

**MINUTES OF THE REGULAR MEETING OF THE
HAILEY CITY COUNCIL
HELD MONDAY, APRIL 10, 2006
IN THE HAILEY TOWN CENTER MEETING ROOM**

The regular meeting of the Hailey City Council was called to order at 5:30 p.m. by Mayor Susan McBryant. Present were Council members Rick Davis, Don Keirn, and Carol Brown. Martha Burke was absent. Staff present included City Attorney Ned Williamson and City Clerk Heather Dawson.

OPENING REMARKS - Mayor McBryant said she had tried and will continue to try some agenda formats that are friendly to the people who frequent our meetings. On tonight's agenda she had placed Workshop at the top.

WORKSHOP

AIRPORT REPORTS – Mayor McBryant said that Martha Burke is not here tonight because she is meeting with the FAA. At Tuesday's Airport Authority Board meeting, there was some discussion of revenue guarantees being made available to private airlines. The airport authority is not empowered to tax, and so the discussion of revenue guarantees is a little misleading in that respect. Basic service will continue as it did two years ago without those revenue guarantees. Revenue guarantees, such as the non-stop service to LA, were successfully used in the past. The body that chooses to fund such guarantees can be a private corporation. She said she was opposed to taxing for revenue guarantees. Hailey is looking at a local option tax because we think locals won't pay it. If we can't keep this community affordable at some level, everything we're doing won't make sense. She may change her mind as more information comes in on this matter.

COUNCIL REPORTS - Brown said she attended the Blaine County 2025 meeting last week, and there was agreement on the goals, but the devil is in the details and how you get there. Receiving zones were suggested to be in cities' Area of City Impacts. The receiving areas are estimated to have about twice as many units as the sending areas. One interesting comment was that if this were proposed to Blaine County, all sorts of studies would be required by Blaine County officials.

Press member Gary Stivers added that Sue Orb wanted to have the ability for a family farm to be allowed a one-time ability to split off land for children. Brown said another difficult question will be how to handle the A-10 zones. McBryant said that if a city doesn't legislate for receiving zones, it's a bit of putting the cart before the horse.

Keirn said he will be attending the BKHA meetings as they reformulate their makeup and decide upon moving toward a joint authority. Davis said one new program being promoted by BKHA staff is a Telluride housing program.

Davis said the Historic Commission put Denise Jackson in the chair, Anna Mathieu in the vice chair, and Rob Lonning is still acting as secretary.

Brown said the ad hoc committee to create an arts commission met last week and completed its assignment to decide if an arts commission is needed. The committee will be coming forth with a proposal to bring to the council. Hellen noted that art display corners were shown today by Dan Burton in his presentation on walkable communities.

STAFF REPORTS - Grotto said the first townsite overlay workshop is tomorrow evening, and the first public hearing on the Sweetwater project will be in early May. Dawson noted that Dwaine Guthrie of TischlerBise had been in Hailey last week to work on the development impact fee project with staff. A helpful component to the Capital Improvement Plans that are being developed would be a Capital Facilities Plan. Expressed by one of the council members as an important goal, the creation of a Capital Facilities Plan was shouldered by Mayor McBryant.

CONSENT AGENDA

CA 108 and 109 were left on the consent agenda after everything else was pulled. Davis moved to approve CA 108 and CA 109 as presented; Brown seconded; the motion carried unanimously.

- ~~CA 107 — Motion to approve Findings of Fact, Conclusions of Law and Decision for Old Cutters Annexation and Rezone~~
- CA 108 Motion to approve Findings of Fact, Conclusions of Law and Decision for Erstad Architects application for height increase in Business District
- CA 109 Motion to approve Special Events Permits, including Hailey Chamber of Commerce Springfest at McKercher Park
- ~~CA 110 — Motion to approve Consent to Sublease Rodeo Grounds for June 17 Reckless Kelly concert~~
- ~~CA 111 — Motion to approve minutes of the March 13, 2006 City Council meeting and to suspend reading of them~~
- ~~CA 112 — Motion to approve minutes of the March 27, 2006 City Council meeting and to suspend reading of them~~
- ~~CA 113 — Motion to approve Management Partners to complete fiscal impact analysis for Annexation application by Tony Ehrenberg~~
- ~~CA 114 — Motion to print a short title and description of proposed ordinance to adopt a Council Manager Form of Government, rather than include the full text, upon the May 23, 2006 ballot.~~

CA 107 - Williamson wanted to handle the Cutters Findings of Fact concurrently with the ordinance third reading, a bit later on the agenda.

CA 110 – Williamson was fine with the consent to sublease the rodeo grounds, but wanted language that proof be submitted before the event that there is liability insurance. Brown moved and Keirn seconded to consent to sublease of the rodeo grounds for a Reckless Kelly concert, with the condition that proof of liability insurance be provided prior to the event. The motion carried unanimously.

CA 111 - Dawson said the minutes of March 13, 2006 would be brought back on the next meeting agenda.

CA 112 – Davis corrected the minutes of March 27, 2006, on page 36, next to the last paragraph, correct “insert”. Brown corrected page 34, to show that Brown had made an amendment, and Burke seconded. Brown moved to approve the minutes of March 27, 2006 as amended. Davis seconded; the motion carried with Keirn abstaining.

CA 113 – Dawson said the Management Partners proposal for Ehrenberg Annexation would be brought back on the next meeting agenda.

CA114 – Williamson said he had prepared a summary of the proposed ordinances to be voted upon at the May 23, 2006 election. Preparing the summary of the council-manager form of government initiative was quite a difficult task. The question is, does the council want the full ordinance, the summary, or a revised summary. The local option tax, by state law, has to have four main points included; and that entire 14 page ordinance is therefore summarized to only what is necessary. The manager council ballot is more difficult; although the ordinance is far shorter, the summary is more difficult.

Mayor McBryant said it is important to print the entire ordinance so that there is no sense of shading or bias. Keirn said there will be some people who will want to read the entire thing, and for those we should have the entire ordinance printed. The council concurred that the entire ordinance should be printed upon the ballot.

OB 115 CUTTERS ANNEXATION – FINDINGS OF FACT & 3RD READING

Davis recused himself due to a potential conflict of interest. Williamson said the annexation agreement had some language about credits omitted, because the applicant didn't agree with that language. He said he wanted to insert language into the findings of fact that had been omitted from the agreement. He suggested that page 7 of the findings of fact contain that language. He wanted to show minor changes in the map. The next process involves subdivision and PUD applications which haven't been submitted yet. He's been pretty clear with the applicant that as it stands now they will have to go through those separate processes. The ordinance can be read, but it can't be published until we get the signed agreement. Speck was not aware that the agreement had not yet been signed. Brown moved to approve the findings of fact for Old Cutters, incorporating the deleted language from the annexation agreement read to us by our attorney tonight. Keirn seconded; the motion carried unanimously.

Keirn moved that the city council approve the third reading of annexation Ordinance No. 939, with publication subject to receipt of the annexation agreement and the updated map, and that the ordinance be read by title only. Brown seconded; the motion carried with Keirn and Brown in favor.

WATER & WASTEWATER ORDINANCE UPDATE

Hellen updated the council on the process of city staff's Municipal Code Title 13 rewrites. Changes that had been implemented since the council last reviewed this ordinance include:

- Definitions have been revised to a separate Chapter and clarified, checked through the ordinance to assure conformity throughout.
- 13.04.040(D) – Section revised to allow a single connection per property ownership. It applies to ADU applications or separate buildings on a property and allows a homeowners association to choose a single connection. An item for discussion is whether the city should allow a refund to anyone that has applied for a building permit under the existing ordinance.
- 13.04.060 - The cross connection Section has been removed from the homeowners annual inspection requirement and made a City function.
- 13.04.120 – This Section deals with the basis for charges and specifically subjects vacant land to the monthly bond payments. Although current ordinance subjects vacant land to user fees noting that water is available for fire protection, no fees have ever been charged against vacant land. The treatment plant and storage tank are a benefit to all properties within the city.
- User Charges – Base charges and metered rates are specifically listed as to the calculation procedure. Increased charges for larger services are also set. Included is the Circuit Breaker reduction in base charges but dropped is the single person reduction. The construction rate that has led to problems in the past has also been removed.
- Connection Fees – As discussed previously equivalent connections have been removed from the ordinance and replaced by a fee based upon connection size.. The calculation formula has also been revised to remove the bond amount from the calculation. In other discussions we are considering an expansion component to the connection fee but don't have any work done on that yet.
- 13.04.150 – Procedures for past due accounts, requests for discontinuance of service, and Landlord/Tenant agreements have been revised to reflect desired practices.
- 13.08 – We removed the odd-even restriction and the May – September dates.

Brown said a public campaign regarding the removal of odd-even restrictions should be conducted. Hyde described the public campaign that he plans to conduct all summer long. Williamson asked why water metering is not a prerequisite to eliminating odd/even restrictions. Hyde said users would want to know their usage without the odd-even restrictions over this summer. Williamson said this ordinance should be ready to adopt by the middle of May.

Dawson asked for elaboration on the subject of billing vacant lots, since it would involve a changed practice which would effect an estimated 700 properties. Davis said the system enhancements paid for by the bond serves the lots, whether connected or not. McBryant wondered if this kind of action would accelerate infill development. Does it increase the cost at the end of the day? Dawson said the bond cost is fixed, and the rate would remain under \$10.00 month with Hailey's current bonds. Brown and McBryant agreed that the charge would be meaningful, but a broad public campaign would need to be conducted.

Staff was directed to bring the ordinance back with its final revisions for council adoption as early as possible.

HOOKS TOWNHOUSE SUBDIVISION

Robin Christensen said the application is to subdivide a duplex into separate ownership. Grotto said the hearing examiner approved the preliminary plat in February, and this is a final plat application. The conditions of approval have been met in terms of plat notes. There was no public hearing. **Davis moved that the council approve the final plat, with conditions A-E attached.** Keirn seconded; the motion carried unanimously.

LOCAL OPTION TAX ORDINANCE

Williamson said the Local Option Tax ordinance has been finalized following the city council's discussion at its last meeting, and the ballot language has been drafted to summarize the ordinance. He wanted to go over materials that had been presented to the council to support the finding that would have to be made by the council, focusing on some of the specific facts that have been presented throughout this process to the council. An ad hoc committee's majority opinion (one dissenting) was that Hailey would qualify as a resort city. The use of various city parks for different events that we have in Hailey show a high percentage of visitor use. The Hailey Parks department showed that more than half the major events were used by visitors. A significant monetary amount from gross rental car sales shows a significant amount of visitors coming to Hailey. Over 28% of the Company of Fools events attracts out of town tickets. The city viewed a list of different activities that bring visitors to Hailey. The area lodging occupancy is roughly similar to Ketchum and Sun Valley's and those cities have declared themselves resort cities. In May of 2005, the council adopted a resolution, which show some of these facts, including occupancy, events and productions, support making the finding that Hailey is a resort city.

Davis said Ketchum people who use Hailey theaters and restaurants are using Hailey as a destination. Brown added that her committee discussion of expansion of the arts had elaborated that Hailey's art identity would add to the tourist draw to Hailey. A new hotel is being built in Hailey as well. McBryant added that Ketchum and Sun Valley are not building new hotels, as is Hailey.

Mayor McBryant then opened the matter for public hearing, and began by reading, in its entirety, a letter from Larry and Jennifer Schwartz, stating that restaurant business is largely local, and if restaurant sales are taxed, locals rather than tourists will be paying the tax. Jim Spinelli said he has gotten feedback similar to this, and said he doesn't think people understand that the tax is passed through to the customers, and a portion of these tax dollars will be used to promote the restaurants. There being no further public comment, the Mayor closed the public hearing,.

Mayor McBryant said we pay for our inability to cover certain maintenance costs, such as park maintenance and sidewalk maintenance, in other ways, such as handling tort claims. Maintenance is an unexciting place to put our funds, but necessary. Keirn said local north valley people pay some of the tax. McBryant said if it doesn't pass, we'll carry on and do fine, but if it does pass, we'll thrive. Brown said we have demand for events all around town, and while some locals attend these events, a lot of tourists do as well. Some music festivals promote Hailey specifically. The parks data alone shows McKercher has more reservations from out of town than in town. Spinelli was asked to describe Ride Idaho, a group of 300 bicyclists who want to ride through our valley and stay in Hailey for two nights. Davis said two years ago he had to stock the Hailey Park restrooms with paper products from his own house.

Brown moved to place the local option tax ballot on the May 23 election date as presented, making findings A-D of the staff report, and referenced the lengthy discussion that occurred to support those findings. Keirn seconded; the motion carried unanimously.

Davis pointed out that funds expended to promoting this measure can not be paid by taxpayers, and will be paid personally by those promoting the measure.

RAIR HOUSING MONTH RESOLUTION

Mayor read a resolution supporting April as fair housing month in its entirety, which the council then adopted as preparation for an Idaho Department of Commerce Development Block Grant.

INDUSTRIAL REVENUE CORPORATION

Williamson said Rocky Mountain Hardware is contemplating a significant commercial expansion. State law allows for the establishment of a public corporation called an industrial development corporation. He has drafted a form ordinance, charter, by-laws, and resolution establishing a board of directors. Revenue bonds are a financing technique that would allow this to proceed. He simply wanted to introduce the topic, and hear some direction about whether he should proceed. This corporation would have limited duties, and issuance of the revenue bonds would be the minimal obligations. If we had other calls for such financing, they would have to be more active. Davis said this is a tool we need, especially now that we are part of SEIDO.

Brown asked what risk the city assumes. Keirn said there is none. He was staffed on the City of Boise's commission, and the city had no fiduciary responsibility, but the borrowers were allowed tax-free status. Brown asked if we can pick and choose the businesses. Keirn said the businesses come to us; Boise was able to keep a business in town through this mechanism. If the bank and the bond attorney are happy with this, it works. Brown asked if we can say no, or if we have to offer the opportunity unilaterally to all. Keirn said the board would form criteria by which to say yes or no. Davis said we don't want Rocky Mountain Hardware going south on this. Williamson asked if the city would be willing to waive the three readings of the ordinance. McBryant instructed staff to place this matter on the agenda, and she would have some names for the board, and consent to sublease the rodeo grounds for parking during construction would be discussed.

CITY ADMINISTRATOR HIRING

McBryant said she had been discussing with city staff and Davis job description parameters for a Hailey City Administrator. She said Hailey's previous job description and Kethcum's job description are both saying the same thing at different levels of clarity. She said she is working on merging those two descriptions and the getting them in front of the council. McBryant said following that, we will determine how far we will search, and the process to use for recruiting and hiring and what timing to use. Brown thanked the mayor for continuing to move forward on this.

Davis said on May 23 there could be a good shake up of Hailey's governmental structure and who is on the city council. He wasn't sure it is fair to applicants to look at their applications at this time. Brown said we are elected officials, and applicants need to be on notice, but we continue to do our job. She said if the voters vote to adopt the new form of government, then we may wish to not look at applications. If the ballot passes, that's a message that the voters want other people doing this. It would be disingenuous at that time to continue to hear applications. Keirn said we have to keep doing things until we hit the wall, if we hit the wall. Mayor said there is ongoing business that needs to be conducted as well.

Brown said the mayor should continue to schedule the agendas at this time. Davis said it will effect a lot of people quite dramatically if this happens. McBryant said it will take about five months after the May 23 election for an application to be heard if the ballot measure passes. Davis said he is not being a pessimist, but is just trying to be proactive.

There being no further business, the mayor adjourned the meeting at 7:30 p.m.

Susan McBryant, Mayor

Heather Dawson, City Clerk