

ORIGINAL IN RED

**City of Stanley
Public Hearing and
Regular Council Meeting Minutes
September 15, 2011**

IN ATTENDANCE FOR THE CITY: Mayor Herb Mumford, Council President Steve Botti, Councilman Frank Juiliano, Councilman Lem Sentz, Councilwoman Laurii Gadwa (by telephone), and City Clerk Doug Plass.

OTHER ATTENDEES: Tim Cron, Ellen Libertine, John Stevens, Paul Hill, Ann Hill, John Graham, Anna Means, Vicki Lawson, Melinda Hadzor.

PUBLIC HEARING: Mayor Mumford called the public hearing to order at 5:15 p.m. on September 15, 2011 in the Stanley Community Building.

The City Council presents several information sheets relating to option taxes. They are included in the minutes:

- Attachment 1: 2011 Option Tax Ordinance
- Attachment 2: Local Option Tax Benefits for the Stanley Community
- Attachment 3: City of Stanley Attorney Billing Table Yearly Breakdown
- Attachment 4: City of Stanley Option Tax Distribution
- Attachment 5: Option Tax for 2009-2010

The City is receiving public input regarding proposed Ordinance # 56D-4. Council President Botti presents opening comments (see Attachment #1).

Citizen Presentations:

In favor of 56D-4

- John Stevens – Has been a summer resident for 15 years, and is very much in favor of renewal of the Option Tax. He feels that a 50% budget cut would eliminate important and substantial things. He notes that the vast majority of the taxes are paid for by visitors as illustrated by Attachment 5.
- Tim Cron – As a small business owner and resident of Stanley, he can't see how the city would run without Option Tax revenue. As the vice-president of the Stanley Sawtooth Chamber of Commerce he says that the Option Tax provides a big chunk of the money needed to operate. Even though the Chamber's budget was cut significantly due to unforeseen city expenses, he does not believe that provides reason to vote against the Option Tax. The tax supports streets, park, community center, and emergency services. These are all essential to making Stanley go, so he and his partners will be voting in favor of the Option Tax.

Against 56D-4

- Ellen Libertine – She would like to state that she is not against the Option tax, however, she is against the purposes, duration and intention of the proposed ordinance. She is disappointed by the present mayor and city council who have willfully and intentionally ignored that proposed changes made by members of the community, even though said community members attended the work sessions anticipating that their voices would be heard. The statute states that the exact purposes of the tax must be made clear, and the public was never told Option Tax money would be used for attorneys' fees and

furthering the comprehensive plan. She asserts that five years is much too long of a duration for this tax, as the world is changing and what is needed from the option tax in two years may be different than what is needed today. Again, she is very upset because she feels her input has not been incorporated into the current ordinance.

Mayoral comments on citizen input and subsequent discussion:

- Mayor Mumford would like to correct the record, as he notes that specific changes were made to the ordinance after receiving public input at the Town Hall Meeting of August 17th. Specifically, the proposed use of Option Tax funds for city administration, as suggested by the city accountant and by the city promotion activities commonly occurring in the city office, was removed after citizens suggested that the ordinance would not pass with that provision. Comments received from Ellen Libertine were general in nature and did not seem to represent the feelings of the community as a whole. When drafting an ordinance, specific changes are what are needed rather than general comments.
- Ellen Libertine says that she did make specific suggestions, as can be heard in the audio recordings of the work sessions. Also, she feels that the removal of city administration as a permitted use of Option Tax funds is a good thing, however, it was negated by the inclusion of permitting option tax receipts to be used as matching funds for grants used to further the goals of the City of Stanley Comprehensive Plan. She wanted it to go toward furthering the goals of tourism and her suggestion was ignored.
- Mayor Mumford says that the goals of the Stanley Comprehensive Plan were included because the plan is a well thought out vision for where Stanley ought to be going as a community, whereas Tourism alone, although important and supported by the city, is far too specific. If a grant is in line with the Stanley Comprehensive Plan, we ought to be able to pursue it. Although Ellen Libertine's comments were heard, she is only one member of the community and, upon review of her proposed changes, the council chose not to incorporate them.
- Paul Hill asks if it is possible to change the specific items that the tax can be used for during the period that it is in force.
- Mayor Mumford reports that the Idaho statute is clear that changes to the tax uses must be approved by the votes.
- Paul Hill notes that the uses are 'permitted' uses and the city council has discretion as to what the tax will ultimately fund.
- Mayor Mumford agrees, noting that for example, law enforcement has been significantly funded by the Option Tax in the past and likely will continue to be in the future, but the specific uses of the tax are determined as part of the budgeting process.
- Anna Means (Challis Messenger) asks for what attorney fees has the Option Tax been used, and as to whether the tax funds prosecutions.
- Mayor Mumford says that attorney fees have been paid for with Option tax funds is when enforcing the collection of the tax, as reflected in the city audit. This happened when a business failed to submit collected option taxes for over a year, and when finally submitted, failed to pay the penalty imposed by the city. He further says that indeed Option Tax funds are used for prosecutions, but that the taxes go into the general fund and are not dedicated to a particular expense on the outset.

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- Ellen Libertine says that she asked for the accounting system to be changed to put the Option Tax into a separate 'class' as outlined in new accounting rules from the state, and has not heard a word since then.
- Mayor Mumford says he did speak to the accountant who knows nothing of these changes, but has not dropped the matter either. The city will make whatever changes are necessary to adhere to municipal accounting requirements and would embrace any opportunity to simplify and make more transparent the city's accounting.
- Paul Hill would like to know what the Idaho Statute specifies as regard to the duration of the Option Tax, and what duration are other cities generally using.
- Council President Botti reports that the statute does not specify the duration, and that although he has not looked at every city in Idaho that collects the tax, most of the ones that he has seen go from between 7 and 10 years.
- Mayor Mumford notes that the trend seems to be that cities are opting to extend the tax for longer periods of time, as they experience the problem of effectively planning for the contingency that the tax will not be renewed. This explains the reason for extending the tax to 5 years in this cycle. Therefore, in the 2015 election voters will be able to decide the future of the tax one year before it expires.
- Paul Hill asks if the city could pass a new Option Tax ordinance after three years, for example, to override the existing one should the need arise.
- The mayor and council say that yes, indeed, changes could be made with voter approval at any time after one year.
- Councilwoman Gadwa points out that that amount spent by the city on those items permitted to be funded by Option Taxes exceeds the amount of Option Tax revenue. Thus Option Taxes are supplemented by other sources.
- John Graham clarifies Councilwoman Gadwa's comment by stating that the Option Tax compliments other funding sources, and it is the Option Tax that is a luxury to the City of Stanley.

Mayor Mumford closed the public hearing at 5:42 p.m.

REGULAR CITY COUNCIL MEETING

Mayor Mumford called the City Council meeting to order at 5:44 p.m. on September 15th 2011 in the Stanley Community Building

MAYOR COMMENTS/UPDATE:

- Mayor Mumford thanks Idaho Rivers United, the Stanley Sawtooth Chamber of Commerce, and other volunteers for putting on this year's Salmon Festival. SIHA deserves special mention for providing the venue and for providing the administrative help needed to coordinate the festival. The festival was very successful with the bus trips to the reds fully loaded. Perhaps it would be advisable to make the festival two days again next year as it was done in the past to accommodate the crowds. Lem Sentz outdid himself with preparing salmon; the quality of the fish was very good this year.
- Thad Gerheim put on the Stanley Arts Fair on August 26-28. It was a good turnout, especially considering that it was the first year of the event. The mayor would like to see it become an annual event.
- The Show-n-Shine Car Show was a successful event. All signs suggest that it will return next year and continue to grow.

- The Fireman's ball is scheduled for Saturday, September 24 at Redfish Lake Lodge with a silent auction, food and music.
- The Challis High School Future Farmers of America are putting on a potato and onion sale. Anyone interested should contact Jake Zollinger at (208)879-2255 or (208)940-1690. Fifty pound boxes of Idaho Potatoes are available for \$25 each. Ten pound bags of large yellow onions are \$6 each.

CITIZEN PRESENTATIONS:

Tim Cron – He has a safety concern. As he and a number of his employees commute to and from the Stanley Baking Company via the alley, he would like to see a sign or a dip in the road on Niece Avenue between Ace of Diamonds and Critchfield to slow down motorists. Also, he is concerned about the size of the snow pile that has accumulated at the west end of Ace of Diamonds in years past. As the Sawtooth Hotel remains open during the winter months, massive piles of snow remove parking and limit the visibility of his business from Highway 21. Perhaps the property owners across from the Sawtooth Hotel would allow the snow to be piled there. Contact Myrna Combs for information.

John Graham – He thanks the city council for support of the Stanley Street Dance Series. Seven shows were put on, with an estimated attendance of two thousand people in total. There was minimal disruption to the city traffic. Mike Piva had a few concerns the first two weeks, but was later satisfied with the result. No other complaints were received. There were no law enforcement incidents; a few minors did try to drink, but were dealt with and asked to leave. The physical set up was fluid, changing several times. The final arrangement was one that everyone was satisfied with. Private security was engaged to enforce the No Dogs/No Coolers rule, as the law enforcement officer was not willing to enforce Street Dance rules that went beyond what the city ordinances require. Private security is now included in the plan for next year's series. John guesses that Option Tax revenue for the city from this event is in excess of \$1000, noting that the series started small, but will undoubtedly grow if it continues. The plan for next year is the same basic schedule with a few additions. It will run from June 28th through August 8th on Thursday nights, with Saturday night performances on July 4th weekend, Mountains Mama's weekend and August 11th. In addition, he would like to hold a performance on the weekend of the Stanley Winterfest as well. He would like to have a continued law enforcement presence from either the city or the county next year as well to provide a deterrent to trouble makers. He would like to have the city provide portable restroom facilities again. In addition, he would like to see increased marketing of the events, and would appreciate any help the city has to offer toward that end. On a related note, he would like to make some comments about the Sawtooth Music Festival. He feels that the festival brings in a great deal of money, while trashing the city park. He suggests that the city would be better served by being partners with the festival's organizers and using the event to build the infrastructure of the park. It is a valuable resource that should not be given away.

CONSENT AGENDA:

Approval of July 14, 2011 Council Meeting minutes, August 9, 2011 Council Meeting minutes, September 6, 2011 Option Tax Workshop minutes, bills for September, and ratify pre-paid bills for September.

Council President Botti notes an error on the July 14th minutes, regarding the city park, where it states that Councilwoman Gadwa motions and then seconds her own motion. The city clerk notes the error. Council President Botti moves to approve the consent agenda with the noted correction. Councilman Juiliano 2nd. All in favor. Motion passes.

BUILDING PERMITS:

Jim and Michelle Wetzel, #793 - Completion of retaining wall begun in 2008. Councilwoman Gadwa motions to approve the permit. Councilman Juiliano 2nd. All in favor. Motion passes.

Gary Flashner, #794 – Replacement of existing staircase, construction of new staircase. Councilman Juiliano motions to approve the permit. Councilman Sentz 2nd. All approved. Motion passes.

Mike and Jennie Stephenson, #795 – Addition of porch onto existing structure. The council expresses concern that the adjacent property lines are not noted on the submitted plans. Councilwoman Gadwa motions to approve the permit with the understanding that the property owners will need to abide by the appropriate setbacks from the property line. Council President Botti 2nd. All approved. Motion passes.

LAW ENFORCEMENT:(Mayor Mumford)

Officer Gary Gadwa's certifications are up to date with POST, and he is officially serving as the City of Stanley part-time patrol officer. He can now be dispatched by the county. The city is looking for another part-time patrol officer to ensure coverage when Officer Gadwa is not available. Councilman Juiliano asks if we can get a county deputy to serve in that capacity while off duty. The mayor is unsure. There a couple of young individuals in town interested in becoming police officers, and the mayor would like to explore that possibility if the Option Tax ballot measure passes.

Ellen Libertine would like to report complaints that she has received from tourists about noise after the bars close on weekend nights. Melinda Hadzor asks if we can assign Officer Gadwa to patrol on Friday and Saturday Nights at 2:00 to 2:30 am during the summer. Mayor Mumford says that Officer Gadwa can be dispatched in such instances, however, the city is not planning on having him on duty regularly. Melinda suggests that the council see for themselves what is occurring some Saturday night in the summer.

STREETS AND ROADS:(Mayor Mumford)

Idaho Transportation Department completed the work at the airport, and promised to grade the Airport Road before leaving town. The work has been completed, however the road is badly washboarded, so the mayor will contact ITD about having them return. Citizen comments have been received about the amount of dust produced by helicopters using the airport. The mayor would like to explore plans be ITD on dust abatement.

The city will be receiving bids for the Winter 2011-2012 Streets and Road Snow Removal contract. Some adjustments will be made to last year's contract, and it will

be available in the city office. The mayor suggests contacting Steve Stroud, Joe Lamb and Jim Wetzel to invite them to bid on the contract.

CEMETERY:(Councilwoman Gadwa)

Councilwoman Gadwa will incorporate to results from the completed scan of the cemetery this month. A plan will then be formed as to the assignment of new plots.

COMMUNITY BUILDING:(Mayor Mumford)

Custer County requests a fee waiver for the use of the community building for the November 8th election. Councilman Juiliano motions to waive the fee. Council President Botti 2nd. All approved. Motion passes.

The Energy Efficiency Block Grant Work is nearly complete. Insulation and water reinjection into the well have yet to be completed. A discussion needs to be had with the city engineer to determine when the new heating system will be available. The old system is still functional and will remain so. However, once the new system is operating, all the old thermostats must be turned all the way down.

AD HOC COMMITTEES:

- **Groomer Committee:** (Mayor Mumford/Gary Gadwa)
 - No report at this time
- **CEDA Report:** (Mayor Mumford)
 - The meeting was canceled, and will be held on the 20th of October. In August the plans for the new community center in Challis were reviewed. It is a well thought out and flexible plan.
- **Gem Committee:** (Charlie Thompson)
 - Mayor Mumford reports that there are community members interested in donating to the park. Amy Klingler is interested in pursuing grants for new playground equipment and has been put in contact with Jolie Turek of CEDA. It is a priority to get the city park plan completed so we can incorporate additions to the park within the broader plan. If Charlie Thompson is unable to put time into this project, perhaps we can find another community member willing to take it on. The playground equipment damaged during the Sawtooth Music Festival is a safety concern and needs to be addressed as soon as possible. The music festivals organizers will be invoiced for the costs. Any major repairs to the structures may not be advisable at this time, since the equipment ought to soon be replaced.
- **Chamber of Commerce:** (Ellen Libertine)
 - There are no upcoming events that the Chamber has been informed of. The October marketing meeting will be held soon to determine the advertising strategy for the upcoming year. The visitors' center will be open part-time in the winter on Saturday and Sunday. It may be open on Friday as well. No news on the Baggo tournament.
- **Code Review:** (Council President Botti):
 - No report at this time

NEW BUSINESS:

National Senior Corps Week – Mayor Mumford proclaims September 19-23 as National Senior Corps Week in the City of Stanley. Senior volunteers are important for the country as a whole and for Stanley in particular.

Streetlights Fund - \$295 was raised by Lem Sentz during the Stanley Arts Festival to go toward Light Shield and/or LED lighting for street lights. The Council suggests moving forward with replacing 2-3 streetlights with LED lights this fall.

Vote on Ordinance #56D-4 "Local Option Tax"- Councilwoman Gadwa motions to waive the three readings and read by title only per IC 50-902. Councilman Juiliano 2nd. All approved. Motion passes. The city clerk reads 56D-4 by title. Council President Botti motions to approve Ordinance #56D-4. Councilman Juiliano 2nd. Roll Call Vote required. Council President Botti – Yes. Councilman Juiliano – Yes. Councilman Sentz – Yes. Councilwoman Gadwa – Yes. All approved. Motion Passes.

Vote on Resolution #2011-2 "Submission of Ordinance #56D-4 to Voters"- The city clerk reads Resolution #2011-2. Council President Botti motions to approve the resolution. Councilman Juiliano 2nd. All approved. Motion Passes.

CITY CLERK REPORT: (City Clerk/Treasurer Doug Plass)

The City Office will be closed September 21-22 for training. The clerk will be attending the ICCTFOA institute in Boise. Other than that, the normal operating hours, 8 am – 5 pm Monday – Thursday, are in effect.

The City is removing Erin Fisk and instating Doug Plass as a signatory on all city business accounts. Mayor Mumford will remain a signatory on all accounts.

OPTION TAX REPORT: (City Clerk/Treasurer Doug Plass)

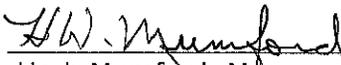
July Option Tax receipts are up compared to the previous year, making some progress toward the anticipated receipts for the year.

TREASURY REPORT: (City Clerk/Treasurer Doug Plass)

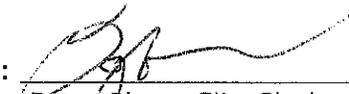
State Investment Pool, Check Register, Accounts Receivable Report, Monthly Financials.

ADJOURNMENT:

The Mayor called the meeting to a close at 7:15 p.m.



Herb Mumford, Mayor

ATTEST: 

Doug Plass, City Clerk

2011 Stanley Option Tax Ordinance

Background

- Main purpose as outlined in state law is to provide property tax relief for small towns with tourist based economies by allowing them to fund some basic services with this additional revenue, or to provide direct property tax relief to ease that burden on local residents by using the revenue to offset property taxes.
- Stanley has been heavily dependent on the OT for 26 years, and currently OT revenues comprise almost 50% of the city's normal operating budget, so eliminating that revenue source will have very severe impact on city services.
- Proposed ordinance changes are minor.
- Proposed uses of OT are basically the same as those approved by the voters for the past 26 years, except that it can be used for road maintenance, not just capital improvements, promotion for the city will be limited to organizations not receiving money from taxing districts, and can be expanded to include support for special events that enhance business and provide tax revenues, planning for recreational facilities is added to creation and maintenance, and it can be used for matching funds for grants that further the goals of the Comp Plan.
- It is extended to run for 5 years from four – it was 5 years from 1985-1995.
- Will still be voted on every four years.

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Local Option Tax Benefits for the Stanley Community

August 16, 2011

Idaho code allows small tourist-based towns to impose a local option tax to help provide for basic services without raising property taxes. Like many resort areas, Stanley has a small tax base with which to provide basic infrastructure and services to residents and visitors. The option tax allows visitors to shoulder a larger share of this burden. The City of Stanley has used the option tax as an important source of city revenue for 26 years. Currently, the option tax is set at 2.5% on the sale of items normally subject to state sales tax, except for "guided package sales" (for example, guided hunting or fishing trips).

CURRENT STATUS OF THE OPTION TAX

Idaho code allows option tax revenue to be used for any purpose relating to city government approved by the city voters. The purposes must be identified in the option tax ordinance. Currently, option tax monies are authorized to be used for the following purposes:

1. Improvements, additions and maintenance of the community building
2. Emergency services and law enforcement
3. Capital improvements and maintenance of roads and water systems
4. Direct costs to collect and enforce the tax
5. Promotion for the city, including community based organizations, except those receiving money from taxing districts
6. Creation and maintenance of recreational facilities
7. Library maintenance and collection updating

The actual amount budgeted for each of these purposes can vary from year to year, and is determined when the city council formulates the budget for the next fiscal year. The public is always invited to express opinions on how funds should be allocated each year through publically advertised council work sessions and hearings on the proposed annual budget. In addition, the city has a standard form that community-based organizations may use to request option tax money support as part of the normal budget cycle.

STEPS TO RE-AUTHORIZE THE OPTION TAX

The City will hold two town hall meetings (August 15, 2011 at 10am, and August 17 at 5 pm at the Community Building) in which members of the community can voice their opinions about the general purposes for which option tax money should be used in the future. Based on this input, the City will draft a proposed ordinance to reauthorize the option tax for a specified number of years into the future. The public will have the opportunity to comment on this ordinance at a hearing, and the ordinance may be changed based on that input before the voters approve or disapprove it in November.

Since the option tax comprises about 49% of the normal City operating budget (excluding grants and donations), the City supports re-authorizing it so that the benefits and services that it funds for the community can continue. A number of ideas have already surfaced for expanding or restricting the uses of the option tax, and these can be debated in the town hall and hearing process.

CONSEQUENCES OF NOT RE-AUTHORIZING THE OPTION TAX

The City anticipates option tax revenues of \$120,000 in fiscal year 2012, compared to \$128,000 in 2011. The city needs flexibility to allocate these funds for a broad array of services because anticipated property tax revenues (51% of the normal operating budget) will continue to be insufficient to cover essential city operations. Even if the option tax passes, the City plans to reduce the 2012 normal operating budget by \$52,843 (18%) in order to balance expenditures with revenues. In case the option tax ordinance is rejected, the city has proposed a fall-back budget reducing expenditures by approximately \$120,000 (in addition to the 18% cut mentioned above). Cuts of this magnitude will result in the following actions:

- The city clerk services will be cut back about 50%.
- City engineer services will be cut back 67% (applying for and administering grants for needs such as airport road improvements, community building energy efficiency upgrades; working on building codes, mapping , interfacing with regulators, etc.).
- Community relations funding will be eliminated.
- Chamber of Commerce funding will be eliminated.
- Fireworks will be eliminated.
- Library support will be eliminated.
- CEDA support will be eliminated.
- Law enforcement funding will be reduced by 70% (excluding possible grant revenue) forcing the city to rely on a reserve office program for intermittent service, and the county sheriff and occasionally the state police for enforcement of state and county laws.
- The dust abatement program will be eliminated.
- Repair and replacement of signs will be eliminated.
- Snowplowing will be reduced by 30%.
- Wages for maintenance of the Community Building will be reduced by 33%.
- Supplies and materials for maintenance of the Community Building will be reduced by 90%.

Even these draconian budget cuts may be inadequate to bring the budget fully in balance and prevent continued transfers from reserve balances to cover deficits. If the option tax is not reauthorized, or if its uses are severely restricted, the city may have to impose even more draconian budget cuts in 2013 and beyond to bring revenues and expenditures into balance and prevent a financial crisis. In recent budget cycles, the city has relied on funding reserves to cover unanticipated expenses (for example, frivolous and baseless lawsuits against the city [none initiated by the city], and higher than anticipated snow plowing needs). As a result, the city's funding reserves are down to about half of its normal annual operating budget. If funding reserves fall any lower the city will not have the flexibility to respond to unanticipated expenses while maintaining essential services. Without option tax revenues, the city would have to

consider increasing the property tax levy in order to stabilize its financial situation and provide essential city services. **The city cannot continue to provide the services and administrative functions that the community has come to expect with a 49% reduction in revenue resulting from elimination of the option tax.**

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City of Stanley Attorney Billing Table Yearly Breakdown

	2007 FY	2008 FY	2009 FY	2010 FY	2011 FY*	Totals
General (including planning and zoning)	3846	5689	8709	12097	3428	33770
Prosecution	668	9013	22463	17751	20150	70044
Arnold 1 (including Tort claim)			3108	24394	46	27548
Arnold 2				11949	10383	22332
Arnold 3				5039	11665	16704
SHCI - Tax Penalty and Petition for Judicial Review				9280	5593	14873
Totals	4514	14702	34280	80510	51264	185270

* Through June 2011

City of Stanley Option Tax Distribution

	2007-8	2008-9	2009-10	2010-11*	Average O T Allocation 2008-2010
A. Improvements, additions and maintenance of the community building (without expenditures paid for by Scenic Byway grant and other dedicated revenue	\$35,346	\$5,222	\$16,313	\$18,539	7%
B. Emergency services and law enforcement	\$73,568	\$83,704	\$79,822	\$57,796	38%
C. Improvements of roads, water systems, solid waste disposal facilities (without expenditures paid for by Airport Road Grant and other dedicated revenue sources)	\$12,937	\$38,439	\$7,040	\$15,007	27%
D. Direct costs to collect and enforce tax. **	\$1,152	\$1,152	\$10,432	\$6,457	2%
E. Promotion of the City	\$22,474	\$21,884	\$18,409	\$11,420	10%
F. Creation and maintenance of recreational facilities (without expenditures paid for by other dedicated revenue sources)	\$13,372	\$23,296	\$11,193	\$34,217	15%
G. Library maintenance and collection updating	\$500	\$225	\$300	\$0	0%
Total Eligible Expenditures	\$159,349	\$173,922	\$143,509	\$143,436	
Option Tax Revenue	\$134,789	\$130,465	\$132,540	\$42,847	

NOTES: Expenditures in excess of the option tax revenue come from other revenue sources or savings.

Expenditures paid for by other dedicated revenue in FY2008, FY2009, and FY2010 as noted in the audits have been removed from this table

* Through June 2011

** Administrative costs are estimated

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