

RESOLUTION NUMBER 07-059

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHUM, IDAHO, AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE AN AGREEMENT WITH STILWYN, INC., ALLOWING WEYYAKIN PHASE 4 TO CONNECT THE FIRST FIVE OF NINETEEN UNITS IN WEYYAKIN PHASE 4 TO THE CITY OF KETCHUM'S MUNICIPAL WATER SYSTEM AND ALLOWING THE CONNECTION OF THE SAME UNITS TO THE PRIVATE SEWER LINES OWNED BY WEYYAKIN PHASES 1-3 WHICH CONNECT TO THE CITY'S WASTE TREATMENT FACILITIES IN EXCHANGE FOR AN AMOUNT OF MONEY EQUAL TO THE FULL DEVELOPMENT IMPACT FEES.

WHEREAS, pursuant to Idaho Code §50-301, the City of Ketchum is empowered to enter into contracts as may be deemed necessary to promote the public health, safety, and welfare of Ketchum and its residents; and

WHEREAS, the Weyyakin Homeowners' Association has approached the City with a proposal to exchange an interest in its water rights for the City assuming ownership of its private sewer lines and other mutually valuable consideration; and

WHEREAS, the negotiations for such potential exchange have only started and Stilwyn, Inc., the owner of Phase 4 of Weyyakin, desires to proceed independently with the construction of the first five of nineteen units in Phase 4 of Weyyakin prior to the completion of such potential exchange; and

WHEREAS, Stilwyn, Inc. has offered to pay all standard water and sewer impact and hook up fees upon commencing construction of each such unit if allowed to connect to such services prior to closing such potential agreement; and

WHEREAS, in the event that such potential exchange cannot be closed, Stilwyn, Inc. has offered to pay an amount of money to the City equal to all other development impact fees for such five units; and

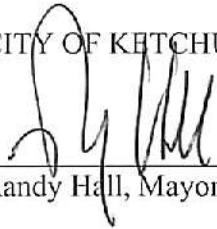
WHEREAS, such water and sewer service to such five units will facilitate the negotiations for the potential exchange by allowing Stilwyn, Inc. to commence construction without needing to immediately connect to the Sun Valley Water and Sewer District and alternatively will facilitate the conversion of Weyyakin's water and sewer services to the District in the event that the potential exchange cannot be closed; and

WHEREAS, the City Council finds that planning for the future by obtaining additional water rights for the City or facilitating the conversion of Weyyakin's water and sewer service to the District is in the best interests of the residents of and visitors to the City and will promote the public health, safety and welfare; and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and the City Council of the City of Ketchum, Idaho, that the City Council hereby authorizes and directs the mayor to execute an agreement with Stilwyn, Inc., allowing Weyyakin Phase 4 to connect the first five of nineteen units in Weyyakin Phase 4 to the City of Ketchum's municipal water system and allowing the same five units to connect to the private sewer lines owned by Weyyakin Phases 1-3, which connect to the City's waste treatment facility in exchange for an amount of money equal to the full development impact fees.

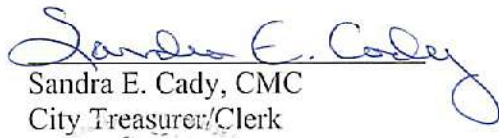
This Resolution will be in full force and effect upon its adoption this second (2nd) day of April 2007.

CITY OF KETCHUM, IDAHO



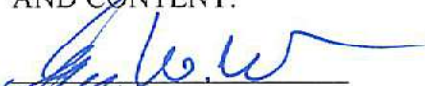
Randy Hall, Mayor

ATTEST:



Sandra E. Cady, CMC
City Treasurer/Clerk

APPROVED AS TO FORM
AND CONTENT:



Benjamin W. Worst,
City Attorney



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Memorandum

To: Mayor Hall and City Council Members

From: Ben Worst, City Attorney

Date: 3/29/2007

Re: Weyyakin water rights for City water and sewer services.

ISSUE: Stilwyn, Inc., the owner of Weyyakin Phase 4, has requested that it be allowed to connect the first five of nineteen units to be constructed in Weyyakin Phase 4 to the City of Ketchum's water services and that it be allowed to connect the same units to the private sewer lines owned by Weyyakin Phases 1-3 which connect to the City's waste treatment plant. In exchange for these connection rights, Stilwyn, Inc. proposes to pay the City water and sewer impact fees upon commencing construction and an amount of money equal to the remainder of all of our development impact fees if a larger exchange for interest in Weyyakin's water rights cannot be accomplished. I have attached a draft of the proposed agreement for your review.

BACKGROUND: The Weyyakin Homeowners' Association Phases 1 – 3 and Stilwyn, Inc., have collectively approached the City with a proposal to exchange an interest in Weyyakin's water rights, which are substantial (i.e. 7 cubic feet per second over an area greater than fifty-five acres), for water and sewer services from the City. All of the Weyyakin properties are located in the City of Sun Valley. Phases 1 – 3 already receive their potable water from the City of Ketchum. They also privately own their own sewer pipes which connect to the City's waste treatment facility. All of the Weyyakin properties have traditionally used their water rights to fill their ponds and irrigate their pastures and landscaping. Those rights are currently being confirmed as part of the valley-wide water rights adjudication process. If an agreement can be reached, the City will take ownership of the existing private sewer lines and provide water and sewer services to all of the Weyyakin properties in exchange for an interest in the Weyyakin water rights. The City may in turn deliver a portion of the re-use water from the improvements to the City's waste treatment facility to irrigate Weyyakin's pastures.

It will take several more months to negotiate any such exchange because the adjudication process must run its course confirming the volume and quality of the water rights. Additionally, an engineering study of the existing sewer system must be completed before the City can agree to take ownership of that system.

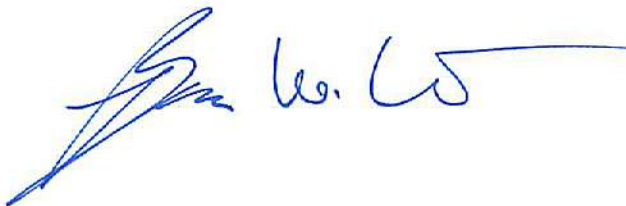
In the meantime, Stilwyn, Inc. has requested that it be allowed to connect the first five of nineteen units in Phase 4 because the City of Sun Valley has conditioned approval of such new construction upon delivery of a "will-serve" letter indicating that these five units will be served with both water and sewer services. In exchange for such a letter, Stilwyn, Inc. has offered to pay the City all water and sewer impact fees as the units are constructed in addition to an amount of money equal to the development impact fees for all categories other than Water and Sewer (currently approximately \$5,000 per unit) if either the larger agreement cannot be closed or all service is not transferred to the Sun Valley Water and Sewer District on or before April 1, 2010. Stilwyn, Inc. will also pay to install all of the necessary infrastructure to connect to Weyyakin Phases 1-3 sewer system and to the City's water system at no cost to the City. If the larger agreement is reached with Weyyakin Phases 1-4, then this smaller agreement will be merged into that larger agreement; however, the water and sewer impact fees will not be refundable.

OPTIONS:

1. Reject Stilwyn's offer.
2. Accept Stilwyn's offer in its current form.
3. Modify the Agreement.

RECOMMENDATION: I recommend Option No. 2, but only if you are satisfied with the terms of the attached Agreement. Alternatively, if you like the proposal in concept, but are not satisfied with the current agreement, I recommend Option No. 3.

Please let me know if I can provide any additional information. Thank you.

A handwritten signature in blue ink, appearing to read "G. W. Co.", with a long horizontal flourish extending to the right.