

**MINUTES OF THE SPECIAL MEETING
OF THE HAILEY CITY COUNCIL
QUIGLEY ANNEXATION
HELD MONDAY JANUARY 15, 2009
IN HAILEY CITY HALL MEETING ROOM**

The special meeting of the Hailey City Council was called to order at 5:32 P.M. by Mayor Rick Davis. Present were Council members Martha Burke, Don Keirn, Carol Brown and Fritz Haemmerle. Staff present included City Administrator Heather Dawson and City Attorney, Ned Williamson.

Mayor Davis opened the meeting for public comment. There were no comments.

Mayor Davis requested Beth Robrahn, Planning Director outline for the public how the meeting would be run. Robrahn explained that the applicant will review the modifications to address concerns of the Planning & Zoning Commission's recommendation regarding development in Dead mans Gulch and beyond the pond. Wildlife concerns will then be addressed by Mike McDonald from the Idaho Fish & Game. Water and the Wastewater issue will be reviewed by Tom Hellen, Public Works Director. The meeting will then be open for public comment.

Applicant

Dave Hennessey with Quigley talked about the modifications to the site plan. He reviewed the drawings on the PowerPoint presentation and explained that in response to all the comments they have received - they are looking at pulling all the lots towards the mouth of the canyon; thus, creating a bigger wildlife area. There would be a net loss of 2 units. This has reduced the developable acres by 223 acres. Deadman's area was pulled back to 1600 to 1700 sq feet. There is an added 480 feet in distance from pond to parcel #7. Haemmerle asked how many acres there was of developable property before these changes. Hennessey said the total of the area is just over 1100 acres but it's not broken down as Haemmerle asked. Brown asked about the linear 1400 feet that was talked about. Hennessey explained that he was talking about the intersection square footage. This is all outlined in the council's packet.

Waste Water – Tom Hellen, Public Works Director presented.

Dave Hennessey began this part of the presentation by advising council that they reviewed the Wastewater system within the project and said they can reuse the water on the golf course and minimize the impact on the City of Hailey. They decided to treat wastewater on site with a decentralized system. This is outlined in the packet in Hellen's memo to council. There is some concern because of the noise. They are in the process of doing a facility plan. This will outline going from a decentralized system to hooking up to the city's wastewater treatment plant.

One condition the Planning & Zoning Commission recommended was for the applicant to use a decentralized system. If the system is not approved by the City or DEQ they will have to look at tying into the municipal system. Mayor Davis thought this discussion was

premature. Hellen advised that the memo that is in the council's packet outlines 5 points that are concerns. The discharge permit is also a concern that they do not have answers to at this time. The answers are not forthcoming. Haemmerle wanted an analysis of what our allocation really is. He would like to know what these additional hookups will add to our discharge if Quigley had to connect to the city system. How much will this add to our limit, if at all? Evan Robertson said that they prefer the decentralized system onsite. Robertson went on to explain that if it goes to them hooking into the city system, part of their property would be used for our system. Brown would like to hear from South Central Health District on this topic. Hellen has information on this in the master plan. Brown would like to see it. Keirn said that he imagined DEQ would tie in with the health district. He pointed out that the in house system would be operated by homeowners. Keirn is not comfortable with that scenario. Robertson commented that Eagle, Idaho has a number of systems doing that. DEQ will be looking at this and wants assurances regarding the governance of the system. This was a problem in other areas but he feels DEQ now has this under control.

Hennessey talked about the wildlife corridor. If they build envelope to envelope it will be 473 feet. They are trying to create a better habitat in Dead Mans Gulch.

Idaho Fish and Game - Mike McDonald Staff Biologist with the Idaho Department of Fish and Game presented.

McDonald said that he will discuss the letter he sent to the city regarding Quigley Dated April 23, 2008. (in council packet) Quigley Canyon and the area surrounding are important to wildlife for a number of reasons. It has big game winter range and is also a migration corridor for mule deer. It is one of few places they have spent time and documented where deer cross the canyon. All of those points fall in the development.

The recommendations they submitted included the development in Dead Man's Gulch. They have recommended relocating the lots in Dead Man's and to add another mule deer migration corridor above Quigley pond. There is also a variety of Plat notes verses CCR's. All those will help make the area friendlier. Brown asked if McDonald has seen the new plans. He said he has had them for a couple weeks. The map has not been reviewed by McDonald's staff but he thinks they are working in the right direction with the changes he has reviewed. Brown asked for another letter to council after a formal review of the changes. Brown pointed out that at the last meeting people spoke about other wildlife other than big game. McDonald said where you have big game you also have mountain lions, black bears and wolves. What they are recommending will help with other species in the area. Keirn voiced that pets do not have much of a life span up there. McDonald said that it is a concern and pets are addressed in the Plat notes. Mayor and council look forward to updated report. Mayor Davis asked if fences will be allowed around the lots. Hennessey said the higher density pieces would be allowed to have fences but then he pointed out where fences would not be allowed.

Water Rights

Hellen advised council that the 2nd part of the memo in their packet addresses that there are 4 or 5 conditions on water from the Planning & Zoning Commission.

The applicant proposed irrigation will be with their own water rights. The other rights will be from the City. The Planning & Zoning Commission wants all water rights for the development. As a starting point, Hellen pointed out that the applicant has proposed that there be separate irrigation systems for the golf course and the lots. They would use their water rights to satisfy that and the remaining water rights would come from the city. There are some problems with that and that is that water rights are valuable. The 1st recommendation from the Planning & Zoning Commission was that the City get all the water rights. SPF Water Engineering recommends a new well to assist in the domestic supply of water to Quigley. The conditions are all outlined in the packet. One big unknown is what conjunctive management means to this Valley.

Christian Petrich from SPF Water Engineering of 300 East Mallord Dr., Suite 350 Boise ID gave the overview. He took a look at the initial plans regarding water use. They listed a series of recommendations to identify components that would cost the city money if the city is going to provide municipal water. The applicant seeks to irrigate with their own water rights. The water that is used for domestic needs raise the question if components are required and who would be paying for those? Recommendations were made and they are outlined in the council packet. This includes costs that are associated with new water rights. Fundamental questions are focused on water rights. Quigley has ground water and surface water rights. Petrich outlined the history of water rights and which are the more valuable ones. Petrich pointed out that the question is what does conjunctive management mean to the water rights that are held by Quigley and the city's decision to incorporate them as part of the annexation? The answer is that this point is not entirely clear. Another question is what is the value of the water rights that the applicant is coming to the city with and what are the needs? The 2nd part will take current wells and tie them together. Water from any well could be used anywhere in the city. The 3rd part of question is irrigation. Will the applicant have enough water for irrigation? If ground water is restricted will there be enough surface water? Petrich explained that it depends on the amount of water available in Quigley Creek and that water rights are more valuable. SPF has outlined recommendations for infrastructure improvements. At this time Petrich thought he should stop his presentation and take questions from council. Brown questioned domestic water use and filing an application and asked where we would get the water from. Petrich explained that in home use goes back into the system right away and the water gets recharged. It ends up back in the river and can be used for senior water user rights. He feels we could get a permit for domestic water use but did say time is a question. Haemmerle questioned conjunctive management and how secure are municipal rights to being cut off in a conjunctive management scenario? What is the department's position about cutting off rights with a 2009 priority date? Petrich said they would look at precedence in other parts of the state. So far the department has not cut off municipal use because it would be non consumptive. Very little would be lost from the system. In municipalities they would cut off irrigation use. Haemmerle questioned if that has been done in the past. Petrich clarified that they would cut the irrigation use that the municipalities would have. Municipalities would be just as vulnerable to curtailment for irrigation use. Haemmerle asked if Petrich could use any scenario where non consumptive domestic use has been curtailed. The only scenario he could envision was in some area where domestic rights that are currently entitled to 1/2 acre irrigation where

they could be curtailed in new applications but would focus on the irrigation component. Haemmerle stated that there is no current written policy on this. Petrich agreed and said right now we don't know how the department will implement conjunctive water use. Foster went on to say that Conjunctive Management is more than 5 years away. Brown asked Petrich if he is aware of the Blaine County Study with USGF. He said that he is and understands they are ready to complete a water budget for that. He said that study may be able to answer some questions regarding conjunctive management. Keirn asked about the well that is being recommended, how detrimental will the well be to the rest of our water table? Petrich explained that the closest well is the Woodside well. Any new well will be some distance away. Water will flow through easily. Water will not represent a huge impact. They will want to look at individual well logs and estimate what that would be. The further upstream you go the further you are from the Big Wood River. It needs to be far enough away that it is not interfering. By going further up stream it may be a greater distance and not affect the Big Wood River. There may be other benefits to that also. Haemmerle talked about a section of the report where the city paid the developer to oversize their well. He asked for clarification of that recommendation to the public. Petrich explained that the city could use some additional capacity in the current system. One suggestion is to oversize that new well so the current city could benefit from that. There are also some opportunities for fire storage or tank use and opportunity to trade benefits.

Norm Young an Engineer with ERO Resources, Boise, ID spoke to council. Young is with the firm that drafted the water supply and requirements report for Quigley. Young explained that in respect to Conjunctive Management he agrees with Dr. Petrich's comments. The process should be reviewed. Exactly how it's going to look he does not know. He thinks we need to look at the water rights that Quigley does have. Young talked about the 1889 water rights and when they were actually signed. It seems there was a clerical error on the date the decree was actually signed. Haemmerle asked if there is any certainty in this process. Young agrees with Haemmerle. Haemmerle said that the judge said they are subject to conjunctive management rules and the Supreme Court kicked it back to the department so we still don't have a real clear answer. Young agreed. Haemmerle asked how late in the irrigation are you able to use your most senior rights before you turn on your ground water rights? Young explained that it's more of a position within your ranch. The surface water rights are used on the Eastern upper portion and the well is used on the lower. Both of them could be going early and late. Haemmerle asked if there was ever a time the rights were cut off and you were unable to use them. Hennessey said they were able to use them throughout the season. The land has been leased in the past and never cut off.

SPF Water Engineering came out with 8 recommendations. Haemmerle asked if they have a position on those recommendations and asked if they could be submitted. Evan Robertson said they will submit something in writing. Robertson said he's not interested in who owns the rights, just who has access to those water rights for their purposes on the project. He is not interested in giving the city the rights and then buying them back for irrigation. Haemmerle asked if there was any debate that the city gets ownership of all the water rights. Robertson said they are not arguing that as long as they get water out of

that without buying the water back from the city. Robertson clarified that he is not concerned about who owns them.

Brown asked Robertson when he talked about irrigation does he mean the golf course or the landscaping around all the homes? Robertson said both. All of council would like to see a written response to the 8 recommendations. Haemmerle asked about the 1879 priority dates. He pointed out that Quigley would be in the City and if the city ever gets a call for the mitigation of water, it's all for one and one for all. For mitigation purposes we may want that put in our portfolio. Robertson said that if mitigation is for use in other parts of the city while their golf course goes dry, he has a problem with that. Haemmerle clarified that all they are doing tonight is pointing out what the issues might be.

Keirn brought up fire concerns with water issues. Keirn talked about the impact on water pressure which we are currently not in great shape on. Hellen explained that there would be booster pumps and storage tanks to address that. There are DEQ requirements that Quigley would have to address. It would be designed so that it won't affect the rest of the city.

Mayor Davis opened the meeting up to public for comments.

Chris Gurkey – Bellevue

With all of Cutters and unfilled houses right now, is water being considered when looking at full capacity?

John Finell – 710 E. Bullion

The development will bring a huge change to Hailey. The Planning and Zoning Commission has made recommendations and we should follow those recommendations.

Bill Hughes – 241 Eureka

One thing we haven't addressed in the details is the potential that we may have consecutive years of drought. Hughes went on to talk about Sydney Australia's problem. He explained that he read Brockman's report, the variation can change. He sits in the meeting and most of dialogue is based on assumptions. This is the same project we talked about a decade ago. He talked about uninhabited domicile available in the city of Hailey. It's wise to error on the side of caution. We need to have some sort of buffer in Hailey. We should adhere to the recommendations of the Planning and Zoning Commission. The North Valley is over.

Steve Crosser – 431 Aspen Drive.

Asked if this is the last time public can comment. Mayor Davis explained that there will be many more opportunities for the public to speak.

Andrew Harding - 460 Mother Lode Loop

Harding agrees with Bill Hughes. March 2007 study regarding vacant residential lots. At that time there were 994 vacant residential lots. He talked to a realtor last week; there are 102 houses and 59 condos available. That's approximately 1000 potential homes able to

be developed in the current city. The airport site is also going to make changes. We have a lot of inventory in the city limits that need to be covered with the water.

Heather Dawson, City Administrator explained to Mayor and Council that those figures are from DIF study and do include Cutters and Sweetwater.

Darraline Finnel – 710 E. Bullion

Retired to Hailey 3 ½ years ago. When she first heard about development she was pleased about the green. However, Finnel is now concerned about waivers and 400 new homes built around a golf course. The traffic study showed base information very low. January 13th she did her own count from 7:40 – 8:40am. There were 156 cars. She did another count this morning and there were 157. She is very concerned about walk ability and the sidewalks that the city would not be responsible for. Base information on traffic study is very low and would like the study updated. She pointed out that there are 441 property's for sale in Hailey today.

Barry Niewart – Deerfield Subdivision

Niewart moved here 25 years ago in an economic slump. At the time 60 % of the homes were for sale. There was concern about growing out at that time. Change and growth in the city is happening and he feels we have 2 choices. Quigley can look like Croy Canyon or we can plan it properly to benefit the city residents.

Mayor closed public hearing at 6:58pm

Robrahn clarified that the Mayor and Council received the written comments from Randy Gyrky and Dana Hoffstetter. They had.

The plan for follow up meetings was discussed. Mayor Davis would like to discuss the points that are in impasse before continuing to have meetings so nobody is wasting any time. Robrahn would you like to schedule next meeting now. It was decided that the follow up meetings would be February 19th and 26th .

Brown moved to continue hearing. Haemmerle seconded. Motion carried unanimously.

Meeting adjourned at 7:05 pm.