

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m.

Present were Chairman Gary Warr, Commissioner Kathy Cone, Commissioner Shonna Fraser and Commissioner Bryan Craig. Commissioner Jason Peterson was excused.

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Counsel Ryan Armbruster, Finance Director Ross Hyatt and Accounting and Budget Manager Lori McCrae and Planning and Zoning Manager Ida Clark.

PLEDGE OF ALLEGIANCE:

Chairman Warr led the audience in recitation of the pledge of allegiance.

CONSENT CALENDAR:

Items in the consent calendar are as follows:

- A. Approve minutes of the December 5, 2019 regular meeting
- B. Review and approve claims for January 2020
City of Jerome, \$1,867.64; Elam & Burke Inc., \$2,322.25
- C. Review and approve staff financial reports for January 2020

Commissioner Craig made a motion to approve the consent calendar as presented. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Commissioner Cone, Commissioner Fraser, Chairman Warr and Commissioner Craig. **NAYES:** None.

LEGISLATIVE REPORT:

Mr. Armbruster reported that the legislative sessions have begun and the first few sessions will involve new administrative rules; the governor issued an executive order prior to June 30th allowing each of the administrative agencies to re-publish “temporary rules” to remove unnecessary rules. He stated the legislature will now have to take all temporary rules, have hearings on them and decide to either approve or reject them. The issues expected during the upcoming legislative session include Medicaid expansion, education initiatives and budget cuts (a 1% decrease was imposed for fiscal year 2020, and the governor desires a 2% cutback in 2021 with funds to be added to the rainy day fund). Mr. Armbruster stated that state revenues are down due to conformance with the federal tax law which went into effect last year; due to changes, revenue on the income tax side has been below estimated projections. However, he stated that sales taxes are doing well and are offsetting the income tax reduction somewhat. Mr. Armbruster further stated that he expects discussions regarding the grocery tax credit and potential increases to provide relief to individual taxpayers.

Regarding transportation, Mr. Armbruster stated that the governor proposed an increase of approximately \$100 million for roadways, but there will not be any initiatives. A study is being undertaken through the cooperation of the Association of Idaho Cities (AIC) and the Association of General Contractors that will look at how transportation is funded; the report will be released later in the year.

Mr. Armbruster stated that a big concern for local government and consequently Urban Renewal Agencies (URA's) will be the property tax issue. A property tax working group met in October and November. Mr. Armbruster stated there is a lot of rhetoric regarding the new construction value and whether there will be an effort to either reduce or restrain local governments from utilizing it to increase their budgets. There has been talk about budget limitations to reign in escalating budget increases which result in increased assessed values and tax levies. He stated one option to help with the property tax issue would be to bring back the homeowner's exemption on an index value rather than the \$100,000 cap. However, this only results in a tax shift, and three interest groups (ag, commercial and industrial) have expressed their objection to a tax shift. There have also been discussions on enhancing the Circuit Breaker program so that more could qualify by way of disadvantage, age or both; this would also result in a tax shift. Mr. Armbruster stated the most difficult bills come from the House and are potentially stopped in the Senate. He also stated that anything which impacts tax levies will also impact revenues to the URA's and that there is some concern over how vociferous URA's should be. In the past, URA's have been neutral on certain issues by not being involved in tax assessments or levy calculations, and Mr. Armbruster stated that for URA's to take on a significant role in this process could be seen as an inconsistent position. He affirmed that staff will monitor the issue closely.

Mr. Armbruster reported that the Redevelopment Association of Idaho approved to engage in services with lobbyist Benn Brocksome. He is also the lobbyist for the AIC at the state house, and will be providing weekly updates to the RAI. Mr. Armbruster stated that the property tax issue is a priority with the AIC, and that Mr. Brocksome has had some conversations with legislators regarding URA's. He further stated that bills tend to come up in the final weeks of legislative sessions and agencies do not always know what will be presented until later. Additionally, in election years the sessions tend to be shorter but with major issues in discussions this may not be the case. Mr. Armbruster concluded that the board will be informed of updates on a regular basis, and that his staff will continue to monitor the legislative process and still be responsible for providing position statements and/or testimony at various committees for any bills which may need comment from URA's. The roll of RAI is also to energize the masses to have direct contact with their individual delegation to present their position on various pieces of legislation.

REDEVELOPMENT ASSOCIATION OF IDAHO UPDATE:

Mr. Armbruster stated that approximately one year ago the City of Boise approved two new plans for project areas, and within the 30-day contest period a number of individual plaintiffs (registered voters/residents of Boise city, two of whom are active individuals in the Idaho Freedom Foundation) chose to file a challenge to the city council's actions. They asserted that city council approval of an urban renewal plan creates an obligation of the city which violates Article 8, Section 3. The plaintiffs further assert that because there was no election to authorize city council to approve the plan, the plan should be rejected. Mr. Armbruster stated it took nearly eleven months to go through the process before the district court and the City of Boise was successful in persuading the district judge that there was no violation of the Idaho constitution. The plaintiffs filed an appeal to the Idaho Supreme Court and will go through that process within the next 6-9 months; no briefing has been scheduled. The RAI authorized an application to be recognized as a "friend of the court" to provide the Supreme Court with information regarding the significance of their argument. Additionally, the RAI would emphasize the impact an adverse

decision would have statewide should the Supreme Court be persuaded to conclude that any city council who approves an urban renewal plan is violating the constitution. Mr. Armbruster stated the RAI will be working through this application process within the next 60-90 days, and the Supreme Court has the discretion to accept or deny the application. He also spoke of a similar process many years ago (Hart vs. Rexburg URA) whereby eight or nine URA's were granted "friend of the court" status and assisted the Rexburg URA with its legal defense to the constitutional challenges there. He concluded that the timing of this issue is not ideal considering the beginning of the legislative sessions. Commissioner Craig commented on distracted driving legislation, and Mr. Armbruster stated that this is another example where the State of Idaho has determined what is inappropriate; this bill would preempt a city to have a different standard. Mr. Armbruster further stated that the state's ongoing objection to what the federal government is imposing seems inconsistent with their position on what they can impose on local government. For example, the counties throughout the state are now housing hundreds of prison inmates from the Idaho penitentiary and the state does not cover the entire cost of expenses associated with said housing.

STAFF REPORTS:

Mr. Williams briefly spoke of the Nelson Jameson facility plans in Area 4. He stated that staff will be meeting with them later in the week. Per the preliminary plans, approximately 6.5 acres will be used for a 30,000 square foot building along with future expansions; twelve acres remain and may be occupied by a partner company in the future. Staff is hopeful that the company will break ground in the spring. Mr. Williams stated that the company had been renting a small facility in Twin Falls and had been looking for acreage that included a rail spur. He also stated that there is no agreement yet in place for infrastructure assistance or site mitigation; Area 4 has little to no revenue at this time. Upon inquiry by Commissioner Fraser, Mr. Williams stated that he believes the new facility will be wholesale rather than retail (latex gloves, operating equipment, etc.) and that the company has business relationships with local processors.

Mr. Williams spoke of Western Transportation and their desire to purchase property; they have since purchased ten acres for a large warehouse, office and storage space along with a wash bay for customers. Staff expects a spring or summer groundbreaking although plans have yet to be submitted; rail service was not requested. Mr. Williams stated that these new developments will generate revenues in Area 4.

Regarding Area 2, Mr. Williams stated there is a non-disclosure agreement with a company for Project Supro, a new food-based plant with a \$10 million capital investment. He spoke of a meeting with senior executives who had given the project clearance to proceed, but that the project does have some infrastructure challenges. While there is good water and street access, Mr. Williams stated they lack and require natural gas. Staff is working with Intermountain Gas for a cost estimate to deliver natural gas to the area. The gas line location would serve both Areas 4 and 2, and once figures are received negotiations will begin in terms of how the new gas line will be funded. Additionally, Mr. Williams spoke of potential site mitigation and possible reimbursement agreement, and he stated that this project would produce a different type of product than what currently exists in the area. In the future there may be another project to the east of this one that would bring a greater investment.

Mr. Williams reported that staff will be submitting the final reimbursement payment to Scott Jackson, and he commended Ms. McCrae for following up on payments. He also stated that

debt payments will continue to be expedited and staff will provide more information regarding debt in Area 2 at the next meeting.

In Area 3, Mr. Williams stated that earnest monies in the amount of \$15,000 were received from Summit Creek Capital for the agreement pertaining to Blocks 55, 56 and portion of Block 66. He stated that developer representative Tyler Davis-Jeffers made note of the comments received at the December meeting and that the Exclusive Right to negotiate agreement in place allows for 120 days to develop an agreement between the agency and developer on the design of the proposed project. Staff will meet to develop a new draft based on comments from the board and present it to the board at the next URA meeting. Mr. Williams stated that design approval is vital for the next step of obtaining a fair reuse appraisal; 180 days will be allowed to submit data for the fair reuse appraisal along with another 240 days to get the appraisal.

Also in Area 3 is the property at 120 W Main Street; Mr. Williams signed a purchase and sale agreement for the property per the board's approval, and depending on what counter offers are received the board may meet prior to the next meeting in February. He stated that there has been some activity at 130 and 130 W Main Street. The city has been donating time and materials to get the empty lots backfilled, however, compaction efforts had been causing movement to neighboring buildings and the work has been halted temporarily. Mr. Williams stated an outside company will be hired to provide compaction testing; this will ensure that the work is done properly. The costs associated with compaction testing and equipment will be provided to the board for approval. He further stated that the work will be done in early spring once the ground and material have thawed out, and that staff is hopeful that acquiring additional parcels will result in finding a partner for redevelopment of the properties. .

Mr. Williams reported that Commercial Creamery inquired about reimbursement. Per the agreement, the base was set to 2017 to begin reimbursement payments. Because the new taxes do not include the assessment for the new addition, the reimbursement payment will be minimal. Staff expects next year's revenues to be higher with the addition to the plant. Upon inquiry by Commissioner Craig, Mr. Williams stated the new addition might not have been assessed timely due to the receipt of the occupancy permit late in the year. Mr. Armbruster commented that assessments are usually completed in January and added to the May assessment rolls; anything activity beyond that is at the assessor's discretion. Commissioner Cone inquired about the impact of assessed values in the summer on the agency's ability to borrow funds. Mr. Armbruster stated the summer values would provide additional information that a lender could take into account, especially if Commercial Creamery has a good record of paying taxes. The actual values could be shown and, in the fall, both the assessment and levy could be determined.

Mr. Williams briefly spoke of Area 5 and stated revenues look good; staff expects just over \$250,000 to the URA for Area 5. He stated that Magic Valley Quality Milk Producers (MVQMP) is contemplating a significant personal property expansion, and the city's plan includes future activity and approximately \$5-\$6 million in wastewater upgrades to serve that area. MVQMP currently discharges approximately 100,000 gallons per day, and an additional expansion could bring additional milk to the plant which could result in a new wastewater project sooner rather than later (i.e. rebuilding Head Works facility, collection line projects, etc.). Mr. Williams stated there are plans to remove the lift station along with the Jerome Cheese lift station and installing a 36" gravity sewer line. He spoke of advanced funding, the need to acquire property for green space, roadway needs and property procurement, and stated that staff will bring more information to the board regarding the additional expansion and future revenues in the area.

Mr. Williams stated each area is active and projects are coming to fruition; staff is excited about the upcoming projects and is hopeful that the Blocks 55/56/66 project will move forward as well. He briefly spoke of the tire dump that is no longer in existence. The tire dump was a major concern for public health and safety, and the call was made to abate the nuisance through legal channels. Staff anticipated costs to exceed \$250,000 with the work involved (tire removal and shipped to Utah, labor for services, etc.) and had the intention of placing a lien on the property to recoup costs associated with the abatement. The total cost of the abatement was approximately \$99,000, the property was sold in December and the city was reimbursed the entire cost of the abatement per the lien placed on the property. Mr. Williams stated that the property was purchased by a reputable company and staff is hopeful that the clean lot will help promote the neighboring business district.

Upon inquiry by Chairman Warr, Mr. Williams stated that a reputable welding business purchased the Keck's Plumbing and Salvage property and was told that they have plans to clean up the property, demolish existing buildings and rebuild.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this January 9, 2020 regular meeting at 3:53 p.m.

Chairman Gary Warr

Secretary Jason Peterson