

**MINUTES OF THE MEETING OF THE
HAILEY CITY COUNCIL
HELD MAY 7, 2012
IN THE WOODRIVER HIGH SCHOOL
DISTANCE LEARNING LAB**

The Meeting of the Hailey City Council was called to order at 5:52 P.M. by Mayor Haemmerle. Present were Council members Carol Brown, Don Keirn, Pat Cooley, and Martha Burke. Staff present included City Attorney Ned Williamson, City Administrator Heather Dawson, Public Works Director and City Engineer Tom Hellen and City Clerk Mary Cone.

Open Session for Public Concerns

Curtis Uhrig – 100 3rd Ave. South commented to council regarding dogs at large. Uhrig asked if the City would work with the Blaine County dog catcher, to clean things up and get the dogs at large issue under control. Mayor Haemmerle responded and agrees with Uhrig that we have far too many people ignoring our dog ordinance. Mayor Haemmerle has previously instructed Police Chief Gunter to work with Blaine County regarding this issue. A notice has also been communicated in the city’s monthly newsletter – “Our Town.”

Geoffrey Moore – 406 1st Ave. South, a great weekend – last Saturday May 5th with ArborFest! Mayor Haemmerle concurred with Moore and took the opportunity to thank Carol Brown, and Bill Josey, for pulling together their positive energy in the city to help make this a great town. We hope to do it next year, only bigger and better, added Mayor Haemmerle.

Crystal Thurston 122 Aspen Lakes in Hailey has general public comments on Quigley regarding empty over development and saving nature. Mayor Haemmerle asked her to hold her comments until the May 21, 2012 meeting where general public comments will be taken.

John Delorenzo –100 Mustang Lane, in Bellevue spoke to council. Delorenzo will be out of town on next meeting. Mayor Haemmerle will let him provide his public comments later in this meeting.

CONSENT AGENDA:

CA 193	Motion to approve contract and authorize mayor to sign, with Sawtooth Construction Inc. for the installation of manholes and sewer main and the replacement of the Hiawatha Canal Culvert under Fox Acres Rd. — low bid \$66,314.15.....	1
CA 194	Motion to approve 2012 Chip Seal Oil Supply Agreement with Idaho Asphalt Supply, Inc. piggybacking on the bidding conducted by Blaine County Road & Bridge for up to 80 tons of CRS-2R oil, estimated cost is \$49,880.....	9
*CA 195	Motion to approve Request for Change (Woodside Boulevard) reducing the cost of construction based on pulverizing asphalt and base material.....	38
**CA 196	Motion to approve minutes of April 30 2012 and to suspend reading of them (no documents)	
CA 197	Motion to approve claims for expenses incurred during the month of April, 2012, and claims for expenses due by contract in May, 2012	17

Tom Hellen pulled CA 193 – Hellen announced a change that will reduce the cost of part of the construction for the Woodside Blvd. project.

Williamson asked Mayor Haemmerle to offer a council motion to accept the item added late to the agenda.

Brown moves to approve the amended agenda with item CA 195, seconded by Keirn, passed with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

CA 195 – Williamson pulled this item for discussion.

Keirn moves to approve all consent agenda items minus CA 193 and CA 195, seconded by Burke, motion approved with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

**Note: CA 196 was not included in the packet; therefore, it will be presented to council in the next meeting for review and motion.

CA 193 – Hellen presented to council an opportunity for a change with a change to the Hiawatha Canal culvert design change. Williamson has had discussions with Dave Cropper would like to change the culvert design to a less expensive one 48 inch round, which would save \$6,200, making the total cost around \$60,100, will have a definite number tomorrow.

Motion to approve and authorize the mayor to sign minus the amount determined by the final cost as discussed, made by Brown, seconded by Keirn. Motion passed with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

CA 195 – Williamson explained the proposed action which could result in a savings to the city of Hailey. Williamson suggested that if authorized by council, it would be contingent on Engineers (JUB Engineering and Steve Butler) approval and Federal Highways approval.

Motion to approve CA 195 subject to acceptance by the Engineers and Federal Highways made by Brown, seconded by Keirn, motion passed with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

MAYOR'S REMARKS:

Thanks to Carol Brown for Arborfest, dreaming it up and making it happen. Also thanks to all the vendors, and volunteers for helping with the event.

PUBLIC HEARINGS:

PH 198 Quigley Canyon Annexation –public comments will be limited to the Fiscal Impact Study and Water Appraisal (continued from January 23, March 5, 2012 and April 30, 2012)

Quigley Public Hearing – Mayor Haemmerle reminded everyone of the rules for the meeting, including, limiting comments to 4 minutes per person.

Haemmerle added that if we move forward with this (annexation) request, then we will ask Caplan to revise his report. If consensus is to not move forward, then we will not ask Caplan to revise his report. Last meeting for Quigley will be May 21, 2012. Set aside 2 hours for that meeting. Finally, on May 21st, council may make a motion, if not; it's possible there will be a special meeting on May 23rd.

Starting tonight, public comments will be taken on two topics, Water Appraisal and the Fiscal Impact Study.

PUBLIC COMMENTS:

6:06 Judy Harrison 551 Robin Hood Lane – Comment regarding the Caplan report. Why were the numbers supplied by the applicant to Caplan? Why wasn't a third party providing the numbers? Is this a win/win situation? The applicant will keep the water rights for his use, how will this benefit the city of Hailey? Is this fair to the Hailey city residents? How will this annexation be funded? Will the city residents be asked to pay bonds to make up for this?

Wendy Pabich – 613 4th Avenue North spoke to council; she won't be at the May 21st meeting. Pabich supplied some analysis of the water/rights and usage. The water in Quigley, at best is a wash. The fiscal impact study is \$833,000. It appears that this application is subject to Local Land Use Planning Act (LLUPA), Idaho Code § 67.6537 – all applicants shall be required to use surface water rights for irrigation before using the city water for irrigation. It is important to note, when passed in 1975, the act was supported by cities, with the strategy being, that surface water rights should be used prior to using municipal water. We should not be paying for the water rights from Quigley owners. Pabich gave calculations, stating that what the city would be paying for the water right is too much – they are not worth \$200,000 only around \$15,000. We should be practicing responsible water usage in the valley. Pabich, with her public comments has submitted a report from Western Resource Advocates regarding water conservation.

Barbara Dargatz – 530 Deertrail spoke to council – asking a question about priority of water rights, where does the water right stand in priority over other water rights. Dargatz believes this priority should be researched.

Bill Hughes 241 Eureka Drive – Hughes spoke about Caplans report. Caplan suggests that 96 homes would be built in Hailey over the next 25 years – 96. In Caplans report number of units built in 2010 and 2011 was 37 units. Caplan did not mention that 24 of them were Senior Living Facility, built by ARCH and 3 built by the school; leaving only 10 residential units built during these 2 years. Hughes feels that the credibility of the Caplan report is in question. Hughes believes that Caplan's report is flawed, based on invalid numbers. Also, Caplan reported grants incorrectly; Hughes does not feel that those remaining 4 grants will be funded. Hughes feels that

Old Cutters development paying annexation fees by conveying water rights to the city is wrong. Using water for mitigation is wrong. Hughes feels that we cannot be comfortable with the properties already out there now. Hughes has been pleased with Hailey's water conservation efforts, he has reduced his water consumption, and is very pleased. He appreciates Hailey's responsibility on water conservation. Hughes does not believe that supply can meet the demand.

Jim Phillips 20 Quigley Road. After last meeting Phillips looked at the water rights study. With regard to the water rights, the city should not pay or trade water rights for impact fees for water that will be used on the property. A separate irrigation system should be built – the developer doesn't want to do a separate water resource. Phillips agrees with the fact that the Idaho Code regarding surface water rights should be followed (and used first on the property). Also, Phillips states that, if there is extra water, not sure there is, you need it studied to find what practical purposes it can be used for. With regard to the Caplan study, in calculating the revenues that the city can anticipate by way of real property taxes as the property develops; those are the lionshare of the revenues that the city will ever see from this development, Phillips wants to see objective evaluations, not simply developers estimates. That list should be complete and accurate. Phillips reviewed the values which Caplan used for his study; it does not include all water rights that the city owns. Some assets are valued low, make sure those values are reasonable. Phillips urges Hailey and any other city facing annexation applications to be very wary of bankruptcies. From a financial viewpoint; Phillips does not believe this project is in the best interest of the city.

Russ Sample of 1540 Heroic Road comments on page 9 of the Caplan Report, c general fund operating deficit \$527,384. Correct amount 2008 \$438,834 agrees with audited financial statement, 2009 (instead of Caplan's \$60,000 deficit) Sample has a surplus of \$98,678, in 2010 instead of a deficit of \$233,343 Sample has surplus (auditors number) of \$30,400. In Summary, Sample comes up with a combined year surplus of \$628,638. With an annual average of \$125,728; which would me item c would be \$166,583 would be zero; the developer should not owe anything. In summary, these figures are wrong.

Richard Stopol 150 6th Avenue South, feels that the real estate appraisal numbers are too high. And people are using way too much water now. Stopol does not think we can support another development (and supply it with water).

Chad Blinkoe 1031 Cherry Creek – from the last meeting Blinkoe heard that Hailey was going to ask West Water for clarification on several points made in the report. Mayor Haemmerle addresses Blinkoe;s comment. If approved, we will ask for a revised report; if denied, no supplemental reports will be made. May 2nd we received an update, it's on the website.

Lili Simpson 7 Quigley Lane – concurs with Phillips on water rights, has concerns with the growth percentages stated. The way developments run their course, growth will be larger than expected.

John Delorenzo – 100 Mustang Lane Bellevue, will not be at the May 21st meeting, Haemmerle allowed to take his comments tonight. Delorenzo has concerns with the size/volume of the development and its impact on wildlife. Delorenzo believes the Hailey Planning and Zoning

Commission did a thorough job and suggests that council approve their recommendation. Delorenzo believes this annexation will not benefit the city.

Daryl Fauth of 960 Foxmoor – speaks about what the market is doing right now, he works at a title company. Sales in the valley increased from 80 to 106. when looking at this, closer, they are distressed sales volumes. He is encouraged by this, as he owns a title company. Adding these units, there is a lot of build out in the city. We must continue to move forward and be a capitalistic society. If we continue on course of good volume, we could repeat 2006.

Charlie Meyer 150 8th Avenue South asked council to pay attention to the SPF water study, and Pabich's comments tonight regarding the legal use of water rights and the state law.

Nick Gilman 218 Walnut Street East – At any time that Quigley is developed, Hailey will brunt most of the impact – embrace the growth, control the growth.

Vicki Smith 202 3rd Avenue North – traffic and maintenance of roads and snowplowing, these are great expenses to the city which should be considered when reviewing the annexation.

Back to applicant for comments.

Applicant asked Mayor Haemmerle for a break for regrouping. From 6:45-6:55 pm.

Evan Robertson for the applicant, hearing and reading public comments from Phillips, and Pabich, they would like to get a chance to review and think about a rebuttal at another time. Robertson would like to defer their comments. Haemmerle will set aside some time at the next meeting for the rebuttal from the applicant. 15 minutes should be enough time. Haemmerle asked 2 questions, do you agree with the reduced valuation and why? There is planned open space, how many acres is the open space and are you planning to irrigate the open space? What is the value of the water right in your opinion, do you agree with West Water report? Haemmerle would like Williamson to look at the open space too and submit a conclusion to council. Lastly Mayor Haemmerle asks, Do you think Caplan erred specifically in not including other water rights owned by the city?

The next meeting will be held in the Middle School Multi-Purpose Room (#860) on May 21st at 5:30 pm.

Burke asked if we could ask Williamson to do some analysis to give to council, including the standard of review, Comprehensive Plan and Fiscal Impact for the next meeting. If a special meeting is needed, then the date will be May 23rd.

Haemmerle anticipates asking the applicant in the next meeting what the annexation fee should be and how the applicant plans to pay it.

Cooley asked for the developer to state in the next meeting exactly what they are asking of Hailey, in clear statements.

Williamson asked for a revision of the offer from the applicant. During this process we have seen revisions, Williamson would like to see this written.

Mayor Haemmerle asked what would your calculation be for the annexation fee? – asked the applicant and secondly how you intend to pay for it?

STAFF REPORTS:

Hellen put a memo in staff reports on the Wastewater Treatment Plant, Hellen should have final numbers possibly by the May 21st meeting for council.

With no further business Mayor Haemmerle ended the meeting at 7:11 P.M.

Fritz X. Haemmerle, Mayor

Mary Cone, City Clerk