

**MINUTES OF THE REGULAR MEETING OF THE
HAILEY CITY COUNCIL
HELD MONDAY, MAY 9, 2005
IN THE HAILEY TOWN CENTER MEETING ROOM**

The regular meeting of the Hailey City Council was called to order at 5:30 p.m. by Council President Rick Davis. Present were Council members Martha Burke, Carol Brown and Don Keirn. Mayor Susan McBryant was absent. Staff present included City Attorney Ned Williamson and City Clerk Heather Dawson.

OPENING REMARKS

In his opening remarks, Davis issued a proclamation declaring May to be Motorcycle Awareness Month.

LOCAL OPTION TAX CITIZENS COMMITTEE RESOLUTION

Brown said she had read all the information that she had missed from the last meeting. After all the information had been gathered relative to the local option tax issue, there is even further reason to explore the concept in full. Dawson noted that Mayor McBryant had suggested changing the word “authorized” to “directed, since Idaho law authorizes the mayor to appoint committees, and the council’s action would be to direct. Keirn moved to approve Resolution 2005-09, and authorize the city council president to sign it.

**CITY OF HAILEY
RESOLUTION NO. 2005-09**

A RESOLUTION OF THE HAILEY CITY COUNCIL TO EXAMINE AND EXPLORE WHETHER THE CITY OF HAILEY SHOULD DEVELOP A LOCAL OPTION TAX MEASURE, AND DIRECTING THE MAYOR TO APPOINT A CITIZEN COMMITTEE FOR THE PURPOSE OF RESEARCHING AND SUBMITTING RECOMMENDATIONS REGARDING A LOCAL OPTION TAX MEASURE TO THE HAILEY CITY COUNCIL.

WHEREAS, the Mayor and City Council of the City of Hailey endeavor to proactively meet their fiduciary responsibilities; and

WHEREAS, Idaho Code 63-802 allows cities to generally increase its property tax revenue by three percent (3%) per year, but local costs inflation exceed that increase; and

WHEREAS, Hailey conducted a professional financial study in 2002 through Tischler & Associates, Inc., which concluded that the City’s present revenue structure is heavily reliant on local property tax and shared revenue from the state, and that other than property tax, Hailey has no other revenue source of significance generated by nonresidential development.

WHEREAS, the Tischler study further found that this revenue structure is fiscally constraining to the City since state law limits the City’s growth in existing assessable property tax base and a downturn in the economy will likely result in less shared revenue from the State.

WHEREAS, an economic downturn at a statewide level did occur, and the Idaho State Legislature in its 2005 legislative session did divert seven million two hundred thousand dollars (\$7,200,000.00) in liquor dispensary taxes away from cities and counties through House Bill 392; and

WHEREAS, a failed Senate Bill 1115 proposed freezing distribution from the state liquor account to cities and counties at 2004 levels and reallocating fifty percent (50%) of any future growth away from cities and counties to the state general fund, further demonstrating the state's authority to potentially alter tax distribution formulas upon which cities have long relied; and

WHEREAS, following the above state legislative measures, the Hailey City Council considers diversification of revenue sources and the creation of new revenue sources an increasingly important fiscal matter; and

WHEREAS, the Tischler Study recommended as one measure by which to diversify revenue sources a voter-approved tax on retail sales, alcohol and room rentals, providing that nonresidents would pay a significant percentage of these taxes.

WHEREAS, preliminary research conducted recently by the City of Hailey found that the occupancy rate at Hailey-area hotels exceeds fifty percent (50%) year round, and that Hailey based facilities such as local parks and theaters draw a significant number of people from outside of the Hailey area, and that the taxable revenue from rental car businesses in Hailey is approximately three million dollars (\$3,000,000), and that building materials have a high volume of sales, many of which are for the benefit of second homes and investment properties; and

WHEREAS, the Hailey City Council has determined that these preliminary research efforts warrant further extended research.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HAILEY:

That the Hailey City Council direct the Mayor to appoint a citizen committee to conduct extended research and make recommendations to the Hailey City Council in the following areas:

1. Gather, compile, and analyze data to recommend whether or not Hailey derives the major portion of its economic well-being from businesses catering to recreational needs and meeting needs of people traveling to Hailey as a destination for an extended period of time.
2. Gather, compile, and analyze data to recommend what taxable sources would serve Hailey best in a Local Option Tax measure, estimating how much revenue would be derived from each source.
3. Gather, compile, and analyze data to recommend what tax rate would be set on each taxable source.
4. Gather, compile, and analyze data to recommend the duration of the tax.
5. Gather, compile, and analyze data to recommend for what purpose(s) a local option tax would be used. One purpose to be included is direct costs to collect and enforce the tax.

THIS RESOLUTION IS ADOPTED this 9th day of May, 2005.

CONSENT AGENDA

CA 157 was pulled by Davis.

Burke moved to adopt the consent agenda as presented without CA 157.:

~~CA 157 — Motion to authorize signature of bid for street painting from Pavement —
— Markings Northwest Inc. for \$2801. —~~

- CA 158 Motion to authorize signature of bid for repairing rooftop HVAC units from High Country Heating for time and materials estimated to be \$1701.
- CA 159 Motion to approve work at Deerfield park to remove berm at west end of park, which work is to be done by Clearwater Landscaping for \$650.00
- CA 160 Motion to approve work at Hop Porter Park restroom to replace glass block windows with clear vinyl windows, which work is to be done by Snake River Glass for \$3652
- CA 161 Motion to approve Findings of Fact, Conclusions of Law and Decision for final plat approval of Silverstone Townhomes Subdivision.
- CA 162 Motion to approve claims for utility bills, credit card bills, and invoices for any charges incurred prior to April, 2005.

CA 157 – Street Painting Bid

Davis asked questions about the street striping , saying he hoped the activity would dovetail with traffic calming measures, make parking areas wider, street itself smaller to slow traffic down. Hellen said that will be part of the whole traffic master plan. **Keirn moved and Burke seconded to approve CA 157.** The motion carried unanimously.

OB 164 2ND READING ORDINANCE 905

Davis read the second reading by title only.

OB 165 2nd READING ORDINANCE 906

Davis read the second reading by title only.

NB 168 – BULLOTTI APPEAL

Williamson said this appellant had requested that this matter be rescheduled. **Burke moved to continue the appeal hearing to a date uncertain at the request of the applicant.** Keirn seconded; the motion carried unanimously. Davis and Brown abstained.

WORKSHOP

Davis said a goal setting workshop had been scheduled for June. Burke said the facilitators should potentially meet with city staff prior to the council, because staff may be more comfortable in that venue. When we start looking at the budget, we must take into consideration that the staff has a daily workload upon which we throw more activity. Keirn noted that staff should get Saturday off, the workshop is scheduled on a Saturday. Davis said he would rather hear that staff can't implement these goals before the workshop, rather than after the goals are adopted. Brown asked staff for feedback. Grotto felt this is a council exercise, independent of staff. Dawson added that where the workshop falls in the budget process, the council can set goals and then analyze their impact on the budget. Staff will be able to request departmental budget changes to facilitate meeting council goals.

Keirn spoke about a Southern Economic Development Council meeting he had attended. Essentially the council is a public relations publicity outfit that is expert in economic

development. If Hailey were to participate, a fee of approximately \$6000 would be required. The Development Council identifies industries that we do or don't want Brown asked how we would form our response team. Keirn said the gem team could form that response team. Davis said the city can't join if the county doesn't join first. The commissioners had said if the city is interested, we should get on their agenda. The timing is good because we will be able to determine if we can fund this \$6000 in our budget. Keirn said the department of commerce and labor puts on conferences twice per year, consisting of corporate real estate managers and site selectors. The coverage is good, which is the secret to economic development. The council was supportive of this idea. Keirn said he would contact the county regarding getting on their agenda.

Keirn had also distributed information regarding development impact fees. Ketchum is in the ordinance reading process of adopting a development impact fee ordinance. The price structure of the fees runs parallel to real estate costs. Boise got through its mid-90's growth years with development impact fees. Davis asked if the fee would be waived on affordable housing. Keirn surmised that it could be. He said these fees are likely to raise more money than a Local Option Tax.

PH 166 SUBDIVISION ORDINANCE AMENDMENT – PARKS DEFINITION

Becki Keefer said the Parks section is a relatively new section of the subdivision ordinance. The Board values school parks and open greenspaces, they don't serve the same function as neighborhood parks. A park is a parcel of land dedicated to the public, for diverse recreational opportunities. Shay noted that the correct noticing date was April 20, 2005, and the staff report is addressed to the council, not the planning and zoning commission.

Davis opened the public hearing. There were no public comments.

Brown asked about the emphasis on some words. Keefer said the emphasis is on "free of charge". The board talked about how this conflicts with park use reservations. Williamson suggested getting rid of the term "individual" because it intends to address non-reservation use.

Keirn moved to adopt Ordinance 907, with a change to delete "individual or", and to commence with the first reading by title only. Burke seconded; the motion carried unanimously.

PH 167 – NATURAL RESOURCES AND PARKS SECTION OF COMP PLAN

Brown said she didn't hear the public deliberation last time, and asked if she could make changes. Williamson said if changes are made, opening up the public hearing would be in order.

Brown said on page 8 of the staff report mineral resources are discussed. She asked how far away from the area of impact were we comfortable commenting. She was

comfortable within the area of impact, and wondered how far outside the area of impact was in question. Burke said as trucks haul the ores through the city itself, that could be anywhere. Williamson said Number 2 is not needed for the comprehensive plan. Brown still wanted language about commenting within area of impact.

Brown said on page 7, the plan discusses establishing an overlay district to manage waterways, and asked if we have a flood plain designation but not an overlay. Shay said in our zoning ordinance we don't have a zone for flood hazard. Brown then said we are currently applying standards to those areas. The areas that we have mapped would be made into an overlay zone.

Brown said Hailey needs some sophisticated buildings downtown with parking beneath, and asked if buildings are exceeding 35 feet yet? Grotto said no buildings yet have exceeded 35 feet. She clarified that 30 feet is the height in limited residential only.

Davis opened the matter for public hearing.

Becki Keefer, on behalf of parks and lands board, suggested changing language to state that "Wood River High school provides approximately 23 acres for sports programs" as the accurate statement. She also said she had heard in earlier public hearings that TDR language was too restrictive; and suggested using "land preservation agreements". She noted that C says the same thing. Brown favored combining B and C.

John Gaeddert of 1 Quigley Road said the city doesn't use first person in the other sections of the comprehensive plan. It might be worth considering implementing first person eliminations. He suggested taking duplicate colors off the maps. He said a hierarchy system to protect water systems, and he wanted to add including stream and setback considerations. 100 foot riparian setback should be specific to the Big Wood River. From an administration standpoint, the green mapped areas, city officials would be challenged to know which of the four categories of green areas is intended.

Davis closed the public hearing. Burke asked if this discussion went through the commission. Shay didn't think this discussion was had. Brown asked how would an administrator determine what map to look at. Grotto said the maps represent broad community goals, and are viewed on a case by case basis with each application. Keefer said the administrator would balance the map, the application, and the overall goals. These maps are not intended to rule applications for overall development. Shay said we have more strict standards we have to look at. Brown asked if there are other riparian areas that would need a 100 foot setback. Williamson said could get rid of 100 feet, and just talk about setbacks. Burke liked it in there, unless it conflicts. Brown said if we ever annex property with a tributary, we would talk about setbacks at that time.

Burke said the changes made tonight are not material. They are cleaning up, or further clarification of discussions previously held. The council concurred the changes were not material. Burke moved that the council adopt Resolution 2005-10, incorporating the

changes and reiterating findings that those changes are not material. Keirn seconded; the motion carried unanimously.

AIRPORT REPORTS

Burke said that Mayor Simon's letter had come to the Airport Authority Board the night of the airport authority meeting last Tuesday. Jon Thorson said it is important that the mayors of Sun Valley and Hailey start attending, because some information presented by north-county interests have not been based on fact. It is clear that Mayor Simon has not been privy to the full information he would need to write a letter of this type. This process has gone on for 18 months. It is difficult to understand how to disseminate knowledge from these meetings. How do we educate all of our communities and their leaders better. The fatal flaws ruled the triangle section out. The NEPA process requires reviewing all 16 sites, which NEPA would then make recommendations to the FAA. Brown said she would like Baird and Sunby to address the council about the next steps, and what the co-owners role will be. Keirn agreed that is the best way to do it. Burke said she may need to ask for an executive session for some of that, based on the nature of what some of her questions will be. At what point will we have a better sense of the economics of where we are going. Brown appreciated Ketchum's letter, saying it was inquiring and expressed their concerns.

Burke said a workshop would be scheduled around when the consultants will come, on May 24, The council members couldn't make a June date. Brown was willing to come early on May 23 if necessary.

EXECUTIVE SESSION

Brown moved to go into executive session to discuss pending litigation and land acquisition. Burke seconded; a roll call vote showed all in favor. The council went into executive session at 6: 50 p.m.

Brown moved and Burke seconded the council comes out of executive session. A roll call vote showed all in favor. The council went out of executive session at 7:02 p.m.

There being no further business, Davis adjourned the meeting at 7:03 p.m.