

**MINUTES OF THE REGULAR MEETING OF THE
HAILEY CITY COUNCIL
HELD MONDAY, MARCH 27, 2006
IN THE HAILEY TOWN CENTER MEETING ROOM**

The regular meeting of the Hailey City Council was called to order at 5:35 p.m. by Mayor Susan McBryant. Present were Council members Rick Davis, Martha Burke, and Carol Brown. Staff present included Substitute City Attorney Rick Allington and City Clerk Heather Dawson. Don Keirn and Ned Williamson were absent.

EX 78 PROCLAMATION

Mayor McBryant proclaimed April 1, 2006 as Company of Fools Day in Hailey, saying the theater company brings a lot of tourist traffic to Hailey, and contributes a great deal to our community.

Order 5:35 p.m.

EXECUTIVE SESSION

Burke moved to go into executive session to discuss land acquisition. Davis seconded; a roll call vote showed Burke, Brown and Davis in favor. The council emerged from executive session at 5:45 p.m., following a motion and roll call vote.

OPENING REMARKS

Mayor McBryant announced that Idaho Rural Water Association had given statewide recognition to Roger Parker, Hailey's wastewater division manager, awarding him their operator of the year.

CONSENT AGENDA

Several items were pulled from the consent agenda, including CA 90, 95, and 96. City Engineer Tom Hellen clarified that the wording of CA 92 should read McKercher Boulevard rather than McKercher Park.

Burke moved to approve the consent agenda with the omission of CA 90,95, and 96. Davis seconded; the motion carried unanimously.

- CA 90 ~~———— Motion to approve Findings of Fact, Conclusions of Law and Decision for Old Cutters Annexation and Rezone~~
- CA 91 Motion to approve park use permit fee waiver for Environmental Resource Center's Clean- Sweep event administered from Hailey City Park and Hailey Municipal Parking lot
- CA 92 Motion to approve cooperative agreement with ITD for use of McKercher ~~Park~~ Boulevard during Microseal project
- CA 93 Motion to approve claims for expenses incurred during February, 2006
- CA 94 Motion to approve treasurer's cash report for the month of February, 2006

CA 95 ——— Motion to approve minutes of the February 13, 2006 City Council meeting and to suspend reading of them

CA 96 ——— Motion to approve minutes of the February 27, 2006 City Council meeting and to suspend reading of them

CA 97 Motion to approve minutes of the March 2, 2006 City Council meeting and to suspend reading of them.

CA 98 Motion to approve Special Events Permits, including WRHS Home and Garden Show, Sober Rider's Motorcycle Club, Wicked Spud Back Alley Parties with waiver of noise ordinance

CA 90 Cutter's annexation findings of fact - Allington moved this matter to a future meeting agenda

CA95 Minutes of February 13, 2006 Brown noted that on page 5 of the February 13 minutes, the amended motion was shown, but the original motion needs to be added into the text. Davis moved to approve the minutes of February 13, 2006 as amended. Burke seconded; the motion carried unanimously.

CA 96 Minutes of February 27, 2006 Davis corrected the minutes on page 6, saying the last word should say administrator, not manager. He also said he would not vote on the approval of these minutes, because he had recused himself from the Cutters annexation matter. Mayor McBryant said Davis could vote on the approval of the minutes. Carol Brown moved and Burked seconded that the minutes be approved as amended. The motion carried unanimously.

OB 99 2nd Reading of Cutters Annexation Ordinance No. 939.

Mayor McBryant read the second reading of proposed Ordinance No. 939 by title only.

OPEN SESSION for PUBLIC CONCERNS

Stivers asked if Allington had permanently replaced Williamson. Allington said the city attorney, Ned Williamson, is vacationing in Utah and Allington was substituting for him.

Al Lindley presented a prospective initiative petition to the City Clerk, informing the council that he was beginning an initiative drive to replace the current Mayor-Council form of government with a Council-Manager form of government.

WORKSHOP

Brown said and ad hoc art group would be meeting to talk about structure of an arts commission in Hailey

NOMINATION TO HISTORICAL PRESERVATION COMMISSION

McBryant appointed Julie Evans to be a member of the Hailey Historic Preservation Commission, following the resignation of Lynda Smith. Burke moved and Brown seconded to approve the appointment. The motion carried unanimously.

PH 101 AIRPORT WEST BUSINESS PARK

David Stone presented an application to the council asking that five lots within Airport West be changed to have the same restrictions as neighboring lots. City Planning Director Kathy Grotto noted that mailed notice was sent to the property owners within Broadford Highlands. This would mirror the amendment to Lot 7 done by the council in 2004.

The mayor opened the public hearing; there was none. Brown moved to approve the Second Amendment to the Airport West Annexation Agreement as presented, and authorize the mayor to sign. Davis seconded; the motion carried unanimously.

MAXIMUM BUILDING HEIGHT INCREASE PRESENTATION

Carol Pierce presented an application to amend Hailey's Zoning Ordinance to allow 40 foot high buildings in Hailey's commercial district within the Hailey Townsite Overlay. She said with the present maximum height of 35 feet, there is not sufficient room to do sloped roofs or cornices, or to use the first floor for retail space. The building height is measured from the lowest point of grade. There are ways to tighten the spaces, but standard minimums exist that add up to create the space between each floor. Balconies and staging areas are needed on the third floor to gain access to the roofs. These spaces would be used to create patio and decks for third floor residents to enjoy. She related the application to the comprehensive plan in terms of creating a pedestrian friendly downtown.

Grotto said building height is measured from the lowest point of the natural grade. This application was made last fall, and the commission reviewed it in November. More notice to the public was desired, so in January the planning department provided extra notice to the public and conducted a workshop. The highlights from that workshop were that Fire Chief Mike Chapman determined that the fire code previously referenced additional requirements at a 35 foot height, and when buildings were constructed above 30 feet in height, there resulted some conflicts with the fire code. We can amend the fire code appendices because they are optional parts of the code, and Chapman has crafted some amendments to the fire code that would govern between 30 and 45 feet of height. A canyon effect often produced by taller buildings would be minimized because we have wider street rights of way. She said she would like to see additional design review guidelines implemented with this text amendment. The amendment is structured such that when the increased height is utilized, a bonus of at least one residential unit must be provided by the developer. The staff report touches on three parts of the comprehensive plan affecting this amendment. The amendments to appendix D of the firecode should be adopted and amendments to design review guidelines should be adopted prior to this amendment being finalized.

Brown asked if the county's aerial ladder available to Hailey through mutual aid agreements would cover the fire code issues. Hjelm said it would as long as the county retain that truck; Hailey has no jurisdiction over the county equipment.

Mayor opened the public hearing. Rob Lonning of 415 Second Ave South recommended that the process be conducted concurrently with the design review guidelines amendment. He was concerned with preserving the character of old Hailey. There has been ample opportunity for public comment on this issue; he commended the city on eliciting city input. He recommended tabling this until the opportunity exists to hear what people will say during the design review amendments. Grotto said Lonning referenced the April and May workshop on the townsite overlay amendments, but the focus of those workshops will be on residential uses. She said the planning commission will be hearing design review guideline amendments for commercial structures on April 13. McBryant asked if a time factor is driving this amendment. Grotto did not know the applicant's time lines, but said that Design Review guidelines won't be ready until May at the earliest. She felt it would not be inappropriate to table or continue this matter. She herself will not be at the second meeting in April. Burke asked what streets would have the 40 foot heights. Grotto said underground parking is not requirement of the 40 foot height. Burke said the problem is that there is no parking. She saw this as something that will create many parking problems. McBryant asked if Burke wanted underground parking to be required. Grotto said in order to develop underground parking, a pretty big lot is needed with some angle or slope. She hoped we are looking at what will happen on River and Main.

Davis said this increased height is a good conduit for revitalizing our Main Street, getting retail where it is lacking. He would have difficulty approving it without knowing what the design review criteria will be.

Brown was pleased with the work the commission did. She would rather see a well designed three stories. She asked if the commission could start on design standards if we haven't approved this. Grotto said they are already working on design standards. A percentage of the footprint can go to forty feet. We're not increasing the number of levels, it allows the structures that are coming before to have more interest. She felt there was no urgency.

Davis didn't have a problem with proceeding with the first reading. Davis wanted verbiage changed in Section 4.1 to insert the words "in the town site overlay". Grotto said this amendment is of the townsite overlay section of the ordinance.

Brown made findings and moved to approve ordinance 941, a text amendment to the townsite overlay section of Hailey's zoning ordinance, attaching conditions that the fire ordinance and revised design review guidelines be completed prior to this ordinance's final adoption, and that the first reading be held by title only. Davis seconded; the motion carried with Brown and Davis in favor, Burke opposed.

RIVER STREET/WOODSIDE PLAT 5 EXCHANGE OF PROPERTY

Allington said Williamson had provided the council with a memorandum outlining the details of the proposed land exchange. Jim Laski was present, and said together with Hailey's city attorney he had prepared an exchange agreement. His clients, owners of the Sweetwater property, have under contract for purchase some North Hailey property where River Street would be extended. Sweetwater would receive some property that would become part of the Sweetwater subdivision proposal from the city in exchange for this north Hailey property. The provisions are set forth in the agreement, and the matter would close pending a lot line shift, and rezone of the parcels, subject of an application before the city.

McBryant said this is the culmination of a lot of talking between the effected parties, finding a way to acquire the last piece of property that would connect River Street. With the welcome participation of the various parties, the city will have a huge benefit of finally having a connected River Street.

Mayor McBryant opened the public hearing. Gary Stivers asked who the parties are. Laski named the corporation, and said the owners are a group of people from Tennessee. Assistant Fire Chief Carl Hjelm said he is in favor of the land exchange, as it will facilitate emergency services by creating an alternative route other than Main Street, thus enhancing our emergency response capabilities. There being no further public comment, the mayor closed the public hearing.

Brown was thrilled to see the extension of River Street. The intended exchange implies no promise to the developer, it's a stand-alone exchange, and she was delighted it will occur.

Davis favored adopting findings A-D, noting that notice was published 14 days prior to council meeting today, that the parcels are underutilized and don't serve a public purpose, that the exchange parcels are within dollars of each other in terms of values, and that the exchange is in the best interest of the city of Hailey. Brown concurred with those findings. **Davis moved to approve Resolution 2006-02, and authorize the mayor to sign documents pertaining to the exchange of property.** Brown seconded; the motion carried unanimously.

LOCAL OPTION TAX - DRAFT ORDINANCE

Dawson presented the draft local option tax ordinance, saying that the ordinance would be finalized based on the discussion about to be held and any legal concerns prior to the next meeting of the council on April 10, 2006. She outlined the parameters of the ordinance, and asked for discussion on what the council felt was a definition of restaurant sales; should that definition include catered foods or deli foods within grocery stores. All food sales are taxable, including those from private clubs, with the exception of school cafeterias and senior center cafeterias. A definition of rental cars was also sought, to determine if only airport car rental businesses should be taxed or all car rental businesses.

Dawson suggested that the proposed four-year term of the ordinance may incur population problems if and when the city proposes to renew or extend that term, and suggested that a 30 year term, with voter-approved amendments may better meet the council's goals. The proposed uses of the tax do not currently include covering costs of administering the tax, and suggested that be added. The city's promotion of special events may not be a good use of the tax, since those events will promote themselves without the city's help. In the same spirit but potentially of more beneficial to local residents who may pay some of the tax by dining and drinking in Hailey would be to promote a diversity of job opportunities through economic development rather than event promotion.

Mayor McBryant said an ad hoc committee had met several times and tackled the tough issues to come back with a recommendation as to what should be taxed and the rate of the tax. She said if the local option tax measure is approved by the voters, this document will ultimately be the ordinance, and would be put into effect. Mayor McBryant opened the matter for public hearing.

Jim Spinelli, Hailey Chamber of Commerce Executive Director and resident at 2310 Moonlight said the majority of the chamber board of directors are in favor of the local option tax. Rental car franchises at the airport are tentative, and we should be careful about promoting such a tax, it might be unpopular to promote any kind of additional tax. He and board members have written letters to the editor, and he has not gotten any negative feedback or any feedback whatsoever. He said the ad hoc committee's intention to tax restaurants was within only classic sit-down restaurants. A pure catering business was not discussed at that level, and he has received comments from caterers in opposition of the tax. Although the committee had not thought about clubs, he felt any restaurant ought to be taxed, including clubs. The ad hoc committee had specifically stated airport car rentals should be taxed, and hadn't thought about the other various car rentals. He felt the car rental definition should be further defined to include all car rentals; a few Hailey residents will rent a car from Sutton and Son's, but he felt that was okay to tax. Promotion of the events has been talked about greatly at the chamber of commerce; the chamber would do the labor but receive some funds from the city. He did not expect the city to promote the events. We will try to emulate the Ketchum Chamber and develop one new event per year. In the event's second year it would be spawned off to a non-profit.

Al Lindley of 505 East Croy said in the enabling language a resort city is defined as one that derives a major portion of its economic well being from businesses catering to economic needs for an extended period of time. Have we done an economic study to defend ourselves from state challenges, and have we identified what is an extended period of time? McBryant said the council has made that determination previously on the advice of the attorney. Davis said occupancy of hotels were over 80% full year round. The Hailey City Council has determined that Hailey is a destination spot. Spinelli noted that we also have the airport here.

Spinelli said the ad hoc committee came up with a very short 4 year term because the committee felt that we wanted to get the LOT passed, and wanted to make it as palatable as possible to the public. They felt the public would be more open to trying the LOT for a short period of time, on the knowledge that it will go away if we don't like it. If it is liked, we could go back to the voters to reinstitute a new term. New census information will not be available yet in four years.

Dawson explained the timing drafted into the ordinance to implement the tax. If adopted on May 23, the tax would become effective July 1, 2006, with the first month's tax due on August 25, 2006, and monthly thereafter.

McBryant said through this tax the city would finally be able to offer funds to the Chamber, and suggested the language be changed to read that the tax will "support the marketing efforts of the Chamber". She asked if we should include public transit as a recipient purpose. If we don't say it in the ordinance, we can't do it. Do we want to use the tax for the purpose of community housing? Davis concurred re: public transit, and said there should be money used for both parks development and maintenance. Chamber needs to be put in as a recipient for marketing of the City of Hailey. We don't need to get into a contract for services in this document. Burke felt that the promotion of economic development and the support of the chamber of commerce as it relates to the growth of business and economic opportunities should be an intended use of the tax.. She wanted to add Item F as the cost of administering the LOT, as well as supporting public transportation. If we have more people driving through town, how will we make it a walkable community? Catering businesses are used by local families for weddings and graduations, and should not be taxed. If restaurant does sit down and take-away, then catering might fit in, but not stand-alone catering businesses. If the recommendation is for four years, we want to support that because that is what the committee has been selling, and this is not the right time to change the term.

Brown said all rental vehicles should be taxed, including taxi's and car rentals. Catering business should not be taxed, take-out restaurants should. The option of park development should be included in the use of the tax, but more should go to maintenance of existing parks. Public transit should be definitely a use of the tax. Event promotion, in whatever manner the Chamber deems proper for Hailey's goods and services promotion, is a proper use of the tax, as is LOT administration. She preferred the four-year term, and would like to see a May 23 election date.

McBryant said just because a use is listed doesn't mean it must be funded each year. Near the end of the four year term, the city will be able to show what taxes it gained during the early days of the tax and what kinds of revenues we raised, and then explain the value we've gotten. She felt the four-year term was an honest approach.

The council instructed staff to revise the draft ordinance accordingly, and to keep Jim Spinelli in the loop. **Brown moved to set the date for local option tax election on May 23, 2006.** Burke seconded; the motion carried unanimously.

INITIATIVE & REFERENDUM ORDINANCE REVISIONS

Allington said Williamson had reviewed Hailey's current initiative ordinance, and found it not in compliance with Idaho Code. Housekeeping amendments are proposed herewith, creating certain changes that will align Hailey's ordinance with state law.

Mayor opened the public hearing. Al Lindley of 505 East Croy said changing the paper size to 8.5 by 11 from 8.5 by 13, will make the information unreadable. He said the paper shouldn't have to be smaller. He said that language that signatures on a prospective petition shall not be counted toward the total number of certified signatures is illegal. There were no further comments.

Allington said it was Williamson's opinion that this language complies with the state law. Dawson noted that the language regarding signatures come directly from Idaho Code Section 34-1704.

Brown said standardized size is required, which doesn't require a smaller size. **Brown moved to approve Ordinance 940, waive the three readings, and read the final reading by title only.** Burke seconded; the motion carried unanimously. **Burke moved to allow the summary of Ordinance 940, and approve it as presented for publication on March 29, 2006.** Brown seconded; the motion carried unanimously.

WATERSHED STUDY

Dr. Lee Brown said at a previous meeting, the council had questioned whether the consultants fielding the watershed study proposal are outsiders or bona fide. The three of us see ourselves as residents of the watershed. We have a genuine concern, and are worried about water quantity and water quality. Grass roots movements evolve from the bottom up. He gave his credentials. Bruce Lium has worked with American Water Resources here in the valley. The word ramrod was used, but where's the leadership. Commissioners Bowman and Michaels have been talking with him about the next step. An advisory committee of scientists and engineers and elected officials would be working with the valley's concerns and interests. Blaine County will take the lead and be the bookkeeper. McBryant asked if this is not a fixed process. Brown said the advisory committee would work with the staff of the county commissioners. McBryant said it could morph from what we had agreed to.

Lee Brown said most of the documents will be a matter of public record. He presented a schedule of donations from entities, which showed the requested amount from Hailey at \$9000. Bellevue took their contribution from their annexation fund. There is no incurrence of a long term debt, cities can opt out any time. A key component is leveraging. The county is partially involved in testing Hailey water, as well as the city.

McBryant asked if Brown if he has worked with municipalities. Lee Brown said the question is whether USGS has worked with municipalities. McBryant asked if we would have a usable product at the end of phase 1. Lee Brown said one of the deliveries is a

trend study that updates the field research to 2006. Hope to tease out of that site specific information. It is worth our well being to have that information for the cost of a condominium in this valley. McBryant clarified that the tasks and timelines would be Dr Bartelinos.

Hyde said elements in the first two phases will help us plan around what we have. Knowing how the water flows will help us route pollutants. Have to be able to get the sources and find out what will happen in the future.

Tom Bowman said have an employee, Kim Farnsworth, whose job is to manage all the grants, who will act as the point person until someone relieves us of that.

Jim Bartolino said he will be making sure this gets done, USGS has been involved with water studies since 1979. Considered one of the models for scientific organizations, he is based at the Idaho district office of USGS in Boise. All work is peer reviewed.

Kathy Peter, director of USGS water programs in Idaho, said she has the fiscal responsibility to bring the matching monies to the table. There is a lot of competition for the \$60,000 that she has set aside. Congress wants us to partner with local communities. She emphasised that the data is publically available on the website.

Bob Erickson of South Central Health encouraged Hailey to get this endeavor jump started. Lee Brown added that Erickson doesn't do water quality testing.

Len Harlig said all of us will need to look at water quantity and water quality, and we currently don't have good information. This study will give us information to support the decision making. We will get this job done in a way that is meaningful and will deliver a project that is useful to you. Cooperation from USGS has been wonderful, and this contribution will position ourselves to get future funding.

Carol Brown said her questions were strictly about administrative issues; she is willing to fund the Phase 1 assessment. Having funding come from wastewater and water funds makes good sense to her. She thanked federal employees for driving all the way over here, and Dr. Lee Brown for the follow up.

Burke said Peter's comments clarified what she needed to hear.

McBryant said decisions by committee will change the project as it goes. It sounds like the reports will be available whether we contribute or not. The sums that we're asked to give are so arbitrary. Our city is being asked to give the most money, and operates on the strictest budget, with no local option tax.

Davis said this study is needed for us to use as a planning tool. We can not afford to pass it up.

Carol Brown felt the City of Ketchum should match Hailey's \$9000 contribution.

Brown moved to appropriate an expense of \$9000 to fund Phase 1 of the watershed project as presented, split ½ out of each fund, water and wastewater. Burke seconded; the motion carried unanimously.

MOTION TO RECONSIDER

Burke moved to reconsider the CA81 motion from the last meeting. Brown seconded; the motion carried unanimously.

Burke moved to rescind decision that was made. Brown seconded; the motion carried unanimously.

REPORTS

Hellen asked if Hailey would pay team registration fees for Relay for Life. Al Lindley said he would pay the team registration fee. Brown said she would pony up from discretionary funds, if that can be approved by Williamson. Otherwise she would put up her own funds.

AIRPORT REPORTS

Burke said the airport crews are going to haul off all the snow from the airport.

McBryant said she attended a Croy Canyon Ranch meeting. That project appears to be moving forward at a steady pace. The project coordinators will ask us to combine forces with the school and county to get a development block grant to extend sewer services.

McBryant had held a meeting with the new executive director of WR Rideshare, who was trying to get the city to take a position on the board and to get money. She wanted to meet with Davis to talk about Peak, Kart, and what our role is both short and long term. What is our role in the housing authority, continue discussion on community housing ordinance. Davis said we need to have more discussion on a city administrator. Relative to that, McBryant said within 45 to 60 days she would like to have something out so that we can be seeking applicants. We may need to have a special meeting to review some of these things.

There being no further business, the mayor adjourned the meeting at 8:50 p.m.

Susan McBryant, Mayor

Heather Dawson, City Clerk