

**MINUTES OF THE SPECIAL MEETING OF THE
HAILEY CITY COUNCIL
HELD MONDAY, JUNE 4, 2007
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 Mayor Susan McBryant. Present were Council members Rick Davis, Martha Burke, Don Keim and Carol Brown. Staff present included City Engineer Tom Hellen and City Clerk Heather Dawson.

OPEN SESSION FOR PUBLIC CONCERNS

Geoff Moore spoke about a letter he had received, and asked why he has to pay double trash bills due to an unoccupied accessory dwelling unit with its water turned on but no tenant occupying it.

WATER METER RATES

Mayor McBryant said water and sewer rates were established under a rationale designed to encourage a reduction in consumption. The challenge of the rate structure is to ensure our ability to meet our bond payments and operating costs, within the light of uncertainty as to how usage will change under the rates set to encourage conservation.

Hellen said he had explored rate structures under various scenarios, trying to find one that wouldn't penalize the average user who is currently expecting to pay a certain rate.

Hyde presented a table and some graphs to show that the base rate had billed approximately 30% of the budgeted revenue to date. Dawson added that because water storage tank bond payments have not yet begun to be made, some surplus bond revenue has been reserved. If the city considers that reserve available for operations, the revenue received to date would increase from 30% to 50%.

Further discussion brought comments from Hellen that the bond payment is billed separately from the rates, and the bond payment is made from those separate funds. He said the rates cover the maintenance and operation of the system.

Eric Alberdi said that the rate structure is arbitrary because the commercial user has to subsidize the smaller user. He entered into dialogue with city staff as to how to enter into equations that will estimate the rate off last year's base rate usage.

Mayor McBryant noted that the rates were set in public hearings last year after considerable discussion and rate scenarios being presented and explored.

Jon Marvel said there is an impact on approximately 27 residences that have 1 inch service lines. Even though water usage may be small, these residents pay substantially

more than the resident with a ¾ inch line. He doesn't want to kill the street trees by turning off the water.

Ron Taylor of 419 Second Avenue South said a lot of old Hailey residents maintain the city right of way. He asked if the city would be willing to work with those residents in a possible reduction of water use for keeping the right of way irrigated.

Jon Marvel said he is considering changing to using fescue grasses and suggested tree planting more native to the area. Alberdi said the trees planted more recently have drip irrigation to them, which works very well.

Jan Edelstein suggested giving residents information about how much water is needed by grass, in gallons rather than inches so they can equate it to their bills.

After listening to the public comment, Brown suggested that the city change as immediately as possible to Hellen's second option, which increases the cost per gallon of water after 30,000 gallons are used. This structure has the component of fairness, and has an exponential rather than an additive curve to increased use.

Burke also wanted to make a change now, but noted that old Hailey residents water more area than they own. Her irrigation covers an additional ½ lot when considering the area on both sides of her corner lot, which is city right of way. She asked how we strike the balance between that and the other residents. She said we may not be able to address that this year. She said Mary Ann Mix's letter suggesting we go back to odd-even water days may be something to address in the future as well. Brown said the tree ordinance may be a mechanism through which to encourage the watering of street trees and not penalize the rate payers.

Hellen said 178 lines exist larger than the ¾ inch size. McBryant summarized that a minor number of people are on the higher rates. She supported some sort of change to help equalize that. She was interested in the street trees discussion. There is argument about the value of property being enhanced by the street trees, even though they are not part of the property being marketed. She was not sure as to when to make the change.

Keirn did not encourage changing horses in the middle of the stream, and having to re-evaluate again in four months. He preferred to begin new rates at October 1. He liked the second rate schedule as well.

Davis didn't like working with phantom numbers. He also preferred the second rate scenario, but he would like to wait until October 1 to institute a rate structure such as this. McBryant summarized that not changing phantom numbers would give a stronger base point.

McBryant noted that changing the ordinance is a prerequisite to changing the rates. She said that is likely to take some time. Hellen explained that the multipliers will get absorbed. Alberdi noted that we are talking about 170 users juxtaposed against 3700.

Burke still wanted to change the rates now, and increase the base rate across the board. Hellen noted that sewer rates will increase by approximately \$5.00 per month. He said the goal has been to move toward a full-metered rate over time.

Alberdi asked how much the Main Street trees are metered. Hyde said any place water is used by the city, there is a meter on it.

Brown moved to amend the water rates, using option #2 as shown in staff's memorandum, for council consideration of an ordinance amendment on June 25th such that new rates can take effect July 1, 2007. Burke seconded. She asked if we then concurrently need to adjust the base rate so that there is no shortfall. Davis expressed confidence that Hellen can make this happen if we do it right now. He suggested changing the start-date for sewer billing and addressing the accessory dwelling unit rubbish billing issue as well. McBryant said that is a separate issue.

Burke asked if the sewer rates will be affected as well, and asked how those will change. Hellen said the rates formula applies to both water and sewer. If we only change the water rates, Alberdi's problem doesn't go away; the sewer rates would still be higher for larger services. Dawson suggested that the city explore setting sewer rates off of the winter water use consumption amounts.

Brown amended her motion to coordinate the sewer rate to match the water rates. McBryant noted that we will move from one user group terrifically upset to another group terrifically upset.

The amendment was adopted unanimously. The question was then called on the main motion as amended; it carried unanimously. The council then determined that they wouldn't have a quorum on June 25th, and Mayor McBryant said she would search for a meeting date within the same time period.

WICKED SPUD BACK ALLEY PARTIES

Brown moved to reconsider the Wicked Spud Special Events approval. Keirn seconded; the motion carried unanimously. Brown said she had no intention of having a week in between the last approved Thursday concert in mid-june and the council meeting date of June 25th. She moved that the Back Alley Parties Special Events application be reviewed on June 25th after three (not two) weekly events have occurred, June 6th, 13th, and 20th. The motion carried unanimously.

WAIVER OF JIMMY'S GARDEN WATER HOOKUP FEE

Davis moved to approve the request to waive the water hookup fee to Jimmy's Garden, with the condition that if the property ceases its use as a city park, the waiver will be rescinded. Keirn seconded; the motion carried unanimously.

REPORTS

Spinelli said we are ahead of schedule in terms of gathering information relative to fire consolidation with the City of Bellevue.

Hyde said we received our new sweeper, obtained through a grant from ITD.

Brown noted that Clean Sweep had occurred last month, during which she and Tom Hellen worked on cleaning up Lion's Park.

Fire Consolidation

McBryant said she met with the Bellevue and Hailey fire departments, and the prevailing comment was this is a first step to try to join forces, and everyone supported the long term goal of incorporating all the south valley fire fighting forces. There's no intent to stop if we have a successful joining of Bellevue and Hailey.

2007/2008 Budget

She said she is working with city staff through Jim Spinelli on budget development. She said TSA will not be able to continue its contract to pay for a law enforcement presence at the airport, and she will be asking Friedman to pick up that cost. She said another 2% of department managers' salary amounts will be placed in her budget to reward merit. The merit awards may be for a one-time task, or for advanced education which required a lot of extra initiative. She wanted to be in control of how that happens rather than the department managers. That also gives her the opportunity to award a significantly meritorious salary increase to an individual.

Community Housing

McBryant said she has several community housing ideas, and will be appointing Geoff Moore to the ad hoc committee. She said she had sent a letter to businesses tasked with collecting the Local Option Tax, asking for their opinion on how the tax should be used.

Jail

McBryant said Hailey had received a request from the county to waive the building inspection fees on the jail facility, of \$177,550. McBryant said those fees are developed by ordinance or resolution, and are cost-related. Keim noted that Hailey should not have to pay for a county facility; our taxpayers are already paying their share of it. Davis added that is the rationale we had used with the school district's request for a waiver.

There being no further business, the mayor adjourned the meeting at 7:20 p.m.