

**MINUTES OF THE MEETING OF THE
HAILEY CITY COUNCIL
HELD MAY 21, 2012
IN THE BLAINE COUNTY MIDDLE SCHOOL
MULTI-PURPOSE ROOM NUMBER 860**

The Meeting of the Hailey City Council was called to order at 5:47 P.M. by Mayor Fritz 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, and City Clerk Mary Cone.

CONSENT AGENDA:

CA 200	Motion to approve Resolution 2012-31 authorizing Professional Services Agreement with Wayne Orvik for contractual Building Official services for the City of Hailey	1
CA 201	Motion to approve Resolution 2012-32 authorizing First Amendment to Use Agreement with Knife River for construction staging from city owned Parcel 01 & 02, Blk. 62, Woodside Plat 15 (situated between 2528 and 2630 Woodside Blvd)	7
CA 202	Motion to declare surplus property from Hailey Police Department — lost and found bicycles and 2 out of service police vehicles and approve Resolution 2012-33 and authorize bike auction on June 9, 2012 and authorize mayor to sign	11
CA 203	Motion to approve Dangerous Fireworks Display Permit for Hailey’s July 4 th Fireworks show conducted by pyrotechnics Lantis and the Hailey Fire Department at the Wood River High School property	15
CA 204	Motion to approve Beer and Wine license for Zou 75 conditional on Police Chief Approval and receipt of State and County licenses	19
CA 205	Motion to approve claims for expenses incurred during the month of April, 2012, and claims for expenses due by contract in May, 2012	21
CA 206	Motion to approve Treasurer’s Cash Report for the month of April, 2012.....	51

Mayor Haemmerle asked if anyone wanted to pull any consent agenda items.

Ned Williamson pulled CA 200
Jeff Gunter pulled CA 202
Pat Cooley pulled CA 201

Motion by Brown to approve consent agenda items minus pulled items CA 200, CA 201 and CA 202 motion seconded by Burke. Motion passed with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

CA 200 – Williamson would like to bring this to the next meeting, on, this is work in progress.

CA 201 – Pat Cooley pulled this item to abstain from the motion due to the fact that he lives on Woodside Blvd.

Move to approve made by Brown, seconded by Keirn. Motion passed with roll call vote. Brown, yes. Keirn, yes. Burke, yes. With Cooley abstaining from the motion.

CA 202 – Gunter clarified that there are 3 vehicles, not 2 vehicles. The documents in the packet are correct, the agenda line item stated 2 vehicles which was incorrect.

Motion to approve surplus lost bicycles and 3 out of service vehicles made by Brown as shown in packet, seconded by Keirn, motion passed with roll call vote. Brown, yes. Keirn, yes. Cooley, yes. Burke, yes.

PUBLIC HEARINGS:

PH 207 Quigley Canyon Annexation – Public Hearing (continued from January 23 and March 5, April 30, and May 7, 2012)

Mayor Haemmerle gave an overview of the process to date and what to expect tonight and for the next special meeting on Wednesday May 23rd. Haemmerle asked that the applicant be prepared for rebuttal to comments from the last meeting on May 7th. Haemmerle has allotted 2 hours for meeting tonight and asked that comments be kept at a maximum of 5 minutes per speaker, please respect this rule and others who have come tonight to speak their mind. Mayor Haemmerle asked that everyone take every effort to be civil, and speak respectfully.

Today will be the end of the public comment period for this application added Haemmerle. Next special meeting for this application will be Wednesday May 23rd at 5:30 pm at City Hall. This meeting will be dedicated to council deliberations.

Haemmerle announced that Williamson has asked council to state all Ex-parte communications.

Brown spoke with Kathy Grotto who expressed general comments regarding the County's development process and the County has standards which would be applied to any application received. Brown heard from Lisa Horowitz, in general, she is supportive of the Quigley annexation. Also Brown has received many emails (public comments) which she has forwarded on to city staff for the record.

Keirn received a call from Doug Brown expressing his support of the annexation. Also, saw Lili Simpson on a hike, she was expressing her view which was generally not in favor of annexation.

Haemmerle was confronted with numerous people on the campaign trail commenting on Quigley Canyon. Haemmerle advised all of these people that he was not able to comment on the topic.

Pat Cooley has received general comments in many venues, from friends and neighbors regarding Quigley Canyon, commenting yes and no and asking Cooley what he was going to do. Cooley did not engage in conversations with these people nor at any time did he express an opinion regarding this topic.

Burke spoke with Kathy Grotto, Grotto expressed general comments and spoke in favor of annexation into the city but specified no timeframe. Lisa Horowitz was more definitive, she felt that the city needed to have control over the process and leaning toward an in favor of annexation. Val Hartl expressed her opinion to Burke, she (Hartl) is opposed to annexation. Burke spoke with Jon Marvel this past weekend; Marvel believes that water should not be an issue, there are other ways to work the water issues and that generally Marvel was in favor of annexation but at some point in the future, not now. Burke also spoke to several people at the Blaine County Senior Center pros, growth was inevitable in the city and to deter growth was a detriment to the city. Another women, Burke did not know her name, expressed that she was opposed to annexation.

Mayor Haemmerle spoke to the applicant and asked 2 questions, what do you think the annexation fee should be and how do you intend to pay for it? Haemmerle references page 3 of the packet which is page 2 of the staff report from Ned Williamson dated May 18, 2012.

First issue, Evan Robertson, addresses the two questions from Mayor Haemmerle. Evan Robertson, if council is prepared to move forward with the annexation, then we can get into the fine tuning of these discussions. Robertson expressed comments on behalf of the applicant, they are not happy with the West Water appraisal, felt like the analysis was correct. Experts agree that the best use of these water rights are for Conjunctive Management Mitigation, the applicant concurs with this view. Also, from the report, the 1880 priority of surface water rights is what makes this a unique value. Robertson gave examples of why he was not in agreement with the water appraisal, looking at 60 currently available water rights, only 6 of them were dated 1880-1882, with the balance of them 1883 and junior, again showing that West Water may not really understand the water system in our valley, specifying that there is a big difference in value between 1880 and 1882 water rights; the applicant feels that the analysis is poor in regards to this point. Further explaining that the comparison of the 1880 versus 1882 water rights is invalid. In summary, the applicant believes that the analysis needs to be revisited with West Water and the city of Hailey; their consultant ERO has sent some suggestions to West Water. Finally, Robertson believes that the annexation fee is integral with knowing the correct assessment of the water rights. If the city and the applicant make an annexation agreement and negotiate the offsetting value of the water rights, then Robertson assured Haemmerle that the applicant would pay the annexation fee.

Before hearing from the applicant Dave Hennessy, Mayor Haemmerle provided that he thinks the fee could be characterized by the first 3 items on Williamson's chart page 3 of the council packet entitled Benefits, Monetary, Annexation Fee, Water Annexation Fee and Wastewater Annexation Fee totaling \$6,530,900 million.

Mayor Haemmerle Mayor Haemmerle again posed the question to the applicant, how will you pay for the annexation fee?

Dave Hennessey, the applicant spoke, and agrees with Haemmerle's statement regarding the \$6 million annexation fee. Hennessey further expresses that he feels the Annexation fee should be \$2 million instead of \$2,548,560 as indicated in the Benefits section of Williamson's memo. Hennessey handed out a document to the Mayor and council. This document is titled "*Quigley Canyon Ranch Cost/Benefit Study Update, Table D, Annexation Fee Analysis*". Hennessey reviewed this analysis line by line, beginning with the Current Asset Value – FY 2011, the value came from the city's audited financial statements. The 3rd item in the Caplan report (General Fund Budget Operating deficit, Hennessey felt this surplus shown in Caplan's report should be zero. Hennessey summarized that these values total equivalent funding for 4 Police officers and .5 a person for Streets, \$287,000, less General Fund Surplus of \$125,728, with a net total of \$161,272 per year with a 25 year total of \$4,031,800. Hennessey spoke next about land values in Caplan's report, handed out another document to Mayor and council "*Quigley Canyon Ranch Residential Property Taxes by Housing Unit Type*". Hennessey states that there have been questions on Rich Caplan's residential home values on which he based some of his report analysis. Hennessey's analysis used the home values on a 5 year average (per square foot price) from sales of homes in the valley and adjusted them based on the house and lot size. This analysis totals an assessed value of \$257,362,000 (Total Assessed Value all Units, on Hennessey's handout); compared to Rich Caplan's value of \$258,355,000. Comparing tax valuations on these numbers, Hennessey's Property Taxes total \$517,963 and Caplan's \$521,609, a difference of \$3,646 less. In general terms Hennessey stated that Caplan's report showed a net positive to the city, and property values would have to drop 53% for a deficit to be realized at the city, based on Caplan's report. Hennessey feels these are accurate values and also they provide some cushion.

As to how he would pay the city, Hennessey proposed that the annexation fee would be satisfied by the water rights. If we move forward, we would need to come up with a value for these water rights and how that applies to the annexation fees. Hennessey adds that he has proposed that portions of the improvements would be paid for with a Community Infrastructure District (CID). And as Evan Robertson, stated, Hennessey said he is committed to reach an agreement with the city and he will provide the city with assurances, we will make sure that you feel comfortable, that you'll be paid and that the improvements will be made.

Haemmerle asked if Hennessey would pay for the annexation fee difference in water rights value. Haemmerle added that he does believe there are problems with the West Water report and Caplan's report. Assuming that these reports have some rationality, are you prepared to pay the additional \$3.3 million dollars upfront as a condition of annexation? Hennessey replied that he thinks we need to get to the number and the timing of that number. Hennessey stated that if Haemmerle is asking if he would write a check today for \$3 million, he cannot answer that right now.

Hennessey added that he understands the city's concern regarding this payment and he will do everything he can, whether it is writing a check, another way securing CID financing or what to provide you with a level of security, whatever you feel is valuable.

No further comments from Dave Hennessey. Evan Robertson asked Haemmerle if they would get an opportunity to speak after the public comments period. Haemmerle affirmed, yes they would be given that opportunity.

Public Comments:

6:12 pm– 7 Quigley Lane Lili Simpson spoke to council. Simpson read a letter. Simpson feels the application does not comply with the Hailey Comprehensive Plan and explained why, comparing items 12.1 from the Comprehensive Plan to the annexation application. Simpson spoke to why land use was not compatible and cited the sections of the Comprehensive plan. Simpson feels this is a deeply flawed plan and will damage the way of life in Hailey.

Jim Keating – of 1121 Wolftone Drive is also submitting comments from Blaine County Recreation District (BCRD). Keating feels that the Nordic trails proposed/kept, minimum of 13 kilometers of skiing will be maintained with annexation. We have an opportunity to secure Olympic Nordic training in Quigley canyon with a part of this plan. The hiking and biking trails will be an added benefit to this development. A 3rd area is a year-round amenity, summer Bike Park, winter Nordic - a multi-season recreation hub. Active playing field space is needed, for soccer, hockey and other leagues. In summary, Keating feels this is a great asset for our community.

Daryl Fauth of 960 Foxmoor – spoke to council. Fauth feels that Hailey is in need of growth and recreational opportunities. Fauth believes that it is the Adams Gulch of Hailey. To keep this property in the county would not make sense; we will feel the impact no matter what. Why not make this the hub of Hailey.

Don Wiseman – of 160 Fox Club, in Ketchum is representing Sun Valley Ski Education Foundation as the Executive Director. Wiseman feels the loss of Quigley would be disastrous. BCRD is a partner, and they feel this is about as good as it gets. There are not really any other sites in Hailey that have the opportunity for tracks. We are in the final stages of the Nordic Para Olympic site application. If successful, we would be able to host national and international Nordic competitions.

Brooke Lawrence of 910 Silver Star Drive spoke to council. Lawrence grew up skiing at Quigley, and is a member of the ski club. Lawrence would be sad to see this be lost as a ski area.

Richard Stopol 150 6th Ave South of Hailey spoke to council. Stopol feels that 444 homes is too many. Stopol feels that taking this away from the ski team would be a bad idea; it has been a great benefit to citizens. Stopol believes that QCR will pay fees to the city no matter what. It doesn't make sense to annex while the cutters property is in courts with bankruptcy and haven't paid their annexation fees. Stopol feels that Hailey should not annex this property. Follow the P&Z and Fish and Game and do not annex. Stopol feels that the owners should sit and wait, if not, then develop in the county 100 units instead of 444 with annexation in the city.

Darlene Finnelle of 710 E Bullion in Hailey spoke. Finnelle read a letter to council. Local people have spoken against the annexation for a number of reasons including, water, wildlife, traffic. Finnelle feels this should be developed by the county. Please deny the application.

Judy Harrison of 551 Robin Hood Lane, spoke to council. Harrison would be happy to endorse this application if she weren't worried about how we would get paid. Harrison served for 8 years on the Counties Planning and Zoning Commission, there is not an application at the County for this development, and added that we do not know what development would look like. Harrison feels the Hailey Planning and Zoning Commission has given a good recommendation.

Curtis Uhrig 100 3rd Ave South spoke to council. Uhrig is a 3rd Generation Hailey resident. He disagrees with people "locking the gate" behind them, Sun Valley is doing well. Uhrig's parents and grandparents did not lock the gate. This place is going to grow. Uhrig is tired of people comparing Hennessey to Old Cutters. Hennessey is not responsible for Old Cutters development failing. Uhrig has known Hennessey for 20 years. Uhrig believes that Hennessey is here to stay. Uhrig is in favor of the city purchasing the water rights and is in favor of the annexation.

Lisa Horowitz of 610 Eastridge – uses Quigley multiple times per week. Horowitz feels that we should be realistic and develop this in the city. Recreation in Croy Canyon is not handled well; Horowitz feels the city is better able to drive/implement the Land Use Planning plan with this development, especially within the first 5 years when not much development is occurring. Horowitz feels the council should look at long term as to whether or not to develop/annex this property. Horowitz last point, thanked the city council, we elected you, to look at the information given to you, this is the most important decision you will make ever.

Greg Martin 236 Carbonate – Wood River Trails Coordinator of Bureau of Land Management (BLM) – referring to the Croy Canyon trails, this trail system has been a "home run." Martin believes Hailey needs more trails. The BLM has more trails planned. Martin stated that BLM won't be building these planned trails any time soon. Martin also spoke on behalf of the Wood River Bike Coalition as its Director. The opportunity for Nordic trails in Quigley would be very beneficial to the valley. These are quality of life enhancements.

Bob Rosso 215 East Galena spoke to council, on BCRD board in the past. Rosso feels that Hennessey has bent over backwards to work with the citizens and organizations. The details are up to you Mayor and council to work out with the applicant. Rosso believes that we need to grow. Rosso concurs with Martin's comments. He thanks the mayor and council.

Sandra Sullivan 530 McKercher Blvd. asks the council to annex this property. This project would be "icing on the cake." Hailey would benefit from this annexation.

Sullivan has also served on the Blaine County Planning and Zoning. Hailey is running out of side canyons, we need to develop this in the city not the county. We need to do this for the future of Hailey.

Wynne Byrd 631 E Myrtle Street spoke to council. Byrd asks how Hailey will deal with traffic for 444 houses through Bullion and Croy.

David Seelig 1320 Woodside Blvd. – has a blessing with the Woodside project. Seelig's property was valued at \$194,000 down from \$395,000. Seelig believes 444 homes are too many. Seelig feels Caplan's report is deeply flawed.

Joylon Sawrey 30 Wyatt Drive in Bellevue. Sawrey is a local Architect. Sawrey believes this is a perfect location for annexation. Sawrey believes this is a smart design. Sawrey thinks hooking up to city services is smart. The recreation hub is a benefit. Sawrey is for annexation.

Peter Lobb 403 E. Carbonate – is opposed to annexation. Lobb asks why we would buy the water rights and give back to the applicant. Lobb doesn't know what annexation would do for jobs in our local economy. The amenities may not be lost if this were developed in the county. Lobb feels wildlife is at risk if annexation is approved with 444 homes. How can we take on more responsibilities if we can't take care of what we have? He feels that in a year or two, council will ask voters for more \$ for infrastructure improvements. We don't need this now. Lobb suggests council deny this application and vote tonight.

Eeva Pregtizer – 112 River Run Drive. Pregtizer is a realtor and believes there is a need for growth. Pregtizer encourages the council to annex this property, growth is inevitable. Lastly, is the integrity of Hennessey and his team, they keep their word and are very professional. She supports this annexation.

Evan Lawler 1921 Northridge Dr. is in favor of the annexation. Lawler feels this planned growth would add to the vibrancy to Hailey. Let's plan for the future right now. Promoting economic development – the recreation component is a economic development opportunity, bringing people to the area. We should work with Hennessey, the pros outweigh the cons.

Frank Salvonie – 235 Pinewood Lane of Ketchum, grew up on the east coast. He believes this is a big decision. Salvonie agrees with Curtis Uhrig.

Pam Ritzau -211 2nd Ave North spoke to council. Ritzau believes 100% with Horowitz. Mostly, thank you council for your service.

Bob Erickson 1850 Northridge Drive – if you annex it would save him some work because the applicant would then apply at the county where he works. That is not the reason Erickson is in support of annexation, he adds. This application makes sense in the city. Erickson believes, if you can work out the money, then annex.

Barbara Dargatz 530 Deer Trail – as far as economics are concerned, 2013 -2014 same. She would prefer to see ski trails continue in Quigley. We need more time to think about this and consider the economic situation.

7:20 break to 7:30

Billy Olson 514 1st Ave North – feels annexation would be a benefit to Hailey. Olsen feels the bike trails would be a great asset to the community, especially with the winters, drawing more people is a good thing.

Nick Uberuaga 410 Evergreen Lane – is in support of annexation. This is our only opportunity, seize it.

Travis Jones 304 East Elm Street in Hailey– It is important to note that the potential for the Nordic facility through Quigley annexation would be a world class Nordic facility, the US National Championships bring in \$250-500,000 for the hosting communities. When things get slow in the winter, this could be a big economic development opportunity. Jones believes that this is a great site, and agrees with annexation for our community.

Jon Marvel 316 E. Bullion – thanks to city council and staff for the effort in this application, Marvel and his wife sent comments in this morning, in opposition of this annexation. Marvel believes the timing is wrong. Marvel feels that the applicants answer to the mayor’s question about annexation fee payment is unsettling. Marvel thinks that the city should reject this application and expect it in the future. Marvel feels the city is in a stronger position than it thinks. Encourage the decision that is in the best interest of Hailey, not the developer.

John Finnell 710 E. Bullion – opposes the project. This is a classic example of sprawl and not in compliance with the Comprehensive Plan. The water, he doesn’t think there is enough. He does not think it is a benefit to the city. Thanks to mayor and council for their work in this project.

Jim Phillips 20 Quigley Road – the question before you isn’t whether it should be annexed, it is whether it complies with the comp plan and whether it is a benefit to the city. Phillips references, Williamson’s memo, smoke. Most of the costs, listed are costs he has to pay for the project. List of Benefits, cannot get arms around, annexation impact fees, city pays for water rights and gives rights back to the developer to use. “Annexations should pay for themselves.” If the city buys water rights (credit for annexation fees), he does not see that this complies with comp. plan “...pay for themselves. This annexation is not in the best interest of Hailey citizens. As to the recreation aspect, you have to look out for the recreational concerns of the community but also keep in mind the financial health of the city and determine that it is in the best interest of Hailey. The BCRD will continue to advocate uses of this property for

recreational purposes. In closing, Phillips states, look at the proposal and its clear that it does not meet the 3 standards in your annexation ordinance – deny this annexation.

Anthony Maratea of 210 Eastridge Drive agrees with everything that Jim Phillips just said.

Gloria Maratea of 210 Eastridge Drive opposes this application.

Nick Gilman 218 Walnut Street East is in favor of annexation, recreational opportunities are important to Hailey and the Valley as a whole. Gilman spoke about Chattanooga TN 20 years ago – story about Bob Corker – Outside Magazine vibrant economic community. Recreational access is a great benefit to the community.

John Nicholson of 331 Cottonwood is in favor of annexation.

Don Sammis 105 Willow Circle in Hailey spoke to council. It is hard to put a dollar amount on keeping kids out of drugs and into sports. Recreational opportunities are a benefit to this community and great location to the school. The benefit to the community is huge; don't let this opportunity slip by you. He has never seen a community with such non-profit support. Sammis had the opportunity to be involved with the Olympic Volleyball training team in California. If you were to get this Olympic training designation, this would be a great asset to the community. In 5-10 years from now if getting this Olympic designation, you are watching Television and an athlete with a medal around his/her neck had trained in our facility, you would be extremely proud.

Penny Thayer 540 Buckhorn if you have any questions, vote no.

Nina Stephens 421 Deerwood Drive – doesn't think all the issues are addressed, agrees with Jim Phillips and Jon Marvel.

David Stone 134 Southern Comfort, in Blaine County. The city needs growth, smart growth, this is smart growth. Vote yes.

Art West 201 Spruce Way – our only industry is recreation. Continue to do this, it is a great opportunity to grow, negotiate with water. West believes this is a great opportunity for Hailey. Annex this property

Tim Brown of 1260 Blue Lakes – born in the valley, change and growth can't be stopped. Brown is in favor of the annexation.

Claire Casey –619 2nd Ave. North is a returning resident to Hailey. Casey asked a question to the developer about bonding in a previous meeting. After the meeting, she went to Quigley and cried. 444 homes scares her. Casey does not want to see the council held hostage, still unanswered questions. Will you be able to maintain city services with this annexation? Thanks for allowing public comments.

Greg Travelstead 621 South 4th Avenue– is in favor of recreation but not necessarily this application. Williamson’s staff report was well put, good reasons for and against. When you perform your evaluation of this application against your standards, you don’t have enough information that tells you to annex. There should be compelling reasons to annex this property.

Jack Brown 241 Timberline (lives in East Fork) has lived in Blaine County a long time. Brown has seen a lot of changes through the years. Brown believes annexation is a tool, this is your opportunity to effect change. Brown talks about water and feels that the water well proposed is more than enough for the property. Every objection mentioned can be mitigated. Annexations do pay for themselves. This is an opportunity for you to design the town in perpetuity, the best thing that can happen to Hailey. Brown is in favor of annexation.

Charlie Meyer 150 South 8th Avenue – 3 points, why can’t we have the same opportunities if developed in the county? The Hailey Planning and Zoning Commission recommended denial of this application, remember that. Two studies done, fiscal and water rights. The 1880 water rights seem to be a questionable benefit to the city. The two studies done raise more questions than answers. The developer can’t say what the fee should be or how they will pay for it. We should not annex.

Kevin Carey 214 West Croy – 100% in favor of annexation now. Carey thought the financial aspects had been ironed out; keep working to get this done. Carey believes council should annex.

Tom Swenson 731 Bonanza – believes the county should develop this property. Negotiate the density down and discuss traffic issues if annexed.

Larry Newton 601 Beach Street Bellevue – 80% of the places he used to go are blocked off. This could be a recreational benefit. It is hard for Newton to believe the recreational benefit will happen. Newton speaks about sage hens and how they have been run out of the valley. Hennessy has blocked off a lot of the property to recreational users.

Troy Thayer 540 Buckhorn – when there was a golf course, he was for annexation. Get all the questions answered, if not don’t approve.

Krista Gehrke 370 Little Indio – water study is not complete. Wendy Pabich said it beautifully in the last meeting. Gehrke is concerned that we don’t know if we have enough water for this annexation.

Libby Massey 3 Quigley Road concurs with Lili Simpson, base your decisions on the Comprehensive Plan compliance. Massey agrees with Jim Phillips. This is additional liability for the city.

Closed public comments, applicant did not choose to comment.

Next meeting is May 23rd, at 5:30 pm at city hall.

No further discussion, Mayor Haemmerle ended the meeting at 8:32 pm