



# City of Hailey

## Voter's Pamphlet

Regarding proposed Initiative 2017-1 – Repeal and Refund of Development Impact Fees for  
Nonresidential Construction  
and  
Initiative 2017-2 – Repeal of Annual Business License Renewal

Election Day  
Tuesday November 7, 2017

Published by:  
City of Hailey  
City Clerk

Dear Hailey City Residents:

This is a Voter's Pamphlet containing information concerning Initiative Petitions 2017-1 and 2017-2 that will appear on the November 7, 2017 General Election ballot. This pamphlet contains the initiative petitions and arguments in support and against those initiatives. The initiatives will be in ballot form on election day. These items can only be voted on by City of Hailey registered voters. Please read carefully the information contained in this pamphlet. I encourage you to vote on November 7, 2017.

Sincerely,

Mary Cone  
City Clerk

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### INITIATIVE PETITION 2017-1

AN ORDINANCE OF THE CITY OF HAILEY AMENDING SECTION 15.16.130 OF THE HAILEY MUNICIPAL CODE BY NO LONGER REQUIRING NEW CONSTRUCTION NONRESIDENTIAL TO PAY A DEVELOPMENT IMPACT FEE AND REQUIRING FEES COLLECTED BY THE CITY FOR SUCH CONSTRUCTION TO BE REFUNDED TO THE FEE PAYER.

WHEREAS, studies have shown commercial and industrial developments pay for themselves over and over again. These developments provide the jobs, products, and services that the residents in Hailey demand, and,

WHEREAS, commercial development is essential to Hailey's economy by adding vitality, adding to our tax base, bringing in much needed jobs, and creating more . . . retail and service options for our community, and,

WHEREAS, a fee charged to one segment of society to offset the burdens of the community as a whole is a tax - not a fee - and as such is an-unlawful tax, and,

WHEREAS, the imposition of this burden on the landowners or developers amounts to an unlawful tax, and infringes on private property rights, and,

WHEREAS, by state law a city cannot make a profit on fees, and any and all fees have to be justified in terms of a validated cost to the city, and,

WHEREAS, the Citizens of Hailey realize adopting these fees was a mistake that has helped to create a stagnate business environment in our city.

**THEREFORE, BE IT ORDAINED** that the People of the City of Hailey, Idaho do hereby enact the following ordinance:"

Section 15.16.130 of the Hailey Municipal Code is hereby amended by the deletion of the stricken language as follows (see EXHIBIT "A")<sup>1</sup>: and the addition of underlined language creating a new Section of the Hailey Municipal Code Section 15.16.140: entitled: Refund of Development Impact Fees for New Construction Nonresidential.

Municipal Code Section §15.16.130 changed in November 2016, see our website for more information on our municipal code [www.haileycityhall.org](http://www.haileycityhall.org)

**EXHIBIT "A"**

**Development Impact Fee Schedule**

ITE Code	Per Housing Unit							
	Parks	Transportation	Police	Fire & EMS	CIP Cost	Total Per Unit		
<b>New Construction Residential</b>								
210 Single Family Detached	\$120	\$1,063	\$248	\$310	\$69	\$1,810		
230 All Other Housing Types	\$129	\$651	\$267	\$334	\$69	\$1,450		
	Per Square Foot of Floor Area							
<b>New Construction Nonresidential</b>	Transportation	Police	Fire & EMS	CIP Cost	Total Per Unit			
820 Commercial / Shop Ctr 25,000 SF or less	\$5.52	\$0.20	\$0.89	\$0.05	\$6.66			
820 Commercial / Shop Ctr 25,001-100,000 SF	\$4.01	\$0.16	\$0.77	\$0.05	\$4.99			
820 Commercial / Shop Ctr 100,001 SF or more	\$2.90	\$0.14	\$0.65	\$0.05	\$3.74			
710 General Office 25,000 SF or less	\$1.64	\$0.06	\$1.11	\$0.05	\$2.86			
710 General Office 25,001 SF or more	\$1.40	\$0.05	\$1.05	\$0.05	\$2.55			
720 Medical-Dental Office	\$3.23	\$0.12	\$1.09	\$0.05	\$4.49			
610 Hospital	\$1.57	\$0.04	\$0.91	\$0.05	\$2.57			
770 Business Park	\$1.14	\$0.04	\$0.85	\$0.05	\$2.08			
110 Light Industrial	\$0.62	\$0.02	\$0.81	\$0.05	\$1.50			
150 Warehousing	\$0.44	\$0.02	\$0.34	\$0.05	\$0.85			
151 Mini-Warehouse	\$0.23	\$0.01	\$0.01	\$0.05	\$0.30			
<b>Other Nonresidential</b>								
320 Lodging (per room)	\$529.00	\$17.00	\$118.00	*	\$654.00			
520 Elementary School (per student)	\$103.00	\$6.00	-\$32.00	*	\$141.00			
530 Secondary School (per student)	\$136.00	\$8.00	-\$36.00	*	\$180.00			
565 Day Care (per student)	\$420.00	\$14.00	-\$43.00	*	\$477.00			
620 Nursing Home (per bed)	\$222.00	-\$7.00	-\$96.00	*	\$325.00			
* Other nonresidential will also pay the cost of CIP preparation at the rate of \$0.06 per square foot of floor area.								

In addition to amending Section 15.16.130 of the Hailey Municipal Code, the Citizens of Hailey respectfully demand that the City of Hailey create a new Section of the Hailey Municipal Code Section 15.16.140: entitled: Refund of Development Impact Fees for New Nonresidential Construction: Any fees already collected by the City of Hailey for these types of projects shall be refunded to the Fee Payer in recognition that collecting these fees was a mistake and likely unlawful. Recent payments that have been received but not already spent are to be returned immediately. Prior Development Impact Fees that have been spent by the city shall be refunded to the Fee Payer within five years from passage of this ordinance.

Argument in support of Repeal and Refund of Development Impact Fees  
for Nonresidential Construction

By: Bob Wiederrick Chairman of The Citizens Who Love Hailey

Making it easier for small business to start and flourish should not be a partisan issue. Studies have shown commercial and light industrial developments pay for themselves over and over again while providing the jobs, products, and services that people demand. A quick look at the top property tax payer accounts in Hailey shows that commercial development tax collections far outpace those of residential development. Commercial development does not receive any homeowner exemptions that residential development does.

Commercial development is essential to Hailey's economy by adding to our tax base, bringing in much needed jobs, adding vitality, and creating more retail and service options for our community. It is time to correct the mistake that the City of Hailey made by adopting the Development Impact Fees for commercial and light industrial development. We need to remove this barrier to support our local businesses.

The City of Hailey has illegally charged excessive fees for development as was proven in the Old Cutters Annexation court case. The City of Hailey wasted over \$178,000 of our tax dollars trying to support their flawed annexation agreement. By state law a city cannot make a profit on fees, and, any and all fees have to be justified in terms of a validated cost to the city. Quite simply, the City of Hailey makes more money on commercial developments than it costs to service these developments. Not only should these fees be illegal, according to state law, they also discourage new commercial development that we all benefit from.

We are extremely fortunate to have two major employers here in Hailey. Power Engineers and Marketron were here before the Development Impact Fee ordinance was adopted over 10 years ago. Hailey has not attracted another major employer here since then and will be unlikely to do so with these fees in place. Developed commercial property still must pay taxes that we all benefit from whether it is occupied or not. The King's building and the Mint are examples of how we still benefit from vacant commercial development. Once a structure is built the owner must pay taxes for any increased property value until it is demolished.

## Argument Against Initiative Petition No. 2017-1

Existing Hailey taxpayers should not have to subsidize new development. The development impact fee ordinance was previously challenged by the Petitioner in 2008. 68% of the voters soundly rejected the Petitioner's prior effort to repeal the entire development impact fee ordinance. Now, the Petitioner is asking voters to exempt commercial development from the payment of development impact fees ("DIF's"). That is not fair. All development should pay its fair share.

In his petition, the Petitioner states that "a fee charged to one segment of society to offset the burdens of the community as a whole is a tax--not a fee--and as such is an unlawful tax." In 2007, Hailey's DIF ordinance was legally adopted in accordance with the Idaho Development Fee Act. *Idaho Code §§ 67-8201 et. seq.* Hailey has complied with state law. Simply put, there is no basis that DIF's are unlawful.

DIF's have been very beneficial to the Hailey residents. To date, \$612,145 has been expended and another \$105,785 is budgeted for this fiscal year. Since 2007, Hailey has used DIF's to fund, in whole or in part, the expansion and enhancement of the Skatepark, the construction of the RV station improvements by the McKercher Park and the Woodside roundabout and the purchase of street and fire department equipment.

The Petitioner is also seeking a refund of previously collected commercial development impact fees. Between the original date of adoption in 2007 and June 30, 2017, Hailey has collected \$877,088 in development fees. Of this amount, \$507,318 (or nearly 58%) has been collected from commercial and industrial projects. The Petitioner has not identified how the previously expended commercial DIF's will be repaid. Future services and/or capital projects will necessarily suffer.

This community needs to fund future capital needs and citizens deserve an acceptable level of city services. Adoption of this initiative will damage Hailey's efforts to fund capital improvements necessary for the quality of life we want for our family and neighbors.

Vote NO on Initiative Petition No. 2017-1.

Dated this 20<sup>th</sup> day of July, 2017

Jane Drussel  
106 South Main Street  
Hailey, Idaho 83333

Carol Brown  
830 Silver Star  
Hailey, Idaho 83333

## Rebuttal to Argument Against 2017-1

Commercial and Light Industrial (LI) developments make the City of Hailey money and they know it. Micah Austin, then Hailey's Community Development Director, was interviewed for an article published in the February 7, 2014 edition of the Idaho Mountain Express. He stated in that article: "Studies have shown that for some residential neighborhoods, more money is spent on services than is paid in taxpayer dollars from those neighborhoods, whereas commercial and industrial uses pay for themselves over and over again while providing the services that residents in Hailey demand." Micah is a seasoned professional and the City of Hailey lamented his leaving for a similar job in Ketchum.

The City of Hailey has always maintained that "new growth needs to pay for itself" to justify the implementation of Development Impact Fees (DIF). The City never disclosed that commercial and LI developments more than pay their own way. One study in Tennessee found for every dollar in revenue from commercial and LI use only \$0.20 was spent on providing services. The City has corrupted the proper use of Impact Fees as they did with charging excessive annexation fees for the Old Cutters annexation. The DIF for commercial and LI is nothing more than an illegal revenue raising scheme used by the City to fund a wish list of capital improvements. Micah spoke the truth and exposed the City's deception. It's time to correct the mistake and support our local businesses.

Vote YES on Initiative Petition 2017-1

Dated this 1st day of August, 2017

Bob Wiederrick, Chairman of the Citizens Who Love Hailey  
1120 Quigley Road  
PO Box 792  
Hailey, Idaho 83333

## Rebuttal to Argument for Initiative Petition No. 2017-1

The Petitioner for Initiative Petition No. 2017-1 only wants residential development to pay development impact fees. This proposal is simply not fair to the hard working property owners in Hailey. The Petitioner states that unknown studies show that commercial and light industrial properties pay for themselves. In contrast, a respected financial firm calculated the development impact fees for the City of Hailey and concluded that the fees for commercial and light industrial development are fair for both residential and commercial development. Existing Hailey taxpayers should not have to subsidize new development. All development should pay its fair share.

The Petitioner suggests that the elimination of development impact fees will encourage new businesses to come to Hailey. We believe new businesses will be more likely to relocate or start in Hailey if the infrastructure of this community will support the quality of life we enjoy. Without development impact fees, it will be difficult to maintain infrastructure for new growth. Deteriorating infrastructure will not attract new businesses.

The Petitioner suggests again without authority that the development impact fees should be illegal. Contrary to this unsupported claim, Hailey's Development Impact Fee ordinance was legally adopted in accordance with state law.

Simply put, this proposal is not fair and jeopardizes our quality of life.

Vote NO on Initiative Petition No. 2017-1.

Dated this 31st day of July, 2017

Carol P. Brown  
830 Silver Star  
Hailey, Idaho 83333

INITIATIVE PETITION 2017-2

AN ORDINANCE OF THE CITY OF HAILEY AMENDING SECTION 5.02.050 OF THE HAILEY MUNICIPAL CODE BY ELIMINATING THE RENEWAL OF A BUSINESS LICENSE FOR A BUSINESS IN THE CITY OF HAILEY PROVIDED THE BUSINESS HAS AN APPROVED BUSINESS LICENSE AND THE BUSINESS REMAINS AT THE SAME LOCATION.

WHEREAS, the citizens of Hailey want to create a business friendly community, and,

WHEREAS, once a business has been inspected for safety and proper location, there is no real need to re-inspect annually, and,

WHEREAS, the business community is essential to Hailey's economy by providing the products and services that residents in Hailey demand.

THEREFORE, BE IT ORDAINED that the People of the City of Hailey Idaho do hereby enact the following ordinance:"

Section 5.02.050 of the Hailey Municipal Code is hereby amended by the deletion of the stricken language and the addition of the underlined language, as follows:

5.02.050: LICENSE FEE; RENEWAL: A nonrefundable business license fee for the administrative costs of processing applications shall be paid by each applicant at the time of making application for any business license. The license shall be issued for the duration of time that the business operates upon the approved and licensed premise as long as the business remains at the same location ~~one year from the date of application approval. All business licenses required hereunder shall be renewed annually for each year or portion of the year in which the business or occupation subject to this chapter remains in operation. There shall be a proration of fees for licenses renewed for a portion of the year, proportional to the amount of months the business plans to remain in operation. In no case will refunds of renewal fees be given.~~ The amount of the fee provided for herein shall be set by resolution of the city council. Any agency of the United States government and political subdivisions of the state of Idaho, including counties, school districts, sewer districts, fire districts and other special districts, and not for profit businesses shall be exempt from payment of the license fee required by this section, but shall be required to obtain a license ~~and annual renewals of said license~~ and shall be subject to all other provisions of this chapter.

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## Argument in support of: The Repeal of Annual Business License Renewal

By: Bob Wiederrick Chairman of The Citizens Who Love Hailey

Repealing the annual business license renewal will help to make Hailey a more business friendly community. Small business owners need real regulatory relief from Washington DC down to the city level. With this Initiative, once a business license is obtained it will remain valid so long as a business stays at the same location with the same owners with no change in use.

Our local businesses are not a health hazard. Once a business has been inspected for safety and proper location, there is no need to re-inspect annually. Businesses that need further scrutiny are inspected by state inspectors and are licensed by the state. Restaurants being inspected by the State Health Department are a good example of this. There is inequity in the business license program as well. A large corporate office building with thousands of square feet pays the same amount for a license as a small office while taking much longer to inspect. The current system is fundamentally a disguised tax on businesses.

## Argument Against Initiative Petition No. 2017-2

The Petitioner is asking voters to eliminate the renewal of a business license if that business has an approved business license and the business remains at the same location. If adopted, the annual business renewal license fee of \$50 would be eliminated for approximately 420 businesses. Elimination of this fee will result in a loss of approximately \$21,000 in revenue each year. In his petition, the Petitioner states that “once a business has been inspected for safety and property location there is no real need to re-inspect annually.”

Health and safety of employees and patrons of a business should not be sacrificed by a desire to avoid a \$50 annual renewal fee. In the past, the City has discovered violations during inspection which were dangerous. When a business license is renewed, the City can partially fund inspections to ensure the adequacy of fire extinguishers and access in and out of a business. An annual renewal also allows the City to monitor business activity which may involve noxious activities and impact adjacent property owners. Inspections protect businesses and their customers, but inspections come at a modest cost. The annual renewal fees help offset this important health and safety activity.

The Business License ordinance was previously challenged by the Petitioner in 2008. The voters rejected the Petitioner’s prior effort to repeal the Business License ordinance by an overwhelming vote. 69% of the voters did not want to repeal the Business License ordinance.

Please do not jeopardize health and safety of this community.

Vote NO on Initiative Petition No. 2017-2.

Dated this 20<sup>th</sup> day of July, 2017

Jane Drussel  
106 South Main Street  
Hailey, Idaho 83333

Carol Brown  
830 Silver Star  
Hailey, Idaho 83333

## Rebuttal to Argument Against 2017-2

Businesses outside the city limits in Blaine County are not required to have an annual inspection for a business license. Blaine County inspects the business the first time only. These businesses: Webb Garden Center, Franklin Building Supply and D Swaner Welding among others on Glendale Drive are not harming the health and safety of employees and patrons as the authors of the argument against this initiative would have you believe. Businesses in Hailey are no more harmful than their counterparts in the county.

This initiative, while related to, differs significantly from the one in 2008 and should be judged on its own merit. The State of Idaho now runs initiative elections. Now Hailey's lobbying efforts will be minimized. Three months prior to the last election Hailey ran articles each month in its "Our Town" newsletter and had a town hall meeting at the high school. Opposing viewpoints were not presented in either of these venues. Ned Williamson, Hailey's City Attorney, also wrote a letter published in the Idaho Mountain Express critical of the initiative and supportive of the City. After the dismal failure of Hailey's Old Cutter's Annexation Agreement in court and after wasting over \$178,000 of our tax dollars, we should be highly skeptical of Ned's opinions. Without these one-sided lobbying efforts by the City the voting results should be more fair and favorable to this initiative.

Please help make Hailey a more vibrant and business-friendly community.

Vote YES on Initiative Petition 2017-2

Dated this 1st day of August, 2017

Bob Wiederrick, Chairman of the Citizens Who Love Hailey  
1120 Quigley Road  
PO Box 792  
Hailey, Idaho 83333

Rebuttal to Argument for Initiative Petition No. 2017-2

The Petitioner argues that businesses need regulatory relief. An annual renewal is not an onerous burden for Hailey businesses. Health and safety of employees and patrons of a business should not be sacrificed by a desire to avoid a \$50 annual renewal fee. Please do not jeopardize health and safety of this community.

Vote NO on Initiative Petition No. 2017-2.

Dated this 31<sup>st</sup> Day of July, 2017

Carol P. Brown  
830 Silver Star  
Hailey, Idaho 83333