

AGENDA
REGULAR COUNCIL MEETING OF THE MAYOR AND CITY COUNCIL
IN THE COUNCIL CHAMBERS – 81 ELKHORN ROAD, CITY OF SUN VALLEY, IDAHO
DECEMBER 6, 2021 – 4:00 PM

VIRTUAL ACCESS

Join Zoom Meeting

<https://us02web.zoom.us/j/85733151960?>

Meeting ID: 857 3315 1960

Passcode: 701292

One tap mobile

+12532158782,,85733151960#,,,,*701292# US (Tacoma)

+13462487799,,85733151960#,,,,*701292# US (Houston)

Livestream audio is available at www.sunvalleyidaho.gov. Scroll down and click on the green “Meeting Audio” button. Once on that page, look for the meeting under “Upcoming Events” at the top.

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT - *The Mayor and Council welcome comments from the public. Please state your name for the record. Public comments are limited to three (3) minutes. You may also submit written comments to the City Clerk at nflannigan@sunvalleyidaho.gov.*

COUNCIL COMMENT

CITY ADMINISTRATOR COMMENT

MAYOR COMMENT

PUBLIC HEARINGS (30 min.)

1. Discussion and possible approval of CPA 2021-01: A City-initiated amendment to the City of Sun Valley 2015 Comprehensive Plan to adopt Appendix VII, the City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans* 1.1
2. First reading and possible adoption of Ordinance No. 564 Implementing Impact Fees* 2.1

ADJOURNMENT - *Meeting will conclude after the completion of agenda items or at the latest 7:00 PM. Any item under discussion or consideration at 9:00 PM will be completed. Any remaining items*

on the agenda will be scheduled for another meeting.

*** Indicates a potential Action Item as required by Idaho Code 74-204 (4).**

**STAFF REPORT
CITY OF SUN VALLEY CITY COUNCIL
COMPREHENSIVE PLAN AMENDMENT**

Project Name: Comprehensive Plan Amendment: City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans

Applicant: City of Sun Valley

Location: city-wide

Zoning District: N/A

REQUEST: A city-initiated amendment to the 2015 Comprehensive Plan to adopt the City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans ("Capital Improvements Plan") as Appendix VII to the Comprehensive Plan. The purpose of doing so is so that the City of Sun Valley will be able to collect and expend development impact fees within the City of Sun Valley.

PUBLIC NOTICE: The City Council public hearing regarding the subject comprehensive plan amendment was duly noticed in accordance with Idaho State Statute § 67-6509(a), Idaho State Statute § 67-8206 and with Sun Valley City Code Title 9, Chapter 5 by: 1) publishing in the Idaho Mountain Express November 19th, 2021; 2) mailing of notice to all political subdivisions [including the School District] providing services within the planning jurisdiction of the City of Sun Valley on November 19th, 2021; 3) posting of the notice in five prominent public locations in the City; 4) making available the notice other papers, radio and television stations serving the planning jurisdiction of the City of Sun Valley; 5) posting of the public hearing materials at City Hall and on the City website.

PUBLIC COMMENT: As of November 30th, 2021 no written public comment has been received.

INTRODUCTION: After the Impact Fee Advisory Committee's review of the draft report on September 23rd, 2021, the Council reviewed the draft *City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans* at the October 7th, 2021 meeting. No revisions to the studies and plans have been made. The final report is included with this staff report as Attachment 1.

The Planning and Zoning Commission then held a public hearing regarding the Comprehensive Plan amendment on Thursday, November 18th, 2021 and recommended approval of adoption of *Appendix VII*, the Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans. State statute requires adoption of the Impact Fee Studies and Capital Improvement Plans in conjunction with adoption of an Impact Fee Ordinance.'

For the purpose of this meeting, the first step is for Council to hold a hearing on the Comprehensive Plan amendment and move to adopt the amendment by resolution (should the Council vote to do so). The second step will be to hold a public hearing on Ordinance 564, an ordinance establishing Impact Fees.

Lastly, while the Commission did not make revisions to the Impact Fee Studies and Capital Improvement Plans, they did make the recommendation that the Council consider a "grace period" in collecting Impact

Fees so that projects moving through land use permitting can receive Building Permits prior to Impact Fees being collected. Absent a longer grace period enacted by the Council, state statute allows collection of Impact Fees may 30 days after adoption of the Impact Fee Ordinance.

ANALYSIS – EXCERPTS FROM FINAL REPORT:

The following excerpts from the *City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans* summarize the findings:

[The] document presents impact fees based on the City’s demographic data and infrastructure costs before credit adjustment; calculates the City’s monetary participation; examines the likely cash flow produced by the recommended fee amount; and outlines specific fee implementation recommendations. Credits can be granted on a case-by-case basis; these credits are assessed when each individual building permit is pulled.

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. The Idaho Code defines an impact fee as “... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development.” (Section 67-8203(9), Idaho Code)

Purpose of impact fees. The Impact Fee Act includes the legislative finding that “... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho.” (Section 67-8202, Idaho Code)” ***(excerpt from page 2)***

“As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2021 through 2031 for the City. These projections were based on current growth estimates from the U.S. Census and the American Community Survey; the Sun Valley Comprehensive Plan; building permit history; conversations with the Sun Valley Resort; and recommendations from City Staff.

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee’s annual review is to account for these inconsistencies. As each CIP is tied to the City’s land use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The following Exhibit II-1 presents the current and future number of residential units and nonresidential square feet for the City.” ***(excerpt from page 11)***

Exhibit II-1.

Current and Future Land Uses, Sun Valley, Idaho

	2021	2031	Net Growth	Net Growth in Square Feet ⁽¹⁾	Percent of Total Growth in SF
Residential (in units)	2,657	2,957	300	672,120	77%
Nonresidential (in square feet)	727,126	927,126	200,000	200,000	23%
			Total Square Footage Growth =	872,120	100%

*(excerpt from page 11)*Sun Valley Police Department Analysis

The following Exhibit III-2 displays the capital improvements needed to support growth by the Sun Valley Police Department over the next ten years.

Exhibit III-2.**Sun Valley Police Department CIP 2021-2030**

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	Amount to Include in Fees	Amount from Other Sources
Facilities					
Expansion of administrative space	200	\$ 100,000	75%	\$ 75,000	\$ 25,000
Vehicles					
Replace 8 patrol vehicles		\$ 504,000	0%	\$ -	\$ 504,000
Equipment					
New weaponry and radios for growth-related officers		\$ 14,766	100%	\$ 14,766	\$ -
Replace shotguns		\$ 2,696	0%	\$ -	\$ 2,696
Replace duty weapons		\$ 5,628	0%	\$ -	\$ 5,628
Replace rifles		\$ 4,928	0%	\$ -	\$ 4,928
Replace handheld radios		\$ 42,000	0%	\$ -	\$ 42,000
	SUBTOTAL	\$ 674,018		\$ 89,766	\$ 584,252
Plus Cost of Capital-Related Research					
Impact Fee Study		\$ 10,000	100%	\$ 10,000	\$ -
	TOTAL	\$ 684,018		\$ 99,766	\$ 584,252

If the Sun Valley Police Department were to continue the current level of service through 2031, an additional 3 officers would need to be hired. As shown above, the total cost of the Sun Valley Police Department's Capital Improvement Plan from 2021-2030 is approximately \$684,018. 89,766 of this amount is directly related to supporting the 3 new officer positions and related support staff need to continue the current level of service of 8 officers per 1,000 residents. This includes office space, patrol vehicles and ancillary equipment.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP, resulting in \$99,766 to be collected from impact fees over the next ten years. **(excerpt from page 13)**

Exhibit III-3.

Sun Valley Police Department Fee Calculation

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$ 99,766
Distribution of Future Land Use Growth	
Residential	90%
Nonresidential	10%
Future Assets by Land Use	
Residential	\$ 89,923
Nonresidential	\$ 9,843
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 300
Nonresidential	\$ 0.05

(excerpt from page 14)

Sun Valley Fire Department summary:

The following Exhibit IV-3 displays the capital improvements planned for purchase by the Sun Valley Fire Department over the next ten years.

Exhibit IV-3.

Sun Valley Fire Department CIP 2021-2030

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	10 Year Portion	Amount to Include in Fees	Amount from Other Sources
Facilities						
Relocate City Hall Station	5,097	\$ 6,778,167	0%		\$ -	\$ 6,778,167
Expand Station to Accommodate Current Growth	11,712	\$ 6,383,733	100%	50%	\$ 3,191,867	\$ 3,191,867
Apparatus/Vehicles						
Wildland Engine		\$ 450,000	100%	100%	\$ 450,000	\$ -
Replace 2 Engines		\$ 1,600,000	0%		\$ -	\$ 1,600,000
Replace Support Vehicles		\$ 52,000	0%		\$ -	\$ 52,000
Equipment						
Additional SCBAs for Growth		\$ 25,000	100%	100%	\$ 25,000	\$ -
		SUBTOTAL			\$ 3,666,867	\$ 11,622,033
Plus Cost of Capital-Related Research						
Impact Fee Study		\$ 10,000	100%		\$ 10,000	\$ -
		TOTAL			\$ 3,676,867	\$ 11,622,033

The Sun Valley Fire Department plans to purchase approximately \$15.3 million in stations, apparatus and equipment over the next ten years, \$3.7 million of which is impact fee eligible. This amount includes \$3.2 million, or 50% of the growth-related portion of the relocation/expansion of the current City Hall station. The remaining \$3.2 million, or 50% of the growth-related portion of the relocation/expansion of the current City Hall station, will be collected from growth in 2031-2040. The remaining \$475,000 is for a wildland engine and SCBAs needed for the additional firefighters that will be hired to address the demands of growth.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. These new assets will allow the Sun Valley Fire Department sustain the current level of service in the future. The commencement and completion dates for the Fire Department's growth-related capital infrastructure depend on the timing and pace of the projected growth.

The remaining \$11.6 million includes \$6.7 million for the non-growth portion of the City Hall Fire Station relocation, \$3.2 million that will need to be "fronted" by other city funding sources but repaid by impact fees collected in 2031-2040, and the cost to replace two existing engines and support vehicles. Replacement of existing capital is not eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h). *(excerpt from pages 16-17)*

The following Exhibit IV-4 takes the projected future growth from Exhibit II-1 and the growth- related CIP from Exhibit IV-3 to calculate impact fees for the Sun Valley Fire Department.

Exhibit IV-4.
Sun Valley Fire Department Fee Calculation

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$3,676,867
Distribution of Future Land Use Growth	
Residential	79%
Nonresidential	21%
Future Assets by Land Use	
Residential	\$ 2,902,789
Nonresidential	\$ 774,077
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 9,676
Nonresidential	\$ 3.87

As shown above, we have calculated impact fees for the Sun Valley Fire Department at \$9,676 per residential unit and \$3.87 per nonresidential square foot. Fees not to exceed these amounts are recommended for the Department. The Department cannot assess fees greater than the amounts shown above. The Department may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference. *(excerpt from page 17)*

Impact Fees

The following Exhibit V-1 summarizes the calculated Impact Fees for the City of Sun Valley.

Exhibit V-1.**City of Sun Valley Impact Fee Summary**

TOTAL IMPACT FEE	
Police Fees	
Residential	\$ 300
Nonresidential	\$ 0.05
Fire Fees	
Residential	\$ 9,676
Nonresidential	\$ 3.87
TOTAL IMPACT FEE	
Single-Family	\$ 9,976
Non-Residential	\$ 3.92

(excerpt from page 18)

Special Notes:

Donations. If the City receives donations for capital improvements listed on the CIP, they must account for the donation in one of two ways. If the donation is for a non- or partially growth-related improvement, the donation can contribute to the City's General Fund participation along with more traditional forms, such as revenue transfers from the General Fund. If, however, the donation is for a growth-related project in the CIP, the donor's impact fees should be reduced dollar for dollar. This means that the City will either credit the donor or reimburse the donor for that portion of the impact fee.

Credit/reimbursement. If a developer constructs or contributes all or part of a growth-related project that would otherwise be financed with impact fees, that developer must receive a credit against the fees owed for this category or, at the developer's choice, be reimbursed from impact fees collected in the future.³⁷ This prevents "double dipping" by the City. (³⁷ See Section 67-8209(3), Idaho Code.)

The presumption would be that builders/developers owe the entirety of the impact fee amount until they make the City aware of the construction or contribution. If credit or reimbursement is due, the governmental entity must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement. (³⁸ See Section 67-8209(4), Idaho Code.)

(excerpt from page 20)

RECOMMENDATION: Staff recommends approval of Resolution No. 2021-09.

RECOMMENDED MOTION: "I move to adopt Resolution No. 2021-09, a resolution of the City of Sun Valley Idaho adopting the City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans as Appendix VII, an amendment to the 2015 City of Sun Valley Comprehensive Plan."

ATTACHMENTS:

1. City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans
2. Resolution No. 2021-09

Attachment 1.

City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans

FINAL REPORT

November 9, 2021

**City of Sun Valley, Idaho
Impact Fee Study and
Capital Improvement Plan**

Prepared for

City of Sun Valley
81 Elkhorn Road
Sun Valley, ID 83353

Prepared By

Galena Consulting
Anne Wescott
1214 South Johnson Street
Boise, Idaho 83705



Section I.

Introduction

This report regarding impact fees for the City of Sun Valley, Idaho is organized into the following sections:

- An overview of the report’s background and objectives;
- A definition of impact fees and a discussion of their appropriate use;
- An overview of land use and demographics;
- A step-by-step calculation of impact fees under the Capital Improvement Plan (CIP) approach;
- A list of implementation recommendations; and
- A brief summary of conclusions. Each section follows sequentially.

Background and Objectives

The City of Sun Valley, Idaho (City) hired Galena Consulting to calculate impact fees for the City’s Police and Fire Departments.

This document presents impact fees based on the City’s demographic data and infrastructure costs before credit adjustment; calculates the City’s monetary participation; examines the likely cash flow produced by the recommended fee amount; and outlines specific fee implementation recommendations. Credits can be granted on a case-by-case basis; these credits are assessed when each individual building permit is pulled.

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. The Idaho Code defines an impact fee as “... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development.”¹

Purpose of impact fees. The Impact Fee Act includes the legislative finding that “... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho.”²

Idaho fee restrictions and requirements. The Impact Fee Act places numerous restrictions on the calculation and use of impact fees, all of which help ensure that local governments adopt impact fees that are consistent with federal law.³ Some of those restrictions include:

- Impact fees shall not be used for any purpose other than to defray system improvement costs incurred to provide additional public facilities to serve new growth;⁴
- Impact fees must be expended within 8 years from the date they are collected. Fees may be held in certain circumstances beyond the 8-year time limit if the governmental entity can provide reasonable cause;⁵
- Impact fees must not exceed the proportionate share of the cost of capital improvements needed to serve new growth and development;⁶
- Impact fees must be maintained in one or more interest-bearing accounts within the capital projects fund.⁷

¹ See Section 67-8203(9), Idaho Code. “System improvements” are capital improvements (i.e., improvements with a useful life of 10 years or more) that, in addition to a long life, increase the service capacity of a public facility. Public facilities include: parks, open space and recreation areas, and related capital improvements; and public safety facilities, including law enforcement, fire, emergency medical and rescue facilities. See Sections 67-8203(3), (24) and (28), Idaho Code.

² See Section 67-8202, Idaho Code.

³ As explained further in this study, proportionality is the foundation of a defensible impact fee. To meet substantive due process requirements, an impact fee must provide a rational relationship (or nexus) between the impact fee assessed against new development and the actual need for additional capital improvements. An impact fee must substantially advance legitimate local government interests. This relationship must be of “rough proportionality.” Adequate consideration of the factors outlined in Section 67-8207(2) ensure that rough proportionality is reached. See *Banbury Development Corp. v. South Jordan*, 631 P.2d 899 (1981); *Dollan v. City of Tigard*, 512 U.S. 374 (1994).

⁴ See Sections 67-8202(4) and 67-8203(29), Idaho Code.

⁵ See Section 67-8210(4), Idaho Code.

⁶ See Sections 67-8204(1) and 67-8207, Idaho Code.

⁷ See Section 67-8210(1), Idaho Code.

In addition, the Impact Fee Act requires the following:

- Establishment of and consultation with a development impact fee advisory committee (Advisory Committee);⁸
- Identification of all existing public facilities;
- Determination of a standardized measure (or service unit) of consumption of public facilities;
- Identification of the current level of service that existing public facilities provide;
- Identification of the deficiencies in the existing public facilities;
- Forecast of residential and nonresidential growth;⁹
- Identification of the growth-related portion of the Police and Fire Capital Improvement Plans;¹⁰
- Analysis of cash flow stemming from impact fees and other capital improvement funding sources;¹¹
- Implementation of recommendations such as impact fee credits, how impact fee revenues should be accounted for, and how the impact fees should be updated over time;¹²
- Preparation and adoption of a Capital Improvement Plan pursuant to state law and public hearings regarding the same;¹³ and
- Preparation and adoption of a resolution authorizing impact fees pursuant to state law and public hearings regarding the same.¹⁴

How should fees be calculated? State law requires the City to implement the Capital Improvement Plan methodology to calculate impact fees. The City can implement fees of any amount not to exceed the fees as calculated by the CIP approach. This methodology requires the City to describe its service areas, forecast the land uses, densities and population that are expected to occur in those service areas over the 10-year CIP time horizon, and identify the capital improvements that will be needed to serve the forecasted growth at the planned levels of service, assuming the planned levels of service do not exceed the current levels of service.

⁸ See Section 67-8205, Idaho Code.

⁹ See Section 67-8206(2), Idaho Code.

¹⁰ See Section 67-8208, Idaho Code.

¹¹ See Section 67-8207, Idaho Code.

¹² See Sections 67-8209 and 67-8210, Idaho Code.

¹³ See Section 67-8208, Idaho Code.

¹⁴ See Sections 67-8204 and 67-8206, Idaho Code.

Only those items identified as growth-related on the CIP are eligible to be funded by impact fees.¹⁵ This list and cost of capital improvements constitutes the capital improvement element to be adopted as part of the City’s individual Comprehensive Plan.¹⁶

The City intending to adopt an impact fee must first prepare a capital improvements plan.¹⁷ To ensure that impact fees are adopted and spent for capital improvements in support of the community’s needs and planning goals, the Impact Fee Act establishes a link between the authority to charge impact fees and certain planning requirements of Idaho’s Local Land Use Planning Act (LLUPA). The local government must have adopted a comprehensive plan per LLUPA procedures, and that comprehensive plan must be updated to include a current capital improvement element.¹⁸ This study considers the planned capital improvements for the ten-year period from 2021 to the end of 2030 that will need to be adopted as an element the City’s Comprehensive Plan.

Once the essential capital planning has taken place, impact fees can be calculated. The Impact Fee Act places many restrictions on the way impact fees are calculated and spent, particularly via the principal that local governments cannot charge new development more than a “proportionate share” of the cost of public facilities to serve that new growth. “Proportionate share” is defined as “. . . that portion of the cost of system improvements . . . which reasonably relates to the service demands and needs of the project.”¹⁹ Practically, this concept requires the City to carefully project future growth and estimate capital improvement costs so that it prepares reasonable and defensible impact fee schedules.

The proportionate share concept is designed to ensure that impact fees are calculated by measuring the needs created for capital improvements by development being charged the impact fee; do not exceed the cost of such improvements; and are “earmarked” to fund growth-related capital improvements to benefit those that pay the impact fees.

There are various approaches to calculating impact fees and to crediting new development for past and future contributions made toward system improvements. The Impact Fee Act does not specify a single type of fee calculation, but it does specify that the formula be “reasonable and fair.” Impact fees should take into account the following:

¹⁵ As a comparison and benchmark for the impact fees calculated under the Capital Improvement Plan approach, Galena Consulting also calculated the City’s current level of service by quantifying the City’s current investment in capital improvements for each impact fee category, allocating a portion of these assets to residential and nonresidential development, and dividing the resulting amount by current housing units (residential fees) or current square footage (nonresidential fees). By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

¹⁶ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁷ See Section 67-8208, Idaho Code.

¹⁸ See Sections 67-8203(4) and 67-8208, Idaho Code.

¹⁹ See Section 67-8203(23), Idaho Code.

- Any appropriate credit, offset or contribution of money, dedication of land, or construction of system improvements;
- Payments reasonably anticipated to be made by or as a result of a new development in the form of user fees and debt service payments;
- That portion of general tax and other revenues allocated by the City to growth-related system improvements; and
- All other available sources of funding such system improvements.²⁰

Through data analysis and interviews with the City and Galena Consulting identified the share of each capital improvement needed to serve growth. The total projected capital improvements needed to serve growth are then allocated to residential and nonresidential development with the resulting amounts divided by the appropriate growth projections from 2021 to 2031. This is consistent with the Impact Fee Act.²¹ Among the advantages of the CIP approach is its establishment of a spending plan to give developers and new residents more certainty about the use of the particular impact fee revenues.

Other fee calculation considerations. The basic CIP methodology used in the fee calculations is presented above. However, implementing this methodology requires a number of decisions. The considerations accounted for in the fee calculations include the following:

- Allocation of costs is made using a service unit which is “a standard measure of consumption, use, generation or discharge attributable to an individual unit²² of development calculated in accordance with generally accepted engineering or planning standards for a particular category of capital improvement.”²³ The service units chosen by the study team for every fee calculation in this study are linked directly to residential dwelling units and nonresidential development square feet.²⁴
- A second consideration involves refinement of cost allocations to different land uses. According to Idaho Code, the CIP must include a “conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial and industrial.”²⁵ In this analysis, the study team has chosen to use the highest level of detail supportable by available data and, as a result, in this study, every impact fee is allocated between aggregated residential (i.e., all forms of residential housing) and nonresidential development (all nonresidential uses including retail, office and industrial).

²⁰ See Section 67-8207, Idaho Code.

²¹ The impact fee that can be charged to each service unit (in this study, residential dwelling units and nonresidential square feet) cannot exceed the amount determined by dividing the cost of capital improvements attributable to new development (in order to provide an adopted service level) by the total number of service units attributable to new development. See Sections 67-8204(16), 67-8208(1)(f) and 67-8208(1)(g), Idaho Code.

²² See Section 67-8203(27), Idaho Code.

²³ See Section 67-8203(27), Idaho Code.

²⁴ The construction of detached garages alongside residential units does not typically trigger the payment of additional impact fees unless that structure will be the site of a home-based business with significant outside employment.

²⁵ See Section 67-8208(1)(e), Idaho Code.

Current Assets and Capital Improvement Plans

The CIP approach estimates future capital improvement investments required to serve growth over a fixed period of time. The Impact Fee Act calls for the CIP to “. . . project demand for system improvements required by new service units . . . over a reasonable period of time not to exceed 20 years.”²⁶ The impact fee study team recommends a 10-year time period based on the City’s best available capital planning data.

The types of costs eligible for inclusion in this calculation include any land purchases, construction of new facilities and expansion of existing facilities to serve growth over the next 10 years at planned and/or adopted service levels.²⁷ Equipment and vehicles with a useful life of 10 years or more are also impact fee eligible under the Impact Fee Act.²⁸ The total cost of improvements over the 10 years is referred to as the “CIP Value” throughout this report. The cost of this impact fee study is also impact fee eligible for all impact fee categories. Each fee category was charged its pro-rated percentage of the cost of the impact fee study.

The forward-looking 10-year CIPs for Sun Valley’s Police and Fire Departments include some facilities that are only partially necessitated by growth (e.g., expansion). The study team met with the City to determine a defensible metric for including a portion of these facilities in the impact fee calculations. A general methodology used to determine this metric is discussed below. In some cases, a more specific metric was used to identify the growth-related portion of such improvements. In these cases, notations were made in the applicable section.

Fee Calculation

In accordance with the CIP approach described above, we calculated fees for each department by answering the following seven questions:

1. **Who is currently served by the City?** This includes the number of residents as well as residential and nonresidential land uses.
2. **What is the current level of service provided by the City?** Since an important purpose of impact fees is to help the City *achieve* its planned level of service²⁹, it is necessary to know the levels of service it is currently providing to the community.
3. **What current assets allow the City to provide this level of service?** This provides a current inventory of assets used by the City, such as facilities, land and equipment. In addition, each asset’s replacement value was calculated and summed to determine the total value of the Police and Fire Departments’ current capital assets.

²⁶ See Section 67-8208(1)(h).

²⁷ This assumes the planned levels of service do not exceed the current levels of service.

²⁸ The Impact Fee Act allows a broad range of improvements to be considered as “capital” improvements, so long as the improvements have useful life of at least 10 years and also increase the service capacity of public facilities. See Sections 67- 8203(28) and 50-1703, Idaho Code.

²⁹ This assumes that the planned level of service does not exceed the current level of service.

4. **What is the current investment per residential and nonresidential land use?** In other words, how much of each service provider's current assets' total value is needed to serve current residential households and nonresidential square feet?
5. **What future growth is expected in the City?** How many new residential households and nonresidential square footage will the City serve over the CIP period?
6. **What new infrastructure is required to serve future growth?** For example, how many new engines will be needed by the City of Sun Valley Fire Department within the next ten years to achieve the planned level of service of the City?³⁰
7. **What impact fee is required to pay for the new infrastructure?** We calculated an apportionment of new infrastructure costs to future residential and nonresidential land- uses for the City. Then, using this distribution, the impact fees were determined.

Addressing these seven questions, in order, provides the most effective and logical way to calculate impact fees for the City. In addition, these seven steps satisfy and follow the regulations set forth earlier in this section.

Growth Relation

In Sun Valley, as in any local government, not all capital costs are associated with growth. Some capital costs are for repair and replacement of facilities e.g., standard periodic investment in existing facilities such as roofing. These costs *are not* impact fee eligible. Some capital costs are for betterment of facilities, or implementation of new services (e.g., development of an expanded training facility). These costs *are generally not entirely* impact fee eligible. Some costs are for expansion of facilities to accommodate new development at the current level of service (e.g., purchase of new fire station to accommodate expanding population). These costs *are* impact fee eligible.

Because there are different reasons why the City invests in capital projects, the study team categorized all projects listed in each CIP:

- **Growth.** To determine if a project is solely related to growth, we asked “Is this project designed to maintain the current level of service as growth occurs?” and “Would the City still need this capital project if it weren't growing at all?” Growth projects are only necessary to maintain the City's current level of service as growth occurs. It is thus appropriate to include 100 percent of their cost in the impact fee calculations.
- **Repair & Replacement.** We asked “Is this project related only to fixing existing infrastructure?” and “Would the City still need it if it weren't growing at all?” Repair and Replacement projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.

³⁰ This assumes the planned level of service does not exceed the current level of service.

- **Upgrade.** We asked, “Would this project improve the City’s current level of service?” and “Would the City still do it even if it weren’t growing at all?” Upgrade projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.
- **Mixed.** Mixed projects by their very definition are partially necessitated by growth, but also include an element of repair, replacement and/or upgrade. In this instance, a cost amount between 0 and 100 percent should be included in the fee calculations. Although the need for these projects is triggered by new development, they will also benefit existing residents.

Projects that are 100 percent growth-related were determined by our study to be necessitated solely by growth. Alternatively, some projects can be determined to be “mixed,” with some aspects of growth and others aspects of repair and replacement. In these situations, only a portion of the total cost of each project is included in the final impact fee calculation.

It should be understood that growth is expected to pay only the portion of the cost of capital improvements that are growth-related. The City will need to plan to fund the pro rata share of these partially growth-related capital improvements with revenue sources other than impact fees within the time frame that impact fees must be spent. These values will be calculated and discussed in Section V of this report.

Exhibits found in Sections III and IV of this report detail capital improvements planned for purchase over the next ten years by the City for the Police and Fire Departments.

Section II. Land Uses

As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2021 through 2031 for the City. These projections were based on current growth estimates from the U.S. Census and the American Community Survey; the Sun Valley Comprehensive Plan; building permit history; conversations with the Sun Valley Resort; and recommendations from City Staff.

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee’s annual review is to account for these inconsistencies. As each CIP is tied to the City’s land use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The following Exhibit II-1 presents the current and future number of residential units and nonresidential square feet for the City.

**Exhibit II-1.
Current and Future Land Uses, Sun Valley, Idaho**

	2021	2031	Net Growth	Net Growth in Square Feet ⁽¹⁾	Percent of Total Growth in SF
Residential (in units)	2,657	2,957	300	672,120	77%
Nonresidential (in square feet)	727,126	927,126	200,000	200,000	23%
			Total Square Footage Growth =	872,120	100%

As shown above, Sun Valley is expected to grow by approximately 300 residential units and 200,000 nonresidential square feet over the next ten years. Seventy-seven percent of this growth is attributable to residential land uses, while the remaining twenty-three percent is attributable to nonresidential growth. These growth projections will be used in the following sections to calculate the appropriate impact fees for the City.

Section III. Police Department

In this section, we calculate impact fees for the City of Sun Valley Police Department following the seven-question method outlined in Section I of this report.

1. Who is currently served by the City of Sun Valley Police Department?

As shown in Exhibit II-1, the Police Department currently serves 2,656 residential units and approximately 727,126 square feet of nonresidential land use found within Sun Valley.

2. What is the current level of service provided by the Police Department?

The Sun Valley Police Department currently provides a level of service of 8 sworn officers per 1,000 Sun Valley residents. This was calculated by dividing 12 current officers by the current population of 1,500/1,000. As the City grows, additional infrastructure and equipment will be needed to retain the Department's level of service.

3. What current assets allow the Sun Valley Police Department to provide this level of service?

The following Exhibit III-1 displays the current assets of the Sun Valley Police Department.

Exhibit III-1. Current Assets – Sun Valley Police Department

Type of Capital Infrastructure	Square Feet	Replacement Value
Facilities		
Patrol Work Station/Lockers	300	\$ 170,000
Evidence Storage	130	\$ 65,000
Parking	1,700	\$ 800,000
Equipment		
8 shotguns		\$ 2,690
12 duty weapons		\$ 5,628
8 patrol rifles		\$ 4,928
12 handheld radios		\$ 42,000
	2,130	\$ 1,090,246
Plus Impact Fee Study		\$ 10,000
TOTAL CURRENT INVESTMENT		\$ 1,100,246

As shown above, the Police Department currently owns over \$1.1 million of eligible current assets. These assets are used to provide the Department's current level of service.

4. What is the current investment per residential unit and nonresidential square foot for the Sun Valley Police Department?

The City has already invested \$369 per residential unit and \$0.16 per nonresidential square foot in order to provide the current level of service. This figure is derived by allocating the value of the Police Department’s current assets between the current number of residential units and nonresidential square feet.

We will compare our final impact fee calculations with these figures to determine if the two results will be similar; this represents a “check” to see if future residents will be paying for infrastructure at a level commensurate with what existing residents have invested in infrastructure.

5. What future growth is expected in Sun Valley?

As shown in Exhibit II-1, the City of Sun Valley is expected to grow 300 residential units and 200,000 square feet of nonresidential land use over the next ten years.

6. What new infrastructure is required to serve future growth?

The following Exhibit III-2 displays the capital improvements needed to support growth by the Sun Valley Police Department over the next ten years.

**Exhibit III-2.
Sun Valley Police Department CIP 2021-2030**

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	Amount to Include in Fees	Amount from Other Sources
Facilities					
Expansion of administrative space	200	\$ 100,000	75%	\$ 75,000	\$ 25,000
Vehicles					
Replace 8 patrol vehicles		\$ 504,000	0%	\$ -	\$ 504,000
Equipment					
New weaponry and radios for growth-related officers		\$ 14,766	100%	\$ 14,766	\$ -
Replace shotguns		\$ 2,696	0%	\$ -	\$ 2,696
Replace duty weapons		\$ 5,628	0%	\$ -	\$ 5,628
Replace rifles		\$ 4,928	0%	\$ -	\$ 4,928
Replace handheld radios		\$ 42,000	0%	\$ -	\$ 42,000
SUBTOTAL		\$ 674,018		\$ 89,766	\$ 584,252
Plus Cost of Capital-Related Research					
Impact Fee Study		\$ 10,000	100%	\$ 10,000	\$ -
TOTAL		\$ 684,018		\$ 99,766	\$ 584,252

If the Sun Valley Police Department were to continue the current level of service through 2031, an additional 3 officers would need to be hired. As shown above, the total cost of the Sun Valley Police Department’s Capital Improvement Plan from 2021-2030 is approximately \$684,018. 89,766 of this amount is directly related to supporting the 3 new officer positions and related support staff need to continue the current level of service of 8 officers per 1,000 residents. This includes office space, patrol vehicles and ancillary equipment.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP, resulting in \$99,766 to be collected from impact fees over the next ten years.

The remaining \$584,252 in the CIP includes the non-growth portion of the office expansion for the Police Department, as well as the price for the Police Department to replace existing vehicles and equipment. The Police Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67-8207(I)(iv)(2)(h).

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit III-3 takes the projected future growth from Exhibits II-1 and the growth-related CIP from Exhibit III-2 to calculate impact fees for the Sun Valley Police Department.

**Exhibit III-3.
Sun Valley Police Department Fee Calculation**

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$ 99,766
Distribution of Future Land Use Growth	
Residential	90%
Nonresidential	10%
Future Assets by Land Use	
Residential	\$ 89,923
Nonresidential	\$ 9,843
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 300
Nonresidential	\$ 0.05

As shown above, we have calculated impact fees for the Sun Valley Police Department at \$300 per residential unit and \$0.05 per nonresidential square foot, which is similar to the amount already paid into the existing capital by existing taxpayers.

Fees not to exceed these amounts are recommended for the Department. The Department cannot assess fees greater than the amounts shown above. The Department may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference.

Section IV. Fire Department

In this section, we calculate impact fees for the City of Sun Valley Fire Department following the seven-question method outlined in Section I of this report.

1. Who is currently served by the Sun Valley Fire Department?

As shown in Exhibit II-1, the Fire Department currently serves 2,656 residential units and approximately 727,126 square feet of nonresidential land use found within Sun Valley.

2. What is the current level of service provided by the Sun Valley Fire Department?

Sun Valley's Fire Department provides a level of service of a response time of 5 minutes and 31 seconds to its residents. As the City grows, additional infrastructure and equipment will be needed to retain the Department's level of service.

3. What current assets allow the Sun Valley Fire Department to provide this level of service?

The following Exhibit IV-2 displays the current assets of the Sun Valley Fire Department.

Exhibit IV-2. Current Assets – Sun Valley Fire Department

Type of Capital Infrastructure	Square Feet	Replacement Value
Facilities		
Elkhorn Station	8,838	\$ 8,734,052
City Hall Station	3,000	\$ 5,285,829
Apparatus/Vehicles		
1 Engine		\$ 800,000
1 Pumper/Tender		\$ 900,000
1 Ladder Truck		\$ 1,400,000
3 Wildland Apparatus		\$ 700,000
1 Tender		\$ 350,000
2 Command Vehicles		\$ 120,000
1 Support Vehicle		\$ 65,000
Backcountry Rescue Trailer		\$ 85,000
Equipment		
4 SCBAs for Wildland Apparatus		\$ 140,000
2 Thermal Imagers		\$ 110,000
Bauer Compressor breathing air module		\$ 50,000
	11,838	\$ 18,739,881
Plus Impact Fee Study		\$ 10,000
TOTAL CURRENT INVESTMENT		\$ 18,749,881

As shown above, the Sun Valley Fire Department currently owns approximately \$18.8 million of eligible current assets. These assets are used to provide the current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

The Sun Valley Fire Department has already invested \$6,445 per residential unit and \$2.58 per nonresidential square foot. This figure is derived by allocating the value of the Fire Department’s current assets between the current number of residential units and nonresidential square feet.

5. What future growth is expected in the Sun Valley Fire Department?

As shown in Exhibit II-1, the City of Sun Valley is expected to grow by 300 residential units and 200,000 square feet of nonresidential land use over the next ten years.

More important than the number of new development units is their location. Fire stations are sited to ensure travel times are within desired service levels. As areas outside of the coverage areas of existing stations grow, additional stations are added to fill the service response gaps.

6. What new infrastructure is required to serve future growth?

In Sun Valley, firefighting crews are located at the Elkhorn station on Arrowleaf Road as this station is the only station in Sun Valley that is large enough to house the ladder truck. Due to the growth the City is experiencing in both residential and commercial development, particularly with respect to development by the Sun Valley Resort where commercial hotel structures and dorm facilities are located, a ladder truck and ladder truck company must be relocated to the Northwest side of Elkhorn hill.

The following Exhibit IV-3 displays the capital improvements planned for purchase by the Sun Valley Fire Department over the next ten years.

**Exhibit IV-3.
Sun Valley Fire Department CIP 2021-2030**

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	10 Year Portion	Amount to Include in Fees	Amount from Other Sources
Facilities						
Relocate City Hall Station	5,097	\$ 6,778,167	0%		\$ -	\$ 6,778,167
Expand Station to Accommodate Current Growth	11,712	\$ 6,383,733	100%	50%	\$ 3,191,867	\$ 3,191,867
Apparatus/Vehicles						
Wildland Engine		\$ 450,000	100%	100%	\$ 450,000	\$ -
Replace 2 Engines		\$ 1,600,000	0%		\$ -	\$ 1,600,000
Replace Support Vehicles		\$ 52,000	0%		\$ -	\$ 52,000
Equipment						
Additional SCBAs for Growth		\$ 25,000	100%	100%	\$ 25,000	\$ -
		SUBTOTAL			\$ 3,666,867	\$ 11,622,033
Plus Cost of Capital-Related Research						
Impact Fee Study		\$ 10,000	100%		\$ 10,000	\$ -
		TOTAL			\$ 3,676,867	\$ 11,622,033

The Sun Valley Fire Department plans to purchase approximately \$15.3 million in stations, apparatus and equipment over the next ten years, \$3.7 million of which is impact fee eligible. This amount includes \$3.2 million, or 50% of the growth-related portion of the relocation/expansion of the current City Hall station. The remaining \$3.2 million, or 50% of the

growth-related portion of the relocation/expansion of the current City Hall station, will be collected from growth in 2031-2040. The remaining \$475,000 is for a wildland engine and SCBAs needed for the additional firefighters that will be hired to address the demands of growth.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. These new assets will allow the Sun Valley Fire Department sustain the current level of service in the future. The commencement and completion dates for the Fire Department’s growth-related capital infrastructure depend on the timing and pace of the projected growth.

The remaining \$11.6 million includes \$6.7 million for the non-growth portion of the City Hall Fire Station relocation, \$3.2 million that will need to be “fronted” by other city funding sources but repaid by impact fees collected in 2031-2040, and the cost to replace two existing engines and support vehicles. Replacement of existing capital is not eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h).

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit IV-4 takes the projected future growth from Exhibit II-1 and the growth-related CIP from Exhibit IV-3 to calculate impact fees for the Sun Valley Fire Department.

**Exhibit IV-4.
Sun Valley Fire Department Fee Calculation**

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$3,676,867
Distribution of Future Land Use Growth	
Residential	79%
Nonresidential	21%
Future Assets by Land Use	
Residential	\$ 2,902,789
Nonresidential	\$ 774,077
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 9,676
Nonresidential	\$ 3.87

As shown above, we have calculated impact fees for the Sun Valley Fire Department at \$9,676 per residential unit and \$3.87 per nonresidential square foot. Fees not to exceed these amounts are recommended for the Department. The Department cannot assess fees greater than the amounts shown above. The Department may assess fees lower than these amounts, but would then experience a decline in service levels unless the Department used other revenues to make up the difference.

Section V. Summary

The following Exhibit V-1 summarizes the calculated Impact Fees for the City of Sun Valley.

Exhibit V-1. City of Sun Valley Impact Fee Summary

TOTAL IMPACT FEE	
Police Fees	
Residential	\$ 300
Nonresidential	\$ 0.05
Fire Fees	
Residential	\$ 9,676
Nonresidential	\$ 3.87
TOTAL IMPACT FEE	
Single-Family	\$ 9,976
Non-Residential	\$ 3.92

City Participation

Because not all the capital improvements listed in the CIPs are 100 percent growth-related, the City would assume the responsibility of paying for those portions of the capital improvements that are not attributable to new growth. These payments would come from other sources of revenue including all of those listed in Idaho Code 67-8207(iv)(2)(h).

To arrive at this participation amount, the expected impact fee revenue and any shared facility amount need to be subtracted from the total CIP value. Exhibit V-2 divides the City's participation amount into two categories: the portion of purely non-growth-related improvements, and the portion of growth-related improvements that are attributable to repair, replacement, or upgrade, but are not impact fee eligible.

It should be noted that the participation amount associated with purely non-growth improvements is discretionary. The City can choose not to fund these capital improvements (although this could result in a decrease in the level of service if the deferred repairs or replacements were urgent). However, the non-growth-related portion of improvements that are impact fee eligible *must* be funded in order to maintain the integrity of the impact fee program.

Exhibit V-2.
City of Sun Valley Participation Summary, 2021-2030

	Required	Discretionary	Total
Police	\$ 25,000	\$ 559,252	\$ 584,252
Fire	\$ 9,970,033	\$ 1,652,000	\$ 11,622,033
TOTAL	\$ 9,995,033	\$ 2,211,252	\$ 12,206,285

The total amount the City would be *required* to contribute over 10 years, should the City adopt fees at the calculated amount, would be approximately \$10 million: \$6.8 million for the non-growth portions of the police administration space and new fire station, plus the \$3.2 million the city will have to “front” for the 2031-2040 portion of the growth-related expansion of the new fire station. This \$3.2 million will be recovered through impact fees collected in 2031-2040. The City has the discretion to also fund the \$2.2 million for vehicle and equipment replacement in Police and Fire over the 10-year period.

Implementation Recommendations

As City Council evaluates whether or not to adopt the Capital Improvement Plans and impact fees presented in this report, we also offer the following information for your consideration. Please note that this information will be included each individual impact fee enabling ordinance.

Capital Improvements Plan. Should the Advisory Committee recommend this study to City Council and should City Council adopt the study, the City should revise its existing Capital Improvement Plans using the information in this study. A revised capital improvement plan would then be presented to the City for adoption as an element of the Comprehensive Plan pursuant to the procedures of the Local Land Use Planning Act.

Impact Fee Ordinance. Following adoption of the Capital Improvement Plan, City Council should review the proposed Impact Fee Ordinance for adoption as reviewed and recommended by the Advisory Committee.

Advisory Committee. The Advisory Committee is in a unique position to work with and advise City Council to ensure that the capital improvement plans and impact fees are routinely reviewed and modified as appropriate.

Impact fee service area. Some municipalities have fee differentials for various city zones under the assumption that some areas utilize more or less current and future capital improvements. The study team, however, does not recommend the City assess different fees by dividing the areas into zones. The capital improvements identified in this report inherently serve a system-wide function.

Specialized assessments. If permit applicants are concerned they might be paying more than their fair share of future infrastructure purchases, the applicant can request an individualized assessment to ensure they will only be paying their proportional share. The applicant would be required to prepare and pay for all costs related to such an assessment.

Donations. If the City receives donations for capital improvements listed on the CIP, they must account for the donation in one of two ways. If the donation is for a non- or partially growth-related improvement, the donation can contribute to the City's General Fund participation along with more traditional forms, such as revenue transfers from the General Fund. If, however, the donation is for a growth-related project in the CIP, the donor's impact fees should be reduced dollar for dollar. This means that the City will either credit the donor or reimburse the donor for that portion of the impact fee.

Grants. If a grant is expected and regular, the growth-related portion of that grant amount should be reflected upfront in the fee calculations, meaning that the impact fees will be lower in anticipation of the contribution. If the grant is speculative or uncertain, this should not be reflected up-front in the fee calculations since the entity cannot count on those dollars as it undergoes capital planning.

The rational nexus is still maintained because the unexpected higher fund balance, due to the receipt of a grant, is deducted from the calculations as a "down payment on the CIP" when the fee study is updated.

Credit/reimbursement. If a developer constructs or contributes all or part of a growth-related project that would otherwise be financed with impact fees, that developer must receive a credit against the fees owed for this category or, at the developer's choice, be reimbursed from impact fees collected in the future.³⁷ This prevents "double dipping" by the City.

The presumption would be that builders/developers owe the entirety of the impact fee amount until they make the City aware of the construction or contribution. If credit or reimbursement is due, the governmental entity must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement.³⁸

Impact fee accounting. The City should maintain Impact Fee Funds separate and apart from the General Fund. All current and future impact fee revenue should be immediately deposited into this account and withdrawn only to pay for growth-related capital improvements of the same category. General Funds should be reserved solely for the receipt of tax revenues, grants, user fees and associated interest earnings, and ongoing operational expenses including the repair and replacement of existing capital improvements not related to growth.

Spending policy. The City should establish and adhere to a policy governing their expenditure of monies from the Impact Fee Fund. The Fund should be prohibited from paying for any operational expenses and the repair and replacement or upgrade of existing infrastructure not necessitated by growth. In cases when *growth-related capital improvements are constructed*, impact fees are an allowable revenue source as long as only new growth is served. In cases when new capital improvements are expected to *partially replace existing capacity and to partially serve new growth*, cost sharing between the General Fund or other sources of revenue listed in Idaho Code 67-8207(I)(iv), (2)(h) and Impact Fee Fund should be allowed on a pro rata basis.

Update procedures. The City is expected to grow rapidly over the 10-year span of the CIPs. Therefore, the fees calculated in this study should be updated annually as the City invests in additional infrastructure beyond what is listed in this report, and/or as the City's projected development changes significantly. Fees can be updated on an annual basis using an inflation

factor for building material from a reputable source such as McGraw Hill's Engineering News Record. As described in Idaho Code 67-8205(3)(c)(d)(e), the Advisory Committee will play an important role in these updates and reviews.

³⁷ See Section 67-8209(3), Idaho Code.

³⁸ See Section 67-8209(4), Idaho Code.

Attachment 2.

Resolution No. 2021-09



CITY OF SUN VALLEY RESOLUTION 2021-09

A RESOLUTION AMENDING THE CITY OF SUN VALLEY 2015 COMPREHENSIVE PLAN UPDATE ADOPTING THE CITY OF SUN VALLEY POLICE AND FIRE DEPARTMENTS' IMPACT FEE STUDIES AND CAPITAL IMPROVEMENT PLANS AS APPENDIX VII

WHEREAS the City of Sun Valley (“the City”) is empowered to conduct land use planning by Idaho State Statute Title 67, Chapter 65; and

WHEREAS, Idaho State Statute 67-6508 sets forth the duty of the Planning and Zoning Commission (“Commission”) to conduct a comprehensive planning process designed to prepare, implement, review, and update a Comprehensive Plan; and

WHEREAS, Idaho State Code 67-6509 sets out the manner in which the comprehensive plan may be amended and allows the Commission to recommend changes to the comprehensive plan whenever appropriate; and

WHEREAS, the Community Development Department has approved an unprecedented number of applications for new development from 2019 through the present date; and

WHEREAS, necessary Capital Improvements for the Fire and Police Departments have been identified in order to respond to both new growth and existing deficiencies; and

WHEREAS, the City hired Galena Consulting to calculate impact fees for the City’s Police and Fire Departments in a document that considered impact fees based on the City’s demographic data and infrastructure costs before credit adjustment; the City’s monetary participation; the likely cash flow produced by the recommended fee amount; specific fee implementation recommendations; and

WHEREAS, the Impact Fee Advisory Committee met and reviewed the City of Sun Valley, Idaho Impact Fee Study and Capital Improvement Plan on September 23rd, 2021, and recommended approval of the study and plan; and

WHEREAS, adopting the City of Sun Valley, Idaho Impact Fee Study and Capital Improvement Plan as Appendix VII to the 2015 Comprehensive Plan Update will allow the City to move forward in adopting an Impact Fee Ordinance; and

WHEREAS, the request to amend the 2015 Comprehensive Plan Update has been considered at a duly-noticed public hearing by the Commission on November 18th, 2021, and such amendment was recommended to the City Council by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Sun Valley, Idaho to amend the 2015 Comprehensive Plan Update as follows:

SECTION 1: The 2015 Comprehensive Plan Update is updated to include a new Appendix VII, the City of Sun Valley, Idaho Impact Fee Study and Capital Improvement Plan.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 6th DAY OF DECEMBER 2021.

Peter M. Hendricks, Mayor

Attest:

Nancy Flannigan, City Clerk

**STAFF REPORT
CITY OF SUN VALLEY CITY COUNCIL
COMPREHENSIVE PLAN AMENDMENT**

Project Name: Ordinance 564, an ordinance adopting Development Impact Fees

Applicant: City of Sun Valley

Location: city-wide

Zoning District: N/A

REQUEST: A city-initiated ordinance authorizing the assessment of Development Impact Fees on new development, in accordance with the City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans (Appendix VII to the Comprehensive Plan) and the Idaho State Code.

PUBLIC NOTICE: The City Council public hearing regarding the subject comprehensive plan amendment was duly noticed in accordance with Idaho State Statute § 67-6509(a) and with Sun Valley City Code Title 9, Chapter 5 by: 1) publishing in the Idaho Mountain Express November 19th, 2021; 2) mailing of notice to all political subdivisions [including the School District] providing services within the planning jurisdiction of the City of Sun Valley on November 19th, 2021; 3) posting of the notice in five prominent public locations in the City; 4) making available the notice other papers, radio and television stations serving the planning jurisdiction of the City of Sun Valley; 5) posting of the public hearing materials at City Hall and on the City website.

PUBLIC COMMENT: As of November 30th, 2021, no written public comment has been received.

SUMMARY: Adoption of Ordinance 564, the Development Impact Fees ordinance, implements the City of Sun Valley Police and Fire Departments’ Impact fee Studies and Capital Improvement Plans, which was recently adopted as Appendix VII to the Comprehensive Plan.

Idaho State Code states Impact Fees may begin to be collected more than 30 days after Council’s adoption of the ordinance. In other words, if Council adopts the ordinance as drafted on December 6th, 2021 (by waiving the 2nd and 3rd readings), the Impact Fees will be effective January 5th, 2022. As written in the ordinance, any new development that has been issued a building permit prior to the effective date will not be assessed Impact Fees.

Ordinance 564 is attached to this staff report. The body of the ordinance was drafted by the city’s Development Impact Fee consultant, Anne Wescott of Galena Consulting, and includes all of the necessary procedural and technical:

- Definitions
- Applicability and purpose section
- Impact Fee schedule
- Procedures for collecting and expending Impact Fees

- Details on the establishment of the Capital Projects Fund, which is the new, separate fund account where Impact Fees will be deposited into and expended from
- Exemptions from Impact Fees
 - For example, the ordinance clearly articulates that installation of temporary job site construction trailers, construction an addition that does not increase the number of “service units”, rebuilding a structure that was destroyed during a fire or other calamity (provided the square footage remains the same), and other circumstances are exempt.
- Procedures for individual assessments of impact fees for unique projects and procedures for considering “extraordinary impacts” for specific projects
- Procedures for crediting and reimbursing a developer’s impact fee obligations when alternative contributions (such as donation of land to the city for the purpose of construction Capital Improvements identified in the Capital Improvement Plans).
- Methodology utilized in the calculation of Impact Fees

ANALYSIS – EXCERPTS FROM FINAL REPORT:

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. The Idaho Code defines an impact fee as “... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development.” (Section 67-8203(9), Idaho Code)

Purpose of impact fees. The Impact Fee Act includes the legislative finding that “... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho.” (Section 67-8202, Idaho Code)” *(excerpt from page 2)*

“As noted in Section I, it is necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2021 through 2031 for the City. These projections were based on current growth estimates from the U.S. Census and the American Community Survey; the Sun Valley Comprehensive Plan; building permit history; conversations with the Sun Valley Resort; and recommendations from City Staff.

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee’s annual review is to account for these inconsistencies. As each CIP is tied to the City’s land use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The following Exhibit II-1 presents the current and future number of residential units and nonresidential square feet for the City.” *(excerpt from page 11)*

Exhibit II-1.**Current and Future Land Uses, Sun Valley, Idaho**

	2021	2031	Net Growth	Net Growth in Square Feet ⁽¹⁾	Percent of Total Growth in SF
Residential (in units)	2,657	2,957	300	672,120	77%
Nonresidential (in square feet)	727,126	927,126	200,000	200,000	23%
		Total Square Footage Growth =		872,120	100%

(excerpt from page 11)

Sun Valley Police Department Analysis

The following Exhibit III-2 displays the capital improvements needed to support growth by the Sun Valley Police Department over the next ten years.

Exhibit III-2.**Sun Valley Police Department CIP 2021-2030**

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	Amount to Include in Fees	Amount from Other Sources
Facilities					
Expansion of administrative space	200	\$ 100,000	75%	\$ 75,000	\$ 25,000
Vehicles					
Replace 8 patrol vehicles		\$ 504,000	0%	\$ -	\$ 504,000
Equipment					
New weaponry and radios for growth-related officers		\$ 14,766	100%	\$ 14,766	\$ -
Replace shotguns		\$ 2,696	0%	\$ -	\$ 2,696
Replace duty weapons		\$ 5,628	0%	\$ -	\$ 5,628
Replace rifles		\$ 4,928	0%	\$ -	\$ 4,928
Replace handheld radios		\$ 42,000	0%	\$ -	\$ 42,000
	SUBTOTAL	\$ 674,018		\$ 89,766	\$ 584,252
Plus Cost of Capital-Related Research					
Impact Fee Study		\$ 10,000	100%	\$ 10,000	\$ -
	TOTAL	\$ 684,018		\$ 99,766	\$ 584,252

If the Sun Valley Police Department were to continue the current level of service through 2031, an additional 3 officers would need to be hired. As shown above, the total cost of the Sun Valley Police Department’s Capital Improvement Plan from 2021-2030 is approximately \$684,018. 89,766 of this amount is directly related to supporting the 3 new officer positions and related support staff need to continue the

current level of service of 8 officers per 1,000 residents. This includes office space, patrol vehicles and ancillary equipment.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP, resulting in \$99,766 to be collected from impact fees over the next ten years. **(excerpt from page 13)**

Exhibit III-3.

Sun Valley Police Department Fee Calculation

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$ 99,766
Distribution of Future Land Use Growth	
Residential	90%
Nonresidential	10%
Future Assets by Land Use	
Residential	\$ 89,923
Nonresidential	\$ 9,843
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 300
Nonresidential	\$ 0.05

(excerpt from page 14)

Sun Valley Fire Department summary:

The following Exhibit IV-3 displays the capital improvements planned for purchase by the Sun Valley Fire Department over the next ten years.

Exhibit IV-3.

Sun Valley Fire Department CIP 2021-2030

Type of Capital Infrastructure	Square Feet	CIP Value	Growth Portion	10 Year Portion	Amount to Include in Fees	Amount from Other Sources
Facilities						
Relocate City Hall Station	5,097	\$ 6,778,167	0%		\$ -	\$ 6,778,167
Expand Station to Accommodate Current Growth	11,712	\$ 6,383,733	100%	50%	\$ 3,191,867	\$ 3,191,867
Apparatus/Vehicles						
Wildland Engine		\$ 450,000	100%	100%	\$ 450,000	\$ -
Replace 2 Engines		\$ 1,600,000	0%		\$ -	\$ 1,600,000
Replace Support Vehicles		\$ 52,000	0%		\$ -	\$ 52,000
Equipment						
Additional SCBAs for Growth		\$ 25,000	100%	100%	\$ 25,000	\$ -
		SUBTOTAL			\$ 3,666,867	\$ 11,622,033
Plus Cost of Capital-Related Research						
Impact Fee Study		\$ 10,000	100%		\$ 10,000	\$ -
		TOTAL			\$ 3,676,867	\$ 11,622,033

The Sun Valley Fire Department plans to purchase approximately \$15.3 million in stations, apparatus and equipment over the next ten years, \$3.7 million of which is impact fee eligible. This amount includes \$3.2 million, or 50% of the growth-related portion of the relocation/expansion of the current City Hall station. The remaining \$3.2 million, or 50% of the growth-related portion of the relocation/expansion of the current City Hall station, will be collected from growth in 2031-2040. The remaining \$475,000 is for a wildland engine and SCBAs needed for the additional firefighters that will be hired to address the demands of growth.

The cost of impact fee-related research is impact-fee eligible according to statute and is added to the total cost of the growth-related CIP. These new assets will allow the Sun Valley Fire Department sustain the current level of service in the future. The commencement and completion dates for the Fire Department’s growth-related capital infrastructure depend on the timing and pace of the projected growth.

The remaining \$11.6 million includes \$6.7 million for the non-growth portion of the City Hall Fire Station relocation, \$3.2 million that will need to be “fronted” by other city funding sources but repaid by impact fees collected in 2031-2040, and the cost to replace two existing engines and support vehicles. Replacement of existing capital is not eligible for inclusion in the impact fee calculations. The Department will therefore have to use other sources of revenue including all of those listed in Idaho Code 67- 8207(iv)(2)(h). (*excerpt from pages 16-17*)

The following Exhibit IV-4 takes the projected future growth from Exhibit II-1 and the growth- related CIP from Exhibit IV-3 to calculate impact fees for the Sun Valley Fire Department.

Exhibit IV-4. Sun Valley Fire Department Fee Calculation

Impact Fee Calculation	
Amount to Include in Fee Calculation	\$3,676,867
Distribution of Future Land Use Growth	
Residential	79%
Nonresidential	21%
Future Assets by Land Use	
Residential	\$ 2,902,789
Nonresidential	\$ 774,077
Future Land Use Growth	
Residential	300
Nonresidential	200,000
Impact Fee per Unit	
Residential	\$ 9,676
Nonresidential	\$ 3.87

As shown above, we have calculated impact fees for the Sun Valley Fire Department at \$9,676 per residential unit and \$3.87 per nonresidential square foot.

Impact Fees

The following Exhibit V-1 summarizes the calculated Impact Fees for the City of Sun Valley.

Exhibit V-1.

City of Sun Valley Impact Fee Summary

TOTAL IMPACT FEE	
Police Fees	
Residential	\$ 300
Nonresidential	\$ 0.05
Fire Fees	
Residential	\$ 9,676
Nonresidential	\$ 3.87
TOTAL IMPACT FEE	
Single-Family	\$ 9,976
Non-Residential	\$ 3.92

(excerpt from page 18)

RECOMMENDATION: Staff recommends approval of Resolution No. 2021-09.

RECOMMENDED MOTION: "I move to adopt Ordinance 564 by title only and to waive the 2nd and 3rd readings:

AN ORDINANCE AMENDING THE CITY OF SUN VALLEY CODE BY THE ADDITION OF TITLE 8, BUILDING REGULATIONS, CHAPTER 4, ENTITLED DEVELOPMENT IMPACT FEES; PROVIDING FOR: A SHORT TITLE, AUTHORITY, APPLICABILITY, AND PURPOSE; DEFINITIONS; THE ESTABLISHMENT OF SERVICE AREAS, THE IMPOSITION OF IMPACT FEES, AND EXEMPTIONS; THE METHOD OF THE COLLECTION OF IMPACT FEES AND ENFORCEMENT THEREOF; ESTABLISHING A PROCESS FOR IMPACT FEE CERTIFICATION; ESTABLISHING A PROCESS FOR INDIVIDUAL ASSESSMENT; DEVELOPER CREDITS AND REIMBURSEMENTS; THE METHODOLOGY FOR CALCULATION OF IMPACT FEES; THE ESTABLISHMENT OF A PROCESS FOR EXTRAORDINARY IMPACTS; THE ESTABLISHMENT OF A PROCESS FOR FEE PAYER REFUNDS; ESTABLISHMENT OF IMPACT FEE CAPITAL PROJECTS FUNDS AND FUND ACCOUNTS; THE USE AND EXPENDITURE OF IMPACT FEES; THE ESTABLISHMENT FOR APPEALS, PROTEST AND MEDIATION; THE PERIODIC REVIEWS OF THE CAPITAL IMPROVEMENTS PLANS; THE FILING OF AN ANNUAL REPORT; THE CREATION OF A DEVELOPMENT IMPACT FEE ADVISORY COMMITTEE; MISCELLANEOUS PROVISIONS; CONSTRUCTION OF ORDINANCE INTENT."

ATTACHMENTS:

1. Ordinance 564 – Development Impact Fees

ORDINANCE NO. 564

AN ORDINANCE AMENDING THE CITY OF SUN VALLEY CODE BY THE ADDITION OF TITLE 8, BUILDING REGULATIONS, CHAPTER 4, ENTITLED DEVELOPMENT IMPACT FEES; PROVIDING FOR: A SHORT TITLE, AUTHORITY, APPLICABILITY, AND PURPOSE; DEFINITIONS; THE ESTABLISHMENT OF SERVICE AREAS, THE IMPOSITION OF IMPACT FEES, AND EXEMPTIONS; THE METHOD OF THE COLLECTION OF IMPACT FEES AND ENFORCEMENT THEREOF; ESTABLISHING A PROCESS FOR IMPACT FEE CERTIFICATION; ESTABLISHING A PROCESS FOR INDIVIDUAL ASSESSMENT; DEVELOPER CREDITS AND REIMBURSEMENTS; THE METHODOLOGY FOR CALCULATION OF IMPACT FEES; THE ESTABLISHMENT OF A PROCESS FOR EXTRAORDINARY IMPACTS; THE ESTABLISHMENT OF A PROCESS FOR FEE PAYER REFUNDS; ESTABLISHMENT OF IMPACT FEE CAPITAL PROJECTS FUNDS AND FUND ACCOUNTS; THE USE AND EXPENDITURE OF IMPACT FEES; THE ESTABLISHMENT FOR APPEALS, PROTEST AND MEDIATION; THE PERIODIC REVIEWS OF THE CAPITAL IMPROVEMENTS PLANS; THE FILING OF AN ANNUAL REPORT; THE CREATION OF A DEVELOPMENT IMPACT FEE ADVISORY COMMITTEE; MISCELLANEOUS PROVISIONS; CONSTRUCTION OF ORDINANCE INTENT.

WHEREAS, the City of Sun Valley is experiencing considerable growth and development; and

WHEREAS, the new growth and development occurring within the City of Sun Valley will place ever-increasing demands on the City to provide, improve, and expand existing public facilities to serve that new growth and development and the tax revenues generated from that new growth and development often does not generate sufficient funds to provide the necessary improvements and expansion of the public facilities to protect the public health, safety and welfare; and

WHEREAS, those users that create the increased demand should bear their proportionate share of the cost of public facilities needed to serve the new growth and development; and

WHEREAS, the City of Sun Valley is authorized to implement development impact fees in order to assist with the provision of Capital Improvements necessitated by new growth and development, as enabled by the city's general police power granted to the city by Idaho Code title 67, Chapter 82, known as the Idaho Development Impact Fee Act (Impact Fee Act); and

WHEREAS, the City of Sun Valley Development Impact Fee Advisory Committee reviewed and recommended approval of the City of Sun Valley Police and Fire Departments' Impact Fee Studies and Capital Improvement Plans on September 23rd, 2021; and

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING
TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

WHEREAS, the City of Sun Valley City Council performed a cursory review of the City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans during a public meeting on October 7th, 2021; and

WHEREAS, the City of Sun Planning and Zoning Commission held a public hearing and reviewed and recommended approval of the City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans as an amendment to the 2015 Comprehensive Plan on November 18th, 2021; and

WHEREAS, the City of Sun Valley City Council held a public hearing for adoption of the City of Sun Valley Police and Fire Departments’ Impact Fee Studies and Capital Improvement Plans as an amendment to the 2015 Comprehensive Plan on December 6th, 2021, adopting the amendment via Resolution 2021-09; and

WHEREAS, the City of Sun Valley City Council held a public hearing for adoption of Ordinance 564 to implement Development Impact Fees on December 6th, 2021.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Sun Valley, Idaho, as follows:

SECTION 1: Title 8, Building Regulations, of the Municipal Code of the City of Sun Valley shall be amended as indicated in Exhibit A to adopt a new Chapter 4 entitled Development Impact Fees.

SECTION 2: REPEALER. All previous ordinances, resolutions, orders, or parts thereof, that are in in conflict are hereby repealed.

SECTION 3: SAVINGS AND SEVERABILITY. It is hereby declared to be the legislative intent that the provisions and parts of this ordinance shall be severable. If any paragraph, part, section, subsection, sentence, clause or phrase of this ordinance is held to be invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 4: EFFECTIVE DATE. This ordinance shall be in full force and effect after its passage, approval, and publication, according to law.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS _____ DAY OF _____, 2021.

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

APPROVED:

ATTEST:

Peter M. Hendricks, Mayor

Nancy Flannigan, City Clerk

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING
TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

EXHIBIT A

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING
TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

**TITLE 8, BUILDING REGULATIONS
CHAPTER 4, DEVELOPMENT
IMPACT FEES**

CHAPTER 4 –DEVELOPMENT IMPACT FEES

8-4-1: SHORT TITLE, APPLICABILITY, EXEMPTIONS, AND PURPOSE:

- A. Short title: This chapter shall be known and may be cited as the *City of Sun Valley Development Impact Fee Ordinance*.
- B. Findings: Sun Valley City Council finds that:
 - 1. The City of Sun Valley is experiencing considerable growth and development.
 - 2. The new growth and development occurring within the City of Sun Valley will place ever-increasing demands on the City to provide, improve, and expand existing public facilities to serve that new growth and development and the tax revenues generated from that new growth and development often does not generate sufficient funds to provide the necessary improvements and expansion of the public facilities to protect the public health, safety and welfare. Those users that create the increased demand should bear their proportionate share of the cost of public facilities needed to serve the new growth and development.
- C. Authority: This chapter is enacted pursuant to the city's general police power granted to the city by Idaho Code title 67, chapter 82, and other applicable laws of the state of Idaho.
- D. Applicability: Except as otherwise exempted, the provisions of this chapter shall apply to any development within all areas of the city.
- E. Purpose: The intent of this chapter is to ensure that new residential and non-residential development bears a proportionate share of the cost of System Improvements; to ensure that such proportionate share does not exceed the cost of such System Improvements required to accommodate new Development; and to ensure that funds collected from new Development are actually used for System Improvements in accordance with the Act.

8-4-2: DEFINITIONS:

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

As used in this chapter, the following words and terms shall have the following meanings, unless another meaning is plainly intended and words and terms appearing in the singular number includes the plural and the plural the singular:

ACCOUNT shall mean the interest-bearing account within the Impact Fee Capital Projects Fund as established in this chapter.

ADVISORY COMMITTEE shall mean the City's Development Impact Fee Advisory Committee ("Advisory Committee") formed and staffed by the City pursuant to Idaho Code § 67-8205 to prepare and recommend the Capital Improvements Plan and any amendments, revisions or updates of the same.

APPROPRIATE shall mean to legally obligate by contract or otherwise commit to the expenditure of funds by appropriation or other official act of the Board of Commissioners.

BUILDING PERMIT shall mean the permit required for foundations, new construction and additions pursuant to Chapter 1, Title 8, City of Sun Valley Code.

CAPITAL FACILITIES shall mean land, buildings, apparatus, vehicles and equipment as identified in Exhibits III-2 and IV-3 of the City's Capital Improvements Plan as adopted by the City, and specifically including those related costs including System Improvement Costs, but not including maintenance, operations, or improvements that do not expand their capacity.

CAPITAL IMPROVEMENTS shall mean improvements with a useful life of ten (10) years or more, by new construction or other action, which increases the service capacity of the City's public facilities

CAPITAL IMPROVEMENTS ELEMENT shall mean a component of the Capital Improvements Plan adopted by the City pursuant to Chapters 65 and 82 of Title 67, Idaho Code, as they may be amended, which component meets the requirements of the capital improvements plan required by the Act.

CAPITAL IMPROVEMENTS PLAN shall mean the Impact Fee Study and Capital Improvements Plan recommended by the Development Impact Fee Advisory Committee and adopted by the City that identifies the Capital Facilities for which the City's Impact Fees may be used as a funding source.

CAPITAL PROJECTS FUND (the "Capital Projects Fund") shall mean and refer to the City's Development Impact Fee Capital Projects Fund established by action of the City Council pursuant to § 8-4-11 of this chapter and Idaho Code § 67-8210(1).

CITY shall mean City of Sun Valley, Idaho.

ORDINANCE NO. 564 - AN ORDINANCE OF THE CITY OF SUN VALLEY, IDAHO, AMENDING TITLE 8, CHAPTER 4, DEVELOPMENT IMPACT FEES, OF THE SUN VALLEY MUNICIPAL CODE

CITY COUNCIL shall mean the Sun Valley City Council.

DEVELOPER shall mean any person or legal entity undertaking Development and/or the subdivision of property pursuant to Idaho Code §§ 50-1301 through 50-1334, as may be amended.

DEVELOPMENT shall mean any construction or installation of a building or structure, or any change in use of a building or structure, or any change in the use, character or appearance of land, which creates additional demand and need for public facilities and/or subdivision of property that would permit any change in the use, character or appearance of land.

DEVELOPMENT APPROVAL shall mean any written duly authorized document from the City which authorizes the commencement of a Development.

DEVELOPMENT REQUIREMENT shall mean a requirement attached to a Developmental approval or other City governmental action approving or authorizing a particular Development project including, but not limited to, a rezoning, which requirement compels the payment, dedication or contribution of goods, services, land or money as condition of approval.

DWELLING UNIT shall mean any structure, or portion thereof, providing living facilities for one family as herein defined, including provisions for living, sleeping, eating, cooking and sanitation.

EXTRAORDINARY COSTS shall mean those costs incurred as result of an extraordinary impact.

EXTRAORDINARY IMPACT shall mean an impact which is reasonably determined by the City to: (i) result in the need for system improvements, the cost of which will significantly exceed the sum of the development impact fees to be generated from the project or the sum agreed to be paid pursuant to a development agreement as allowed by Idaho Code § 67-8214(2), as it may be amended; or (ii) result in the need for system improvements which are not identified in the Capital Improvements Plan.

FEE PAYER shall mean the person who pays or is required to pay the City's Impact Fee. A fee payer may include a Developer.

IMPACT FEE shall mean a payment of money imposed as condition of Development Approval to pay for a proportionate share of the costs of System Improvements needed to serve the Development. The term does not include the following:

1. A charge or fee to pay the administrative plan review, or inspection cost associated with permits required for Development;

2. Connection or hookup charges;
3. Availability charges for drainage, sewer, water or transportation charges for services provided directly to the development; or
4. Amounts collected from a Developer in a transaction in which the City has incurred expenses in constructing Capital Improvements for the Development if the owner or developer has agreed to be financially responsible for the construction or installation of those Capital Improvements, unless a written agreement is made, pursuant to Idaho Code § 67-8209(3) as it may be amended, for credit or reimbursement.

LAND USE ASSUMPTIONS shall mean a description of the service area and projections of land uses, densities, intensities and population in the service area over at least a ten (10) year period.

LEVEL OF SERVICE shall mean a measure of the relationship between service capacity and service demand for Public Facilities.

MANUFACTURED/MOBILE HOME shall mean a structure, constructed according to HUD/FHA mobile home construction and safety standards, transportable in one (1) or more sections, which, in the traveling mode, is eight (8) feet or more in width or is forty (40) body feet or more in length, or when erected on site, is three hundred twenty (320) or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to required utilities, and includes the plumbing, heating, air conditioning and electrical systems contained in such structure, except that such term shall include any structure which meets all the requirements of this subsection except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the secretary of housing and urban development and complies with the standards established under 42 U.S.C. §§ 5401 et seq.

MODULAR BUILDING shall mean any building or building component other than a manufactured/mobile home, which is constructed according to the International Building Code, as adopted or any amendments thereto, which is of closed construction and is either entirely or substantially prefabricated or assembled at a place other than the building site.

PRESENT VALUE shall mean the total current monetary value of past, present or future payments, contributions or dedications of goods, services, materials, construction or money.

PROJECT shall mean a particular Development on an identified parcel of land.

PROJECT IMPROVEMENTS, in contrast to System Improvements, shall mean site improvements and facilities that are planned and designed to provide service for a particular

Development Project and that are necessary for the use and convenience of the occupants or users of the Project.

PROPORTIONATE SHARE shall mean that portion of System Improvement Costs determined pursuant to Idaho Code § 67-8207 which reasonably relates to the service demands and needs of the Project.

PUBLIC FACILITIES shall mean land, public safety facilities, including fire and law enforcement, apparatus, vehicles and equipment which have a useful life of ten (10) years or more.

RECREATIONAL VEHICLE shall mean a vehicular type unit primarily designed as temporary quarters for recreational, camping, or travel use, which either has its own motive power or is mounted on or drawn by another vehicle.

SERVICE AREA shall mean land within the boundaries of the City as established pursuant Chapter _____, Title _____, Idaho Code, in which specific Public Facilities provide service to Development on the basis of sound planning or engineering principles or both as identified in the City's Capital Improvements Plan.

SERVICE UNIT shall mean a standardized measure of consumption, use, generation or discharge attributable to an individual unit of Development calculated in accordance with generally accepted engineering or planning standards for a particular category of Capital Improvements. As specifically used in this Ordinance, service units include all dwelling units as defined herein and includes, on the square foot basis, nonresidential Development.

SYSTEM IMPROVEMENTS, in contrast to Project Improvements, shall mean Capital Improvements to Public Facilities which are designed to provide service to a Service Area.

SYSTEM IMPROVEMENT COSTS shall mean costs incurred for construction or reconstruction of System Improvements, including design, acquisition, engineering and other costs, and also including, without limitation, the type of costs described in Idaho Code § 50-1702(h), as it may be amended, to provide additional Public Facilities needed to service new growth and Development. For clarification, System Improvement Costs do not include:

1. Construction, acquisition or expansion of Public Facilities other than Capital Improvements identified in the Capital Improvements Plan;
2. Improvements, repair, operation or maintenance of existing or new capital;
3. Upgrading, updating, expanding or replacing existing Capital Improvements to serve existing Development in order to meet stricter safety, efficiency, environmental or regulatory standards;

4. Upgrading, updating, expanding or replacing existing Capital Improvements to provide better service to existing Development;
5. Administrative and operating costs of the City unless such costs are attributable to Development of the Capital Improvements Plan, as provided in Idaho Code § 67-8208, as it may be amended; and
6. Principal payments and interest or other finance charges on bonds or other indebtedness except financial obligations issued by or on behalf of the City to finance Capital Improvements identified in the Capital Improvements Plan.

8-4-3: ESTABLISHMENT OF SERVICE AREAS; IMPOSITION OF IMPACT FEE; FEE SCHEDULE; EXEMPTIONS:

- A. Establishment of Service Areas. There is hereby established a Service Area which Service Area includes all land in the City of Sun Valley.
- B. Imposition of Impact Fees. Impact Fees for the City are hereby imposed on all new Development located within the City of Sun Valley.
- C. Fee Schedule. Impact Fees shall be calculated in accordance with the fee schedule set forth below providing for standard fees based on the total number of Dwelling Units or square feet of nonresidential space in the Development, unless (a) the Fee Payer requests an individual assessment pursuant to section 8-4-6 of this chapter; or (b) the City finds the Development will have an Extraordinary Impact pursuant to section 8-4-9 of this chapter. The methodology for determining the costs per service unit provided for in the fee schedule is set forth in the City’s Capital Improvements Plan as adopted by the City pursuant to Idaho Code§ 67-8208, as it may be amended.

Impact Fee Schedule:

Police

Residential (per Dwelling Unit)	\$ 300.00
Non-Residential (per square foot)	\$ 0.05

Fire

Residential (per Dwelling Unit)	\$9,676.00
Non-Residential (per square foot)	\$ 3.87

D. Procedures:

1. **BUILDING PERMIT.** Upon submittal of complete building permit plans or manufactured home installation permit for the Development to the City, the City

shall calculate the Impact Fee for the Development within thirty (30) days of submittal unless:

- a. The Fee Payer had previously requested and been granted an individual assessment pursuant to this chapter; or
- b. The City has previously determined the Development may have an Extraordinary Impact pursuant to this chapter.

E. Exemptions. The provisions of this chapter shall not apply to the following:

1. New development, subject to a building permit, for which a building permit was issued within 30 days of City Council's adoption of Ordinance 564, the Development Impact Fee ordinance, which occurred December 6th, 2021.
2. Rebuilding the same amount of floor space of a structure which is destroyed by fire or other catastrophe, provided the structure is rebuilt and ready for occupancy within two (2) years of its destruction;
3. Remodeling or repairing a structure which does not increase the number of Service Units;
4. Replacing a residential unit, including a manufactured/mobile home, with another residential unit on the same lot; provided that, the number of Service Units does not increase;
5. Placing a temporary construction trailer or office on a lot;
6. Constructing an addition on a residential structure which does not increase the number of Service Units;
7. Adding uses that are typically accessory to residential uses, such as tennis court or a clubhouse, unless it can be clearly demonstrated that the use creates a significant impact on the capacity of System Improvements; or
8. The installation of a modular building, manufactured/mobile home or recreational vehicle if the Fee Payer can demonstrate by documentation such as utility bills and tax records that either: (a) a modular building, manufactured/mobile home or recreational vehicle was legally in place on the lot or space prior to the effective date of this chapter; or (b) an Impact Fee has been paid previously for the modular building, manufactured/mobile home or recreational vehicle on that same lot or space.

- F. Exemption Claim Process. A Fee Payer shall claim an exempt development activity upon application of a building permit or manufactured/mobile home installation permit, or if no building permit or manufactured/mobile home installation permit required, prior to the time construction commences. Any exemption not so claimed shall be deemed waived by the Fee Payer. Claims for exemption shall be determined by the City within fifteen (15) days of receipt of the claim for exemption.

8-4-4: COLLECTION OF IMPACT FEES; ENFORCEMENT:

- A. Payment of Fees. The Impact Fee shall be paid to the City at the following times:
1. If a Building Permit or manufactured/mobile home installation permit is required, then before or at the time the permit is issued;
 2. If no Building Permit or manufactured/mobile home installation permit is required, then at the time that construction commences; or
 3. At such other time as the Fee Payer or Developer and the City have agreed upon in writing.
- B. Enforcement. When any Impact Fee is due pursuant to this chapter, or pursuant to the terms of any written agreement between a Fee Payer and the City, and such Impact Fee has not been paid in a timely manner, the City may exercise any or all of the following powers as applicable to its authority, in any combination, to enforce the collection of the Impact Fee:
1. Withhold Building Permits, manufactured home installation permits, or other City Development Approval related to the Development for which the Impact Fee is due until all Impact Fees due have been paid, and issue stop work orders, and revoke or suspend a Building Permit;
 2. Withhold utility services from the Development for which the Impact Fee is due until all Impact Fees due have been paid;
 3. Add interest to the Impact Fee not paid in full at the legal rate provided for in Idaho Code § 28-22-104, as it may be amended, plus five percent (5%) beginning on the date at which the payment of the Impact Fee was due until paid in full;
 4. Impose a penalty of five percent (5%) of the total Impact Fee (not merely the portion dishonored, late or not paid in full) per month beginning on the date at which the payment of the Impact Fee was due until paid in full; and
 5. Impose a lien pursuant to the authority of Idaho Code § 67-8213(4) for failure

to timely pay an Impact Fee following the procedures contained in Idaho Code Title 45, Chapter 5.

8-4-5: CERTIFICATION:

- A. A Fee Payer may request a written certification of the impact fee schedule or individual assessment which shall establish the impact fee for that Development. Such certification shall establish the Impact Fee so long as there is no material change to the particular Development as identified in the individual assessment application, or the impact fee schedule. A certification may be applied for in the following manner:
 - 1. Requests for certification shall be in writing and made to the City. Within thirty (30) days after receiving such request, the City shall issue a written certification of the amount of the Impact Fee due for the proposed Development. The certification shall include an explanation of the calculation of the Impact Fee including an explanation of factors considered under Idaho Code § 67-8207 and shall also specify the System Improvement(s) for which the Impact Fee is intended to be used. The City shall provide the certification to the Fee Payer.

8-4-6: INDIVIDUAL ASSESSMENT:

- A. In lieu of calculating the amount of the Impact Fee using the impact fee schedules in section 8-4-3 of this chapter, an individual assessment of Impact Fees is permitted when the Fee Payer demonstrates by clear and convincing evidence that the established Impact Fee is inappropriate.
 - 1. **INDIVIDUAL ASSESSMENT PROCESS.** A Fee Payer may file a written request for an individual assessment of the Development by the City with the City prior to the receipt of a building permit or other necessary approvals or entitlements from the City. A request for an individual assessment process shall involve consideration of studies, data, and any other relevant information submitted by the Fee Payer to adjust the amount of the Impact Fee. If a Fee Payer files a request for the use of an individual assessment, the Fee Payer shall be responsible for retaining a qualified professional to prepare the individual assessment that complies with the requirements of this chapter, at the Fee Payer's expense. The Fee Payer shall bear the burden of proving by clear and convincing evidence that the resulting individual assessment is a more accurate measure of its proportionate share of the cost of System Improvements, based on the City's adopted Level of Service, than the development impact fees that would otherwise be due pursuant to the fee schedule.
 - i. Each individual assessment request and supporting documentation

submitted by the Fee Payer shall be based on the same level of service standards and unit costs for System Improvements used in the City's Capital Improvements Plan, shall use an average cost (not a marginal cost) methodology, and shall document the relevant methodologies and assumptions used.

- ii. Each individual assessment request delivered to the City may then be accepted, rejected, or accepted with modifications by the City as the basis for calculating the Impact Fee. The criteria for acceptance, rejection or acceptance with modifications shall be whether the individual assessment is a more accurate measure of demand for System Improvements element(s) created by the proposed Development, or the costs of those facilities, than the applicable fee shown in the fee schedule.
- iii. The City shall issue a written decision within thirty (30) days following receipt of a completed request for individual assessment together with all supporting information from the Fee Payer, so as not to unreasonably delay the Developer's (Fee Payer's) subsequent applications to the City for Building Permits.
- iv. The decision by the City on an application for an individual assessment shall include an explanation of the calculation of the Impact Fee, shall specify the System Improvement(s) for which the Impact Fee is intended to be used, and shall include an explanation of those factors identified in Idaho Code § 67-8207.
- v. If an individual assessment is accepted or accepted with modifications by the City then the Impact Fee due under this chapter for such Development shall be calculated according to such individual assessment.

8-4-7: DEVELOPER CREDITS AND REIMBURSEMENT:

- A. When a Developer or their predecessor in title or interest has constructed System Improvements of the same category as a Capital Improvements Element, or contributed or dedicated land or money towards the completion of System Improvements of the same category as the Capital Improvements Element, and the City has accepted such construction, contribution or dedication, the City shall issue a credit against the Impact Fees otherwise due for the same Capital Improvements Element in connection with the proposed Development, as set forth in this section, credit shall be issued regardless of whether the contribution or dedication to System Improvements was required by the

City as a condition of Development Approval or was offered by the Developer and accepted by the City in writing, and regardless of whether the contribution or dedication was contributed by the Developer or by a local improvement District controlled by the Developer.

- B. Credits against an Impact Fee shall not be given for: (a) Project Improvements; or (b) any construction, contribution or dedication not agreed to in writing by the City prior to commencement of the construction, contribution, or dedication. Credits issued for one Capital Improvements Element may not be used to reduce Impact Fees due for a different capital improvement. No credits shall be issued for System Improvements contributed or dedicated prior to the effective date of this chapter.

- C. Valuation of Credit at Present Value:
 - 1. LAND. Credit for qualifying land dedications shall, at the Fee Payer's option, be valued at the present value of: (a) one hundred percent (100%) of the most recent assessed value for such land as shown in the records of the City assessor; or (b) that fair market value established by a private appraiser acceptable to the City in an appraisal paid for by the Fee Payer.

 - 2. IMPROVEMENTS. Credit for qualifying acquisition or construction of System Improvements shall be valued by the City at the present value of such improvements based on complete engineering drawings, specifications, and construction cost estimates submitted by the Fee Payer to the City. The City shall determine the amount of credit due based on the information submitted, or, if it determines that such information is inaccurate or unreliable, then on alternative engineering or construction costs acceptable to the City as a more accurate measure of the value of the offered System Improvements to the City

- D. When Credits Become Effective:
 - 1. LAND. Approved credits for land dedications shall become effective when the land has been conveyed to the City in a form acceptable to the City, at no cost to the City, and has been accepted by the City. Upon request of the Fee Payer, the City shall issue a letter stating the amount of credit available.

 - 2. IMPROVEMENTS. Approved credits for acquisition or construction of System Improvements shall generally become effective when (a) all required construction has been completed and has been accepted by the City, (b) a suitable maintenance and warranty bond has been received and approved by the City, and (c) all design, construction, inspection, testing, bonding, and acceptance procedures have been completed in compliance with all applicable requirements of the City and the state of Idaho. Upon request of the Fee Payer,

the City shall issue a letter stating the amount of credit available.

E Credit Request Process:

1. REQUEST. In order to obtain a credit against an Impact Fee otherwise due, a Fee Payer shall submit to the City a written offer of request to dedicate to the City specific parcels of qualifying land or a written offer to contribute or construct specific System Improvements to the Capital Facilities in accordance with all applicable State or City design and construction standards, and shall specifically request a credit against the type of Impact Fee for which the land dedication or System Improvements is offered.
2. REVIEW. After receipt of the written offer of request for credit, the City shall review the request and determine whether the land or System Improvements offered for credit will reduce the costs of providing Capital Facilities by an amount at least equal to the value of the credit. If the City determines that the offered credit satisfies that criteria and will be acceptable to the City Board of Commissioners, then the credit shall be issued. The City shall complete its review and determination of an application within thirty (30) days after receipt of an application for credit.
3. CREDITS EXCEEDING FEE AMOUNTS DUE. If the credit due to a Fee Payer pursuant to subsection 8-4-7 exceeds the Impact Fee that would otherwise be due from the Fee Payer pursuant to the chapter (whether calculated through the Impact Fee schedule in section 8-4-3 of this chapter or through an individual assessment), the Fee Payer may choose to receive such credit in the form of either: (a) a credit against future Impact Fee due for the same System Improvements; or (b) a reimbursement from Impact Fees paid by future Development that impacts the System Improvements contributed or dedicated by the Fee Payer. Unless otherwise stated in an agreement with the Fee Payer, the City shall be under no obligation to use any of the City funds – other than Impact Fees paid by other Development for the same System Improvements – to reimburse the Fee Payer for any credit in excess Impact Fees that are due.
4. WRITTEN AGREEMENT REQUIRED. If credit or reimbursement is due to the Fee Payer pursuant to this section, the City shall enter into a written agreement with the Fee Payer, negotiated in good faith, prior to the contribution, dedication, or funding of the System Improvements giving rise to the credit. The agreement shall provide for the amount of credit or the amount, time and form of reimbursement, and shall have a term not exceeding ten (10) years.
5. The City's determination on the written offer of request for credit shall be provided to the Fee Payer.

8-4-8: METHODOLOGY FOR THE CALCULATION OF IMPACT FEES:

A. General Provisions.

1. **ACCOUNTING PRINCIPLES.** The calculation of the Impact Fee shall be in accordance with generally accepted accounting principles. A development impact fee shall not be deemed invalid because payment of the fee may result in an incidental benefit to owners or Developers within the service area other than the Fee Payer.
2. **LEVELS OF SERVICE.** The Impact Fee shall be calculated on the basis of levels of service for Public Facilities in the adopted Capital Improvement Plan that are applicable to existing Development as well as new growth and Development. The construction, improvement, expansion or enlargement of new or existing Public Facilities for which the Impact Fee is imposed must be attributable to the capacity demands generated by the new Development.

B. Methodology; Proportionate Methodology. The Impact Fee shall not exceed a proportionate share of the cost of the System Improvements determined in accordance with Idaho Code § 67-8207, as it may be amended. Impact Fees shall be based on actual System Improvements Costs or reasonable estimates of such costs. The amount of the Impact Fee shall be calculated using the methodology contained in the adopted Capital Improvements Plan.

C. Proportionate Share Determination.

1. The Impact Fee shall be based on a reasonable and fair formula or method under which the Impact Fee imposed does not exceed a proportionate share of the costs incurred or to be incurred by the City in the provision of System Improvements to serve the new Development. The proportionate share is the costs attributable to the new Development after the City considers the following:
 - i. Any appropriate credit, offset or contribution of money, dedication of land or construction of System Improvements;
 - ii. Payments reasonably anticipated to be made by or as a result of a new Development in the form of user fees and debt service payments;
 - iii. That portion of general tax or other revenues allocated by the City to System Improvements; and
 - iv. All other available sources of funding such System Improvements.

2. In determining the proportionate share of the cost of System Improvements to be paid by the Developer, the following factors shall be considered by the City and accounted for in the calculation of the Impact Fee:
 - i. The costs of existing System Improvements within the Service area;
 - ii. The means by which existing System Improvements have been financed;
 - iii. The extent to which the new Development will contribute to System Improvements Costs through taxation, assessments, or developer or landowner contributions, or has previously contributed to System Improvements Costs through Developer or landowner contributions;
 - iv. The extent to which the new development is required to contribute to the cost of existing System Improvements in the future;
 - v. The extent to which the new Development should be credited for providing System Improvements, without charge to other properties within the Service Area;
 - vi. Extraordinary costs, if any, incurred in serving the new Development;
 - vii. The time and price differential inherent in a fair comparison of fees paid at different times; and
 - viii. The availability of other sources of funding System Improvements including, but not limited to, user charges, general tax levies, intergovernmental transfers and special taxation.

8-4-9: EXTRAORDINARY IMPACT:

- A. The City may make an initial determination that Development may impose an Extraordinary Impact due to a review of a development application transmitted to the City pursuant to the City's zoning authority under the Local Land Use Planning Act, chapter 65, title 67, Idaho Code.
- B. Process:
 1. Within thirty (30) days after City's receipt of the development application, the City will notify the Fee Payer of the City's initial determination that the Development may impose an Extraordinary Impact. Such notice shall include that a supplemental study, at the Fee Payer's expense will be required.

2. Within thirty (30) days following the designation of a Development with Extraordinary Impact, the City shall meet with the Fee Payer to discuss whether the Fee Payer wants to: (a) pay for the supplemental study necessary to determine the System Improvements Costs related to the proposed Development; (b) modify the proposal to avoid generating Extraordinary Impact; or (c) withdraw the application for certification, or Development approval.
3. If the Fee Payer agrees to pay for the supplemental study required to document the proposed Development's proportionate share of System Improvements Costs, then the City and the Fee Payer shall jointly select an individual or organization acceptable to both to perform such study. The Fee Payer shall enter into a written agreement with such individual or organization to pay the costs of such study. Such agreement shall require the supplemental study to be completed within thirty (30) days of such written agreement, unless the Fee Payer agrees to a longer time.
4. Once the study has been completed, the Fee Payer may choose to: (a) pay the proportionate share of System Improvements Costs documented by the supplemental study; or (b) modify the proposed Development to reduce such costs; or (c) withdraw the application.
5. If the Fee Payer agrees to pay the System Improvements Costs documented in the supplemental study, that agreement shall be reduced to writing between the City and the Fee Payer prior to review and consideration of any application for any Development approval or Building Permit related to the proposed Development.
6. Notwithstanding any agreement by the Fee Payer to pay the proportionate share of System Improvements Costs documented by the supplemental study, nothing in this ordinance shall obligate the City to approve Development that results in an Extraordinary Impact to the City.

8-4-10: FEE PAYER REFUNDS:

A. Duty to Refund:

1. An Impact Fee shall be refunded to a Fee Payer, or successor in interest, or a property owner in the following circumstances:
 - i. Service is available but never provided;
 - ii. A Building Permit, or permit for installation of a manufactured home, is

- denied or abandoned;
 - iii. The Fee Payer pays an Impact Fee under protest and a subsequent review of the fee paid or the completion of an individual assessment determines that the fee paid exceeded the proportionate share to which the City was entitled to receive;
 - iv. The City has collected an Impact Fee and the City has failed to Appropriate or expend the collected fees pursuant to section 8-4-12 below; or
 - v. Failure of the City to commence construction or encumber the funds in the Capital Projects Fund.
2. Any Impact Fee paid shall be refunded if the City has failed to commence construction of System Improvements in accordance with this chapter, or to appropriate funds for such construction, within eight (8) years after the date on which such fee was collected by the City. Any refund due shall be paid to the owner of record of the parcel for which the City's Impact Fee was paid. The City may hold Impact Fees for longer than eight (8) years but in no event longer than eleven (11) years from the date collected if the City identifies in writing: (a) a reasonable cause why the fees should be held longer than eight (8) years; and (b) an anticipated date by which the fees will be expended. If the City complies with the previous sentence, then any Impact Fees so identified shall be refunded to the Fee Payer if the City has failed to commence construction of System Improvements in accordance with the written notice, or to Appropriate Funds for such construction on or before the date identified in such writing.
 3. After an Impact Fee has been paid pursuant to this chapter and after a certificate of occupancy has been issued by the City, no refund of any part of such fee shall be made if the project for which the fee was paid is later demolished, destroyed, or is altered, reconstructed, or reconfigured so as to reduce the size of the project or the number of units in the project.
 4. Each refund shall include a refund of interest at one-half the legal rate provided for in Idaho Code § 28-22-104 from the date on which the fee was originally paid.
- B. Process: The City shall make a determination of whether a refund is due within thirty (30) days after receipt of a written request for a refund from the Fee Payer, successor in interest, or an owner of record of the property for which the fee was paid. When the right to a refund exists, the City shall send the refund within ninety (90) days after the City determines that a refund is due.

8-4-11: ESTABLISHMENT OF CAPITAL PROJECTS FUND; FUND ACCOUNTS:

- A. Capital Projects Funds Established. The Capital Projects Fund will be maintained by the City for the purpose of ensuring that all Impact Fees collected, pursuant to this chapter, are used to address impacts reasonably attributable to new Development for which the Impact Fees are paid. The Capital Projects Fund shall have its own interest-bearing Account. The interest earned on the account pursuant to Idaho Code § 67-8210(1) shall not be governed by Idaho Code § 57-127, as it may be amended, but shall be considered funds of the Capital Projects Fund and shall be subject to the same restrictions on uses of funds as the Impact Fees on which the interest is generated.
- B. Deposit of Impact Fees. All monies paid by a Fee Payer, pursuant to this chapter, shall be identified as Impact Fees and upon receipt by the City shall be promptly deposited in the Capital Projects Fund Account.
 - 1. Monies in the Capital Projects Fund Account shall be spent in the order collected, on a first- in/first-out basis.
 - 2. The City shall maintain and keep accurate financial records for the Account which records shall:
 - i. Show the source and disbursement of all revenues;
 - ii. Account for all monies received;
 - iii. Ensure that the disbursement of funds from the Account shall be used solely and exclusively for the provisions of projects specified in the Capital Improvements Plan; and
 - iv. Provide an annual accounting for the Impact Fee Capital Projects Fund Account showing the source and amount of all funds collected and the projects that were funded, which annual accounting shall be provided to the City as part of the annual audit process of this chapter.

8-4-12: EXPENDITURE OF IMPACT FEES:

- A. Expenditures. Expenditures of Impact Fees collected and deposited in the Capital Projects Fund shall be made only for System Improvements within the Service Area for which the Impact Fee was collected in accordance with the Capital Improvements Plan.
- B. Capital Improvements Plan Reimbursement; Surcharge. A portion of each Impact Fee collected may be designated as a surcharge for reimbursement for the cost of preparing the Capital Improvements Plan in accordance with Idaho Code § 67-8208. The

surcharge shall not exceed the Development's proportionate share of the cost of preparing the Capital Improvements Plan.

8-4-12: APPEALS, PROTEST AND MEDIATION:

- A. Appeals. Any Fee Payer that is or may be obligated to pay an Impact Fee, individual assessment or an Extraordinary Impact, or that claims a right to receive a refund, reimbursement, exemption or credit under this chapter, and who is dissatisfied with a decision made either by the City in applying this chapter, may appeal such decision. The Fee Payer shall have the burden on appeal of proving by clear and convincing evidence that the decision was in error.
- B. Appeal Process.
1. Appeals of denials of an exemption from Impact Fees under section 8-4-3-E of this chapter.
 - i. A Fee Payer shall file a written notice of the appeal with the City of Sun Valley Community Development Department within thirty (30) days after the date of a denial of an exemption. Such notice of appeal shall include a statement describing why the Fee Payer believes that the appealed decision was in error, together with copies of any documents that the Fee Payer believes support the claim.
 - ii. The City Community Development Department shall schedule a hearing in front of the City Council within thirty (30) days of receiving the appeal. The Fee Payer or its representative shall have a right to be present and to present evidence in support of the appeal. The City personnel who made the decision under appeal or their representatives shall likewise have the right to be present and to present evidence in support of the decision.
 - iii. The City Council shall consider the decision denying the exemption and also consider any additional evidence that may be offered by the Fee Payer and City staff. The City Council may affirm, reverse, or modify in whole or in part the decision appealed from and issue a written decision within thirty (30) days.
 - iv. A final decision of the City Council may be judicially reviewed pursuant to Idaho Code § 31-1506.
 2. Appeals of impact fee schedule assessments, refunds, reimbursements, credits, individual assessments, or extraordinary impacts under this chapter.

3. Participation in mediation does not preclude the Fee Payer from pursuing other remedies provided for in this section.
4. If mediation is requested, any related mediation costs shall be shared equally by the parties to the mediation, and a written agreement regarding the payment of such costs shall be executed prior to the commencement of mediation.
5. In the event that mediation does not resolve the issues, the Fee Payer retains all rights of appeal as set forth in this section.

8-4-13: PERIODIC REVIEWS; ANNUAL BUDGET:

- A. Review and Modification of Capital Improvements Plan. Unless the City Council deems some other period is appropriate, the City shall, at least once every five (5) years, commencing from the date of the original adoption of the Capital Improvements Plan, review the Development potential and update the Capital Improvements Plan in accordance with the procedures set forth in Idaho Code § 67-8206, as it may be amended. Each update shall be prepared by the City in consultation with the Advisory Committee.
- B. Annual budget. The City shall annually adopt a capital budget.

8-4-14: AUDIT: As part of its annual audit process, the City shall prepare an annual report: (a) describing the amount of all Impact Fees collected, appropriated or spent during the preceding year; and (b) describing the percentage of taxes and revenues from sources other than the Impact Fees collected, appropriated or spent for System Improvements during the preceding year.

8-4-15: ADVISORY COMMITTEE:

- A. Establishment and Purpose. Pursuant to Idaho Code § 67-8205, there is hereby established Development Impact Fee Advisory Committee (Advisory Committee), whose purpose is to carry out the duties as set forth in Idaho Code § 67-8205(3), as it may be amended.
- B. Membership. The Advisory Committee shall be composed of the members of the City's Planning & Zoning Commission, provided that there are not fewer than five (5) members, all of whom must reside within the City. Two (2) or more members shall be active in the business of development, building or real estate. Two (2) or more members shall not be in the business of development, building or real estate. Employees may not be appointed as members of the committee.

- C. Meetings. Meetings may be called by the Advisory Committee by giving reasonable notice of the time and place of the meeting in accordance with the Open Meetings Law, Idaho Code §§ 74-201 *et seq.*, as may be amended. The Advisory Committee shall adopt reasonable rules as are necessary to carry out the duties and responsibilities of the committee subject to the approval of the City, and elect such officers as deemed necessary.

8-4-16: MISCELLANEOUS PROVISIONS:

- A. Nothing in this chapter shall prevent the City from requiring a Developer to construct reasonable Project Improvements, as are required by the fire codes and other rules that are adopted by the state fire marshal, in conjunction with a Development.
- B. Nothing in this chapter shall be construed to prevent or prohibit private agreements between property owners or developers, the Idaho Transportation Department and governmental entities in regard to the construction or installation of System Improvements or providing for credits or reimbursements for System Improvements Costs incurred by a Developer including inter-project transfers of credits or providing for reimbursement for Project Improvements which are used or shared by more than one (1) Development project.
- C. Nothing in this chapter shall obligate the City to approve Development which results in an Extraordinary Impact.
- D. Nothing in this chapter shall obligate the City to approve any Development request which may reasonably be expected to reduce levels of service below minimum acceptable levels established in this chapter.
- E. Nothing in this chapter shall be construed to create any additional right to develop real property or diminish the City in regulating the orderly development of real property within its boundaries
- F. Nothing in this chapter shall work to limit the use by the City of the power of eminent domain or supersede or conflict with requirements or procedures authorized in the Idaho Code for local improvement District or general obligation bond issues.
- G. The City shall develop a plan for alternative sources of revenue, which shall include but not necessarily be limited to plans generated during the annual budget process, lobbying efforts, tax increment financing, and implementation of user fees, administrative and regulatory fees and other forms of revenue.
- H. Notwithstanding any other provision of this chapter, that portion of a Project for which a complete application for a Building Permit has been issued by the City, prior to the

effective date of this chapter, shall not be subject to the Impact Fee imposed by this chapter. If the resulting Building Permit is later revised or replaced after the effective date of the ordinance codified in this chapter, and the new Building Permit(s) reflects a development density, intensity, development size or number of Service Units more than ten percent (10%) higher than that reflected in the original Building Permit, then the Impact Fee may be charged on the difference in density, intensity, development size or number of Service Units between the original and the revised or replacement Building Permit.

- I. Any monies, including any accrued interest not assigned to specific System Improvements within such Capital Improvements Plan and not expended or refunded pursuant to this chapter shall be retained in the same account until the next fiscal year.
- J. If the City discovers an error in the Capital Improvements Plan that results in assessment or payment of more than a proportionate share of System Improvement Costs on any proposed Development, the City shall: (a) adjust the Impact Fee to collect no more than a proportionate share; or (b) discontinue the collection of any Impact Fees until the error is corrected by ordinance.
- K. If Impact Fees are calculated and paid based on a mistake or misrepresentation, they shall be recalculated. Any amounts overpaid by a Fee Payer shall be refunded by the City within thirty (30) days after the acceptance of the recalculated amount, with interest at the legal rate provided for in Idaho Code § 28-22-104 from the date on which the fee was paid. Any amounts underpaid by the Fee Payer shall be paid to the City within thirty (30) days after the acceptance of the recalculated amount, with interest at the legal rate provided for in Idaho Code § 28-22-104 from the date on which the fee was paid.

8-4-17: RULES OF CONSTRUCTION: All provisions, terms, phrases and expressions contained in this chapter shall be liberally construed in order that the true intent and meaning of the Act and the Sun Valley City Council may be fully carried out.