Valley County Planning and Zoning Commission

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Ken Roberts, Chairman
Carrie Potter, Vice-Chair

Brad Mabe, Commissioner
Ben Oyarzo, Commissioner
Heidi Schneider, Commissioner

M I N U T E S
Valley County Planning and Zoning Commission
June 25, 2026
Valley County Court House - Cascade, Idaho
WORK SESSION – 9:00 A.M.

1. **OPEN**: Meeting called to order at 9:00 p.m. by Chairman Roberts. A quorum exists.

PZ Director – Cynda Herrick:	Present
PZ Commissioner – Brad Mabe	Present via Teams
PZ Commissioner – Ben Oyarzo:	Present
PZ Commissioner – Carrie Potter:	Present
PZ Commissioner – Ken Roberts:	Present
PZ Commissioner – Heidi Schneider:	Present
PZ Planner II – Lori Hunter:	Present

2. **PUD 26-001 Red Ridge Village – Discussion Regarding Fiscal and Economic Impact Analyses**

Kevin Williams, BBC Research and Consulting, Denver, Colorado, submitted the draft report (**Exhibit 1**) and reviewed the method and results in a presentation (**Exhibit 2**). He and the company has expertise in fiscal and economic analysis across the Mountain West. The presentation includes information that addresses the "gap" in property taxes, i.e., the delay between construction and an increase in property taxes due to increased property valuations.

Growth adds structures, people, risk, and additional property tax revenues – increasing demand for services from multiple areas across the County including EMS, fire response, schools, and other general government services. Valley County retained BBC Research & Consulting to analyze the fiscal impacts of this development on Valley County governmental services.

The study reviewed the:

- Steady state revenue and expenditures created by Red Ridge Village on the operation of Valley County, McCall Fire Protection District, Valley Countywide EMS District, McCall-Donnelly Joint School District No. 421 by
  - Estimating property taxes for each phase of development and
  - Estimating expenditures required to serve new development; and
- Economic impacts of residential, commercial, and support facility construction.

Key Considerations

- Concentration of non-primary and seasonal housing,
- Impacts of Idaho House Bill 389,
    - Limited capture of property tax from new growth (3 % per year and 90 % of value)
    - Statutory cap of 8 percent revenue growth per year
- Homeowners Property Tax Exemption
    - Reduction of taxable value by 50 percent up to $125,000
    - Modeled using conservative assumptions
- Timeline of Property Tax Realization

Fiscal Year 2024 was used for expenditures.

Chairman Roberts asked what Valley County annual revenue growth is currently. If the County has 6-7% range now, the County may risk bumping up against the 8% cap with additional development. He stated the additional development is a cumulative effect, not just growth from the proposed Red Ridge Village.

There was additional discussion between the Chairman and Mr. Williams. Resort communities do tend to do growth in waves with undulating market property values. Mr. Williams said the 2008 recession and pandemic times would be worth considering. How fast were the budget increases during 2005, 2006, and 2007? It is important to note that those years were before the approval of Idaho House Bill 389. The homeowners tax exemption results were modeled using conservative assumptions for the Red Ridge Village development; the current Valley County rate was used with an expectation of higher non-homeowner-owned homes. The 2023 Valley County Demographic Trend forecast calculated that 17% of homes in Valley County had homeowner exemptions and 83% did not. The calculations assumed that 65% of services were resident driven.

A key consideration for this analysis is the timeline of property tax realization, i.e. the gap between when new property is built and when property taxes are collected at a higher value. Communication between the County, taxing districts, and developer would be important.

Key Results

- Overall magnitude:
    - 5.3 percent increase in units over 15-20 years
    - 11.5 percent increase in property taxes at buildout
- Impact at buildout – likely that revenues will exceed expenditures on completion of each phase. Sensitivity analysis suggests fiscal impacts on operations will be positive.
- Capital impacts – a key element for consideration. Road and sanitation investment agreed to by developer. Public safety study is important. Impact fees and agreements with the developer are tools for the County.
- Phasing – HB 389 have a meaningful impact on initial impacts.
- Economic impact – Construction activities will create hundreds of jobs annually during development.

There was discussion on impact fees and capital costs. If impact fees are not adequate, than all taxpayers pay for the impacts. Impact fees should be as current as possible; recent growth in equipment costs are noticeable. Capital costs are assets that have a depreciated life and will need to be replaced. A public safety study has been proposed by the fire department and EMS District.

The following were reviewed:

- The development plan with phasing and type of construction (e.g. residential, commercial),
- General Fund Revenues and Expenditures at buildout,
- McCall Fire Protection District Revenues and Expenditures at buildout,
- Valley Countywide EMS District Revenues and Expenditures at buildout,
- McCall-Donnelly School District Revenues and Expenditures at buildout, and
- Economic Impact.
  - ➢ The result is a net surplus at buildout.
  - ➢ Economic impact over the full construction period would be around $1 million.

The date used the conservative assumption that properties being built are similar to current properties on same size lot; however, it is likely these new lots/homes would be assessed at higher values.

If there is an event that causes assessed values to drop substantially, the revenue would stay same since levy rates would increase. This is a budget-driven system.

TIMELINE ANALYSIS

- Property Tax Lag – A property's assessment does not change instantaneously when occupied. As a result there can be a "gap" between the time the county serves new residents and when it collects new property tax revenue. This gap can result in up to a 3-year gap in realization of total property value.
- Red Ridge Village phasing – The phasing of the development impacts this gap.
- Modeling approach – Due to the minimum development timeline (15 years for 5 phases of housing), BBC assumed the quickest development scenario along with reduced collections for recent builds.

Example calculations for Phases 1 and 2 were reviewed.

RESULTS FOR "GAP" ANALYSIS

- Valley County General Fund
  - ➢ Surplus by Phase 2.
  - ➢ Recover deficit 3-4 years after Phase 2 buildout.
- McCall-Donnelly School District #421
  - ➢ Surplus by Phase 3.
  - ➢ Recover deficit 6 years after Phase 3 buildout.
- McCall Rural Fire District
  - ➢ Surplus by Phase 2.
  - ➢ Recover deficit after 2 years of Phase 3 buildout.

- Valley County EMS
  - Surplus by Phase 2.
  - Recover deficit after 2 years of Phase 2 buildout.

<u>“GAP” ANALYSIS SUMMARY</u>

- Phase 1 Gap of $300,000 annually across all four entities
- Potential mitigation from developer
- Long term outlook - All entities collecting more revenue than required to serve Red Ridge Village by Phase 3.

Current residents are helping bridge gap of operational services whether large development or one house

<u>KEY RESULTS REVISITED</u>

- Increased property taxes – commensurate or exceeding operational expenses
- Capital impacts – developer agreements and impact fees
- Phasing – Idaho state law impacts how the County might consider pace of growth. Property tax lag or “gap” creates challenges in Phase 1. Growth eliminates gap by Phase 2 or 3.
- Economic impact – substantial job impacts during buildout

Chairman Roberts added that due to the current political environment, the 90% might be dropped to 85%. There was further discussion on impact fees, capital contribution agreements, and developer discounts for property values. A previous capital contribution agreement for WestRock had the developer subsidized the delay or “gap”. This agreement was negotiated between the Board of County Commissioners and developer and considered a fiscal impact analysis and agency comments.

There was discussion on the impacts of development to other Couty services including recreational areas, road access, and parking. It would be appropriate to use an impact study to find a way to fund these public assets.

The BBC study looked at previous budgets for maintenance and operation funds. Other funding sources for roads (e.g. federal funding) was not considered. There was further discussion if the traffic impact study included secondary trips (e.g. for shopping or recreation) Mitigation would be included in development agreement. Valley County now has a robust recreation department now; an impact fee may need to be used for equipment or land.

The assumptions of the study were reviewed. The projected costs of units were based on the types of buildings in the concept plan. Values were obtained from the Valley County’s Assessor’s data.

The ownership and value of the open space and trail system was discussed. The open space area would be owned by the homeowner association. Rights would be given to property owners and Valley County. The area would remain open to the public.

Director Herrick will research the following:

1) How many years has Valley County gotten close to an 8% increase?
2) How many years has Valley County been unable to take the entire 3% of 90% of new construction value?
3) Clarification on the “developer’s discount” for property values as it affects the timing of the change in market value of a newly platted lot.
4) Capital infrastructure that has not been addressed and could be addressed by impact fees.

Impact fee funds are obtained at time of building permits. Impact fees apply over entire County. A development agreement or capital contribution agreement would also address some fees.

The next steps were discussed. The PZ Commissioner will review compatibility and land use. General mitigation is appropriate at the time of Concept Approval. Specific financial agreements would be negotiated between the Board of County Commissioners and the applicant. Staff will work with the applicant to complete the spreadsheet previously discussed. The spreadsheet is designed to look for gaps in information.

Upcoming meeting dates and schedules were discussed.

A public hearing will be scheduled for Thursday, August 27, 2026, at 6:00 p.m.

The PZ Commission is tasked with making a recommendation on the Concept Approval to the Board of County Commissioners.

Chairman Roberts adjourned the meeting at 10:15 a.m.