



City of Ketchum
City Hall

August 16, 2021

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Request to Conduct First Reading of Ordinance #1223 and Approve Resolution #21-016

Recommendation and Summary

The current voter approved Local Option Tax (LOT) ordinance does not specify community housing as an eligible expense. The City Council has recently expressed interest in amending the current LOT to allow community housing as an eligible expense. Under state law, the city must transmit ballot language to the county clerk no later than September 13th for the November 2nd election. Resolution #21-016 calls for the election and transmit ballot language to the county clerk.

Motion #1 - "I move to approve first reading of Ordinance #1223."

Motion #2 - "I move to approve Resolution #21-016"

Introduction and History

The current Local Option Tax (LOT) was approved on November 8, 2011 for a fifteen year period. The following are list of eligible expenses: municipal transportation, open space acquisition/recreation, capital improvements, emergency services, city/visitor promotion, property tax relief and costs related to collecting/enforcing the tax.

The proposed ballot language would not alter the percentages of taxes collected. Staff reviewed the following three scenarios based on Fiscal Year 2020 financial performance:

- Scenario #1 - increase all categories to align with the City of Sun Valley would have resulted in \$1,848,064 in additional revenues.
- Scenario #2 – increase in retail only to align with Sun Valley resulting in \$1,526,633.
- Scenario #3 - increase hotel/condos to align with Sun Valley resulting in \$200,476.

Staff is recommending a two-phase approach regarding LOT funding for community housing. First, ask voters to add community housing as an eligible expense this November. The city is currently working to retain a consultant to assist with the creation of a city housing strategic plan in partnership with the Blaine County Housing Authority. A key outcome of this activity will be to set a city goal/target of both preservation of existing units as well as construction of new units for the next ten years. Financial modeling will be completed to understand both total costs as well the level of local governmental resources required to achieve the ten-year goal. Completion of this activity will allow

the city to return to voters the following November to request an increase in all or certain categories of the LOT collection.

Two other options for consideration: (1) ask voters to approve both changes this November or (2) wait and place both questions on the next May or November election dates. Staff is concerned with the first option as it does not give adequate time to conduct stakeholder/public outreach regarding changes to the collection percentages prior to the September 13th ballot language date.

It is important to note that State law (50-1044) does place restrictions regarding the frequency in which changes can be presented to voters. *“No local-option non property tax proposal may be presented to resort city voters for approval or modification for a period of eleven (11) months after an election to approve or disapprove such tax.”*

Sustainability Impact

An increase in the supply of community housing will decrease local workers trip generation and associated carbon footprint.

Financial Requirement/Impact

The proposed ballot language does not alter the percent of collection.

Attachment:

Ordinance #1223

Resolution #21-016