<b>\$1,105,910</b>
<b>21</b>	84%	\$481,800	\$5,299,805	\$ 592,392	\$6,516,307	<b>\$1,216,501</b>
<b>22</b>	88%	\$504,743	\$5,804,549	\$ 620,601	\$7,136,907	<b>\$1,332,359</b>
<b>23</b>	92%	\$527,686	\$6,332,235	\$ 648,810	\$7,785,717	<b>\$1,453,482</b>
<b>24</b>	96%	\$550,629	\$6,882,864	\$ 677,019	\$8,462,736	<b>\$1,579,872</b>
<b>25</b>	100%	\$573,572	\$7,456,436	\$ 705,228	\$9,167,964	<b>\$1,711,528</b>
<b>Total</b>	<b>100%</b>	N/A	<b>\$7,456,436</b>	N/A	<b>\$9,167,964</b>	<b>\$ 1,711,528</b>

**City of Hailey, Idaho**  
**Quigley Canyon Ranch Cost / Benefit Study 2012 Update**

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**These annual projections are for the General Fund and do not include the annexation fee, development impact fees and other developer contributions conditioned by the Planning and Zoning Commission or the Hailey City Council as a part of the proposed development's approval.**

Finally, it should be noted that there is also a multiplier effect of City of Hailey revenues not included in these financial benefits which will further contribute to the Hailey economy. Multipliers are the result of dollars spent in the community on construction materials, from wages earned by the additional employees resulting from the proposed development, etc. These indirect benefits are not incorporated into this cost/benefit study because they do not have a directly quantifiable fiscal impact on the city government. Nevertheless, these multipliers will supplement Hailey's economic base while the project is under construction.

*Richard Caplan*

April 26, 2012  
**RICHARD CAPLAN & ASSOCIATES**

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**APPENDIX: Benchmark Survey 2011**

RCA has updated a 2007 Benchmark Survey of staffing levels comparing Hailey's police, engineering, streets and fire service levels with those of seven comparably sized, growing cities in non-urban settings similar to Hailey. The survey reveals the level of municipal staffing required and Hailey's comparative position and potential need for additional funds to support current service levels.

In instances where Hailey is below average on these service levels, it is appropriate for the annexation fee to incorporate an amount equal to what is necessary for Hailey to offer the average level of service. The service levels are based on a per capita basis for the seven cities and compared to Hailey.

Five of the seven cities do not operate their own fire department but are part of regional fire services. Therefore, a benchmark for fire services was not able to be determined. However, given Hailey's below average service levels in other areas, it is reasonable to conclude that the Hailey Fire Department is also below average. A conservative short fall level equal to one-third of the police service level shortfall was applied to the Hailey Fire Department staffing level.

The Results of the Benchmark Survey are summarized in the following table.

<b>City, State</b>	<b>2010 Population</b>	<b>Police Department Personnel</b>	<b>Engineering &amp; Streets Personnel</b>	<b>Fire Department Personnel</b>
Rathdrum, Idaho	6,826	14	5	N/A; Regional
Sandpoint, Idaho	8,370	23	9	10
Avon, Colorado	6,447	20	8.5	N/A; Regional
Carbondale, Colorado	6,427	18	14	N/A; Regional
Eagle, Colorado	6,508	10	8	N/A; Regional
Glenwood Springs, CO	9,614	30	12	34
Placerville, California	10,389	30	20	N/A; Regional
<b>7 City Average</b>	<b>7,797</b>	<b>20.7</b>	<b>10.9</b>	<b>22</b>
Hailey Target Based on Benchmark	7,960	21.1	11.2	N / A
Hailey FY 2011-2012	7,960	17	10.5	
<b>Hailey vs. Benchmark Cities Average</b>	<b>163 persons</b>	<b>(4.1 persons)</b>	<b>(0.7 persons)</b>	<b>Est. (1.5 persons)</b>
<b>Estimated Average Expense per City of Hailey Employee</b>	<b>N / A</b>	<b>\$66,000</b>	<b>\$46,000</b>	<b>\$56,000</b>

Note: The law enforcement contract with the City of Bellevue is not considered in the Hailey Police Department personnel. \*