

Mayor Dani Wilson called the regular meeting of the Eureka Springs City Council to order at 6 p.m. Monday, July 23, 2007, in the jury room on the second floor of the Western District Carroll County Courthouse.

PRESENT: Mayor Dani D. Wilson, Aldermen Patrick Brammer, Charlotte Buchanan, Rae Hahn, Kathy Harrison, Eric Scheunemann, Joyce Zeller, City Attorney Tim Weaver and City Clerk-Treasurer Mary Jean Sell.

PLEDGE OF ALLEGIANCE TO THE FLAG:

Mayor Wilson led the Pledge of Allegiance to the Flag.

Mayor Wilson made a brief statement on the results of the water and sewer bond reconciliation audit. She said the approximately \$1.6 million shortfall in the funds for the construction of the wastewater treatment plant on Highway 23 North is not the result of theft, but is the result of spending on other projects. She distributed the report from Porterfield Killingsworth, CPA, PLLC of Berryville and said it would be posted on the city's website.

APPROVAL OF THE AGENDA:

Mr. Brammer moved to approve the agenda. Mr. Scheunemann seconded.

Ms. Harrison asked that an executive session for discipline purposes be added as New Business Item #4. Mr. Scheunemann seconded.

Ms. Hahn said she wanted to discuss the taxi/limousine licenses that have been issued as New Business Item #5. Ms. Harrison seconded.

Ms. Hahn said she wanted the discussion of Ordinance 2051 regarding taxis to be Old Business Item #3 for discussion.

Mayor Wilson said the discussion of the Eureka Springs Hospital would be the first item of discussion.

Mr. Scheunemann said he wanted a discussion about North Main sidewalks added as Old Business Item #5.

On the motion to approve the agenda as amended, all voted aye. Motion passed 6/0/0

APPROVAL OF THE MINUTES: July 9, 2007

Mr. Brammer moved to approve the minutes of the regular City Council meeting of July 9, 2007. Mr. Scheunemann seconded.

Mr. Scheunemann said he wanted an addition to Item #2 on Page 3: "*Council is waiting ...budget and waiting on the outcome of the special bond election vote on Aug. 14 before...*"

On the motion to approve the minutes as amended, all voted aye. Motion passed 6/0/0

DEPARTMENT HEAD AND COMMISSION REPORTS:

Mayor Wilson said Parks Director Bruce Levine has asked to add Resolution #543 approving an application for matching grant from the Arkansas Department of Parks and Tourism's Outdoor Recreation Grant Program to the agenda for Aug. 13.

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PUBLIC COMMENTS:

Alvin Byrd said the citizens of Eureka Springs voted for the Council to serve the people. He did not want someone sitting behind a Council member telling him or her how to vote during a meeting.

Beau Satori said nothing has been done about building more sidewalks in town for many years. There should be a long-term plan and some sidewalks built each year. There are places where utility poles will have to be moved and that should be done as well.

Bob Jasinski said he would like for the Council to adopt Ordinance 2060 so bed and breakfast inns won't have to

collect the CAPC (City Advertising and Promotion Commission) tax.

COMMISSION, COMMITTEE, AUTHORITY REPORTS AND VACANCIES:

Cemetery - Position 5, expiring 2/15/08

CAPC – All positions are open pending creation of new Commission – Nominees Lynn

Bridwell, Alvin Byrd, James DeVito, Richard Grinnell Mayor Wilson said voting on these nominees will have to wait until the Council decides which ordinance to adopt regarding the CAPC.

Parks – Position #2, expiring 5/1/08

NEW BUSINESS:

1. Discussion of Eureka Springs Hospital

Ms. Sell introduced members of the Hospital Commission – Chairman Pam Crockett, Members Tammy Bullock, Anna Ahlman, Dr. Jack Pritchard and Bill Fort.

Ms. Crockett introduced Dr. Greg Kresse, Craig Ortego, CEO of Quality Health Care of Lafayette, La., the current manager of the hospital; administrator David Wheeler; and Rock Bordelon, CEO of Allegiance Health Management (AHM) of Shreveport, La.

Ms. Crockett read aloud a statement announcing that AHM wants to take over management of the hospital and has proposed building a for-profit \$25 million, 25-bed hospital within the next five years inside the city limits. She presented Resolution 544 supporting the Hospital Commission's decision to enter into contracts with AHM for management and construction of the new hospital.

Dr. Kresse encouraged the Council to take advantage of this offer as possibly the only way a new hospital could be built in Eureka Springs.

Mr. Bordelon said he is willing to build a new hospital because he has loved Eureka Springs as a tourist for several years.

(Amendment – Mr. Ortego said as much financing of the project as possible would be handled through local banks.)

Ms. Hahn moved to read and adopt Resolution 544. Mr. Brammer seconded. All voted aye. Motion passed 6/0/0

Ms. Sell read the resolution aloud.

2. Discussion of Resolution 542, a resolution in support of an Application for Grant Funding from the Arkansas Economic Development Commission to be used for necessary upgrades needed to the City's existing water system between Spring Street and Prospect Street.

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Jay Stallard, grants administrator for the Northwest Arkansas Economic Development District in Harrison, presented Resolution 542 authorizing the application for a grant, and four companion resolutions that will be part of the grant application paper work.

The application is for \$183,667 to upgrade the city's water system between Spring and Prospect Ave. The system would be expanded to serve the Crescent Park condominium project and to loop existing water lines for better service. This would be the first project of this type in the state, according to Mr. Stallard.

Ms. Hahn asked about the location of the water lines and how the amount of the grant was determined.

Mr. Stallard said he did not know how the amount was determined, a private contractor had done that work. He said Resolution 542 is only to authorize the application and line locations, engineering and other work would be done when the funds are available.

Mr. Scheunemann said he wanted a recommendation from the Planning Commission/Board of Zoning Adjustment on the project.

Mr. Stallard said he could wait until after the regular Council meeting of Aug. 13 to submit the grant application.

No action was taken on Resolution 542.

OLD BUSINESS:

1. Discussion of Ordinance 2050 regarding adoption of Municipal Code (3rd reading)

Ms. Sell said Municipal League attorney David Schoen was not able to meet with the Council tonight but could attend the Monday, Aug. 13 meeting.

Mr. Brammer moved to postpone action on Ordinance 2050 until the meeting of Aug. 13. Mr. Scheunemann seconded. All voted aye. Motion passed 6/0/0

2. Discussion of revisions to Ordinance 2051 regarding taxis

Ms. Hahn, Ms. Buchanan and Ms. Harrison reported on a committee meeting held Thursday, July 19, and recommendations from the meeting.

Attorney Kent Crow said he had made some changes in the ordinance, based on Council comments in past meetings.

Ms. Harrison moved to correct the spelling mistakes; to mark out the last line saying the city attorney would do the codification.

Ms. Hahn read amendments page by page.

Ms. Harrison moved to adopt the amendments to Ordinance 2051. Ms. Buchanan seconded. All voted aye. Motion passed 6/0/0

Ms. Harrison moved to approve Ordinance 2051 as amended. Ms. Buchanan seconded. Four voted aye. Ms. Zeller and Mr. Brammer voted no. Motion passed 4/2/0

Mr. Brammer moved to take a break at 7:57 p.m. Mr. Scheunemann seconded. All voted aye. Motion passed 6/0/0 Meeting resumed at 8:10 p.m.

OLD BUSINESS:

1. Discussion of Ordinance 2060 regarding City Advertising and Promotion (CAPC) membership and levying the two percent gross receipts tax. (2nd reading)

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Mr. Brammer moved to suspend the rules and place Ordinance 2060 on its second reading by title only. Mr. Scheunemann seconded. By roll call, all voted aye. Motion passed 6/0/0

Mayor Wilson read the title of Ordinance 2060 aloud.

Mr. Brammer moved to approve Ordinance 2060 on its second reading by title only. Ms. Harrison seconded.

Mr. Weaver said the current enforcement ordinance would not be usable if this ordinance is passed.

Bill King, author of Ordinance 2060, said the gross receipts tax rate of three (3) percent should be put in the blanks he has left in the ordinance.

Michael Jaschke, food services manager, read aloud a statement from Jack Moyer, general manager of the Crescent and Basin Park Hotels, not in support of removing the gross receipts tax on retail and attractions. Moyer asked the Council to return to the original ordinance based on Arkansas Act 464.

Clark Hinson, Evening Shade, said this Council is being seen as anti-business and anti-tourism. The city needs to be promoted as a Victorian destination. Now is not the time to cripple the CAPC by reducing the tax. Reconsider adopting Act 464

Richard Grinnell, chairman of the CAPC, said if the tax rate is put at three percent on everything, there will give the CAPC approximately the same revenue this year.

Beau Satori said no one from retail has come forward to say they don't want to collect the tax. If the Council cuts out one-third of the collectors, it will damage everything. This ordinance will be taken to a referendum if it is passed.

Mayor Wilson said she has talked with State Representative Bryan King who has asked the state's attorney general for an opinion on this issue. It may take a month or more to get a reply.

Jeff Feldman, president of the Greater Eureka Springs Chamber of Commerce, said he has had several calls about Ordinance 2060 and callers do not want the Mayor to appoint a member of the governing body to the at-large position on the CAPC. Changing the tax rates will drastically affect collections. He said the Council should go back to Act 464.

Karen Lindblad said last November's election didn't have anything to do with tax rates, but whether or not to keep the CAPC. In the research she has done, no other community collects this type of tax on retail items. This city should not charge a tax that is not being charged anywhere else.

Rod Minner of the Rowdy Beaver said he would vote for a three percent tax to put more money into advertising.

Stephanie Kerr of Hidden Springs Bed and Breakfast, said she and other similar businesses are maxed out what they can charge for their services. She wants to see what she is getting for three percent. Everyone should band together and pay the three percent rate.

Mr. Brammer moved to approve the amendments to Ordinance 2060. Ms. Hahn seconded. All voted aye. Motion passed 6/0/0

Ms. Harrison moved to approve Ordinance 2060 on its second reading by title only. Ms. Zeller seconded. By roll call, all voted aye. Motion passed 6/0/0

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Mr. Brammer moved to suspend the rules and place Ordinance 2060 on its third reading by title only. Ms. Zeller seconded. By roll call, all voted aye. Motion passed 6/0/0

Mayor Wilson read the title of Ordinance 2060 aloud.

Mr. Brammer moved to approve Ordinance 2060 on its third reading by title only. Ms. Zeller seconded. All voted aye. Motion passed 6/0/0

Mr. Brammer moved to read the emergency clause. Ms. Zeller seconded. All voted aye. Motion passed 6/0/0

Mayor Wilson read the emergency clause aloud.

Due to the lateness of the hour (approximately 9:40 p.m.), Mayor Wilson asked if some of the remaining agenda items could be postponed.

2. Discussion of Ordinance 2059 (2nd reading) regarding increasing parking lot rental fees

Mr. Brammer asked to postpone discussion of Ordinance 2059.

3. Discussion of revisions to Ordinance 2047 regarding demolition by neglect

Ms. Hahn said she wants to have a workshop to review proposed amendments to Ordinance 2047

4. Discussion of Highway 62 West

Mr. Scheunemann said the discussion of the Highway 62 West construction could be postponed.

5. Discussion of Ordinance 2061 adopting policy and procedures manual for city employees

Mayor Wilson postponed discussion of Ordinance 2061.

6. Discussion of business licenses issued for taxi/limo services.

Ms. Hahn said the three taxi/limo businesses licenses issued in April should never have been issued because the owners did not have franchises approved by the City Council.

Mr. Weaver said the granting of a business license is not a granting of a right to do business as a taxi or limousine service. The city has never regulated limousine services.

Ms. Harrison moved to return the fees for the business licenses to those who do not have a franchise. Ms. Hahn seconded. By roll call, four voted aye. Mr. Brammer and Ms. Zeller voted no. Motion passed 4/2/0

7. Discussion of sidewalks

Mr. Brammer said he liked Mr. Satori's suggestion of developing a long-range plan for building sidewalks in town and building some each year.

Ms. Hahn suggested having an arch at the intersection of South Main/Highway 23 and Highway 62 from the new

park and ride lot to the Best Western Eureka Inn.

Mr. Scheunemann wants the Public Works Department employees to start defining where sidewalks should be and put down crushed limestone, (*Amendment – to provide a temporary sidewalk until one suitable for and Arts and Culture District on North Main can be added.*)

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8. Executive Session

Mr. Brammer moved to go into executive session at 10 p.m. Ms. Harrison seconded.

The meeting resumed at 10:12 p.m.

Ms. Harrison moved to have the Mayor execute a letter of reprimand to a commissioner. Mr. Scheunemann seconded. All voted aye. Motion passed 6/0/0

COUNCIL COMMENTS:

Mr. Brammer reminded everyone to vote for the water and sewer bond issue Aug. 14.

Ms. Harrison said she did not want to be viewed as a negative person. She wants everyone to treat others as they want to be treated. She said a recent column in a local newspaper was demeaning and offensive to her. All of the Council members are working together for Eureka Springs.

Mr. Scheunemann said the CAPC funds could be used to bury the utilities along North Main St. He would rather the CAPC spend money on things in town people can see. He is pro-business and pro-tourism but not fettered by the almighty dollar. He said the proposal for the hospital and new hospital seem to be the best way to solve the current situation.

Ms. Buchanan said she does not appreciate attacks on her integrity. She wants to know how to put the yellow loading zone back in front of the Gavioli Chapel, 80 Mountain St. She said the ordinance removing the loading zone had been on Council agendas for seven weeks and she didn't understand why the property owner was not aware of the issue. (*Amendment – In the meeting of Aug. 13, 2007, Ms. Buchanan said she did not want to put the yellow zone back, but was inquiring about the process. She had telephone calls from citizens saying it was a blind corner and the loading zone created a traffic hazard.*)

Ms. Hahn said she appreciated Ms. Harrison's comments. She wants every visitor treated as a guest. Tourism is down and we should advertise what we have that is unique.

MAYOR'S COMMENTS:

Mayor Wilson said Eureka Springs has been named Best of the Best getaway destinations for 2007 by *Oklahoma Magazine*.

There will be a town hall meeting on tourism at 6 p.m. Wednesday, Aug. 1, 2007, in the City Auditorium

She congratulated David Renko, Angelo Yao and Judy Selle for recent recognition in local and state newspapers.

ADJOURNMENT:

Mr. Brammer moved to adjourn at 10:34 p.m. Mr. Scheunemann seconded. All voted aye.

This is the signature page for the minutes of the regular Eureka Springs City Council meeting of Monday, July 23, 2007.

Mayor Dani D. Wilson

City Clerk-Treasurer Mary Jean Sell

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