The special meeting of the Hailey City Council was called to order at 5:00 PM. by Mayor Susan McBryant. Present were Council members Rick Davis, Don Keirn, Martha Burke and Carol Brown. Staff present included City Attorney Ned Williamson and City Clerk Heather Dawson.

OPEN SESSION FOR PUBLIC CONCERNS
There were no concerns of a general nature made by the public.

CONSENT AGENDA

Williamson pulled CA 243 from the consent agenda. Brown moved that the remaining consent agenda items be approved as presented. Burke seconded; the motion carried unanimously.

CA 243 – Motion to approve execution of grant agreement for Woodside Central Park.
CA 244  Motion to approve summary of Ordinance #947 – Fire Code Amendment
CA 245  Motion to approve fee Resolution 2006-10 adopting fire department fees
CA 246  Motion to approve summary of Ordinance 952- Design Review
CA 247  Motion to approve summary of Ordinance 953 – Subdivision park standards
CA 248  Motion to approve claims for expenses incurred during June, 2006

CA 243 – Woodside Central Park Phase 2 Grant Agreement
Williamson said one of the conditions of the grant is that the land upon which the federal funds are spent will be required to remain in public use in perpetuity, with no end date. He felt that was an extreme requirement, and thought it better to try to obtain some other arrangement from the grantor. He also wanted the city engineer named as the person authorized to represent the city relative to this grant. Davis moved to continue this item to the next regular city council meeting. Keirn seconded; the motion carried unanimously.

OB 248  3rd Reading Ord #952 – Article 6A, Design Review with new Guidelines

Davis moved and Keirn seconded that the mayor read the third reading of Ordinance 952 by title only. The motion carried unanimously.

OB 249  3rd reading Ord #953 –Section 4.10, Parks, of the Subdivision Ordinance

Davis moved and Burke seconded that the mayor read the third reading of Ordinance 953 by title only. The motion carried unanimously.
Mayor McBryant said she had asked departments to conduct an analyses of what they could do if they had the money, and what would they do with only a 3% increase. The reason she held increases to 3% is because we have been over-budgeting our expenses for a number of years. Although our actual operating revenues have been exceeding our operating expenses, we have been budgeting as if our operating expenses will be higher than our revenue, and allocating fund balance to cover the difference. The result is that carryover from capital funding sources is slowly being eaten off, and those funds were intended to grow. We are on the cusp of being successful with this new budgeting scheme, as we have been working toward this goal for several years. Some of our success has to do with having more revenue. The budgets, while lean, are not sparse. We may find that our revenues are somewhat greater than anticipated.

Mayor McBryant said another approach to the Local Option Tax expenses than that discussed at the previous meeting would be to take a very broad approach and budget $425,000 instead of $100,000, which would appropriate $100,000 in revenues from July through September 2006, and then another $325,000 for the revenue expected in the full fiscal year 2006/2007. She said the council should identify generally the areas in which the funding is allocated. Dawson added that such an approach would require cash management of the funds; expenses would not be made until we had the local option tax revenue in hand. Our budget would be used as a planning tool and cash management would be used for monitoring expenses.

The mayor then asked Fire Chief Mike Chapman to discuss Woodside Fire Station project in terms of budgeting needs. Chapman said the Woodside Fire Station is modeled after a fire station built a few years ago in Jerome, and the cost estimates based off of Jerome’s experience were originally at $1.2 million. The project did not get put under construction this summer because we were waiting for the deeds to Parcel O last fall when we should have been going out to bid. He recently consulted with Kreizenbeck Constructors, who advised that construction inflation continues to rise, but if we were to bid the project right now the bid would be approximately $2.8 million. By next spring Kreizenbeck anticipate we will need to add another $300,000 to that. Chapman said Kreizenbeck did not estimate that the commercial market would be affected by Hailey’s residential market slow down.

Chapman said the fire station is designed with a future duty quarter for a full time crew, which in the interim could be used as a 2 or 3 bedroom apartment. Amendments to the plan could save some money. Chapman said it is a modest station, cutting it anymore would make it dysfunctional. He described the facility.

Mayor McBryant said she had discussed with Chapman and Dawson financial schemes that could be put together, including combinations of carryover funds supplemented with local option tax funds.
Dawson had conducted research on the cost and value of a general obligation bond for the fire station. Hailey qualifies for over $25 million in bonded indebtedness, and currently Hailey’s debt is only $550,000 for the Hailey Town Center building purchased with a bond in 1993 and which will be paid off in August of 2008. She demonstrated how, as assessed values have escalated in Hailey, those bond payments remained stable because Hailey had refinanced the bond in 2003 when interest rates had dropped so low. Residents with property of assessed value now approaching $500,000 pay $70 per year for the current bond. Estimates on a new bond with the same payment had been obtained from Seattle Northwest Securities, who advised that Hailey could bond for $2.3 million if voters are willing to continue to pay $70 per year for a total annual bond payment of approximately $190,000. The financial consultant had noted some reasons that bonding can be a good financial strategy, in that it stays ahead of construction inflation, it matches the life of the infrastructure with current and future residents paying for the infrastructure, and it maximizes current cash for other service needs.

Keirn said he particularly liked the thought that if we pay cash for the fire station, this is money that taxpayers that have been here a long time have paid in. With a bond, future people will pay a larger role.

Davis said that the financial advisor had said it is not unfeasible to be prepared for a November, 2006 ballot. A February 2007 ballot would also allow just enough time to close on the bond 60 days following the election and have a full construction season in 2007. Davis wanted the public involved in deciding if this should happen. He said the important points of the message are that we would be making the city more safe without increasing taxes as they currently are being paid. He didn’t think a November ballot gives us enough time, it would have to be February.

Davis then discussed his concern about the street department equipment which is so old it doesn’t qualify for replacement in our financial plans. Now that LOT tax has been approved, it would not be a good showing if Hailey’s snow is not removed. Hyde said the snow will be removed by the state and charged to us if Hailey’s snow blower equipment incurs a long term break-down. No other equipment is planned to be purchased with the exception of a street Sweeper, purchased through a grant. Davis thanked all the department heads for their diligent work on the budgets. Burke thanked the finance director for the information provided.

Dawson outlined the development impact fee schedule, which contemplates a council decision on impact fees near the end of the calendar year. She emphasized the importance of highlighting the different revenue streams and maximizing expenses from each type of revenue based on the limitations of certain types of revenue, such as impact fees and local option taxes.

Davis said it is important that the council address Hailey’s service deficiencies before we consider assigning local option taxes to any other agency’s program. Brown wanted us to be in charge of how our money goes, she preferred us to set the priorities, and be mindful
of the requests as we do so, but not driven by them. We made some commitments in the election about what LOT would be used for. Keirn said the ordinance is clear.

Davis noted that a new police station is something we need to be working on.

Dawson introduced Hailey’s plans to instituted a bill-pay option through Hailey’s website. The proposal is that Hailey would absorb the costs of the program rather than assign the cost of credit card use to the individual consumer. Burke said the bill pay explanation makes sense to her. She supported it. Davis said it offers more customer service and saves some money in the long run. McBryant said the proposed contract is for only a 12 month term, and the city is not obligated beyond that. Brown said it is a necessary program to move Hailey into the current decade. Davis moved to authorize the mayor to sign the Xpress Bill Pay contract. Keirn seconded; the motion carried unanimously.

Dawson had included in the packet information about an investment program, but the council did not have time to discuss that program. Keirn noted that he had worked with Piper Jaffrey in the past.

Brown said philosophically she had trouble holding too much money in fund balance, not earmarked for specific use.

Michael David said he had submitted a request for funding by Hailey of part of the Blaine County/Ketchum Housing Authority’s budget.

There being no further business, Mayor McBryant adjourned the meeting at 6:15 pm