

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m. Council Chambers were open to the public, and the meeting was held in person and by teleconference. The video conference was conducted via Zoom and was made available to all members of the public in a format that allowed all participants to hear the meeting, including all deliberations by members of the Urban Renewal Agency board and other speakers addressing the board, whether in person or via virtual connection, and to comment if so desired, all of which was noted in the agenda, email, and notices at council chambers and on the city's website.

Present were Chairman Kathy Cone, Commissioner Jason Peterson, Commissioner Bryan Craig, Commissioner Shonna Fraser, and Commissioner B.J. Hess.

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, City Administrator Mike Williams, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Carpenter, and IT Technician Andy Newbry.

**PLEDGE OF ALLEGIANCE:**

Chairman Cone 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 January 5, 2023 meeting
- B. Review and approve claims for February 2023
- C. Review and approve staff financial reports for January 2023

City of Jerome \$2,972.92; Commercial Creamery, \$29,104.09; EHM Engineers, \$40,767.80; Elam & Burke, Inc. \$360.00; Kushlan & Associates, \$3,062.50; The Scouler Company, \$863,318.90; US Bank, \$228,303.75

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

**AREA 5 ELIGIBILITY REPORT:**

Mr. Williams stated the eligibility study was reviewed at length with counsel and demonstrates the need for the property in question to be annexed into the urban renewal area. Approximately 7.5 acres met several of the criteria required for annexation and will be part of the new park development south of town. Mr. Armbruster stated the original Area 5 eligibility report from 2018 was attached for reference, and he noted nothing has changed since its inception. Kushlan Associates completed both eligibility reports. Mr. Amrbruster explained that, because the Urban Renewal Agency (URA) owns the property and the property has been devoted to agricultural use in the last three years, an ag consent form must be signed by the Chair. Upon approval of today's URA resolution, a draft resolution for City Council will be prepared to adopt the recommendation by the URA that the property be annexed into URA Area 5. Upon approval of the City resolution, efforts to prepare an amendment to the Area 5 plan will begin.

Mr. Armbruster read URA Resolution No. 02-23 by title, and the resolution is in full as follows:

**RESOLUTION NO. 01-23**

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF JEROME, IDAHO:

A RESOLUTION OF THE JEROME URBAN RENEWAL AGENCY, THE URBAN RENEWAL AGENCY OF THE CITY OF JEROME, IDAHO, ACCEPTING THAT CERTAIN REPORT ON ELIGIBILITY FOR A CERTAIN AREA ADJACENT AND CONTIGUOUS TO THE EXISTING JEROME AREA 5 REVENUE ALLOCATION AREA AS AN URBAN RENEWAL AREA AND REVENUE ALLOCATION AREA AND JUSTIFICATION FOR DESIGNATING THE AMENDMENT AREA AS APPROPRIATE FOR AN URBAN RENEWAL PROJECT; TO MAKE ANY NECESSARY TECHNICAL CHANGES TO THE REPORT; AUTHORIZING AND DIRECTING THE CHAIRMAN OR EXECUTIVE DIRECTOR TO TRANSMIT THE REPORT AND THIS RESOLUTION TO THE CITY COUNCIL OF THE CITY OF JEROME REQUESTING ITS CONSIDERATION FOR DESIGNATION OF AN URBAN RENEWAL AREA AND SEEKING FURTHER DIRECTION FROM THE COUNCIL; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Urban Renewal Agency of the City of Jerome, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act"), a duly created and functioning urban renewal agency for Jerome, Idaho, hereinafter referred to as the "Agency."

WHEREAS, on the 20th day of October, 1994, the Council and Mayor of Jerome, Idaho respectively, adopted Resolution No. 13-94 thereby creating the Agency, authorizing it to transact business and exercise the powers granted by the Law and the Act, upon making the findings of necessity required for creating said Agency;

WHEREAS, the City, after notice duly published, conducted a public hearing on the Urban Renewal Plan for the Area 4 Urban Renewal Project (the "Area 4 Plan");

WHEREAS, following said public hearing, the City adopted its Ordinance No. 1134 on December 2, 2014, approving the Area 4 Plan, making certain findings and establishing the Area 4 revenue allocation area (the "Area 4 Project Area");

WHEREAS, the City, after notice duly published, conducted a public hearing on the Urban Renewal Plan for the Area 3 Urban Renewal Project (the "Area 3 Plan");

WHEREAS, following said public hearing, the City adopted its Ordinance No. 1135 on December 2, 2014, approving the Area 3 Plan, making certain findings and establishing the Area 3 revenue allocation area (the "Area 3 Project Area");

WHEREAS, the City, after notice duly published, conducted a public hearing on the Urban Renewal Plan for the Area 5 Urban Renewal Project (the "Area 5 Plan");

WHEREAS, following said public hearing, the City adopted its Ordinance No. 1172 on December 4, 2018, approving the Area 5 Plan, making certain findings and establishing the Area 5 revenue allocation area (the “Area 5 Project Area”);

WHEREAS, the Area 3 Plan, the Area 4 Plan and the Area 5 Plan are collectively referred to as the “Existing Plans,” and the corresponding revenue allocation areas are collectively referred to as the “Existing Project Areas;”

WHEREAS, based on information presented by certain interested parties, including the Agency and the City, it has become apparent that additional property within the City, and adjacent and contiguous to the Area 5 Project Area, may be deteriorating or deteriorated and should be examined as to whether such an area is eligible for an urban renewal project;

WHEREAS, in late 2022/early 2023, Kushlan | Associates commenced an eligibility study and preparation of an eligibility report for an area consisting of one tax parcel representing 7.55 acres in size, which is located in the southeast section of the City and is located generally east of South Lincoln Avenue and north of East Nez Perce Avenue (the “Study Area”). The Study Area is adjacent and contiguous to the Area 5 Project Area;

WHEREAS, the Agency has obtained the Jerome Area 5 Urban Renewal District Annexation Eligibility Report, dated January 2023 (the Report”), a copy of which is attached hereto as **Exhibit A**, which examined the Study Area for the purpose of determining whether such area is a deteriorating area and/or a deteriorated area as defined by Idaho Code Sections 50-2018(8), (9) and 50-2903(8);

WHEREAS, the Report incorporated the findings set forth in the Jerome Area 5 Urban Renewal District Eligibility Report, dated May 2018, accepted by the Agency Board on June 7, 2018, by Resolution No. 04-18, and by the City Council on June 19, 2018, by Resolution No. 09-18, which is appended to the Report;

WHEREAS, pursuant to Idaho Code Sections 50-2018(8), (9) and 50-2903(8), which define the qualifying conditions of a deteriorating area and deteriorated area, several of the conditions necessary to be present in such an area are found in the Study Area, including:

- a. predominance of defective or inadequate street layout; and
- b. insanitary or unsafe conditions;

WHEREAS, the Study Area includes open land;

WHEREAS, under the Act, a deteriorated area includes any area which is predominantly open and which, because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. See, Idaho Code § 50-2903(8)(c);

WHEREAS, Idaho Code §§ 50-2018(9), 50-2903(8) and 50-2008(d) list the additional conditions applicable to open land areas, including open land areas to be acquired by the Agency, which are the same or similar to the conditions set forth in the definitions of “deteriorating area” and “deteriorated area;”

WHEREAS, the Report addresses the necessary findings concerning including open land within any urban renewal area as defined in Idaho Code Sections 50-2018(9), 50-2903(8)(c), and 50-2008(d);

WHEREAS, the effects of the listed conditions cited in the Report result in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, and constitutes an economic or social liability;

WHEREAS, under the Law and Act, Idaho Code Sections 50-2903(8)(f) and 50-2018 (8) and (9), the definition of a deteriorating area shall not apply to any agricultural operation as defined in section 22-4502(2), Idaho Code, absent the consent of the owner of the agricultural operation, except for an agricultural operation that has not been used for three (3) consecutive years;

WHEREAS, the Study Area includes a parcel subject to such consent. While the necessary consent has not been obtained, any consent shall be obtained prior to City Council consideration of any amendment to the Area 5 Plan;

WHEREAS, the Report includes a preliminary analysis concluding the base assessment roll value for the Study Area along with the base assessment roll values for the Existing Project Areas do not exceed 10% of the current assessed valuation of all taxable property within the City;

WHEREAS, the Report includes a preliminary analysis concluding the Study Area does not exceed 10% of the geographical area contained within the existing Area 5 Project Area, and the Study Area is contiguous to the existing Area 5 Project Area;

WHEREAS, pursuant to Idaho Code Section 50-2008, an urban renewal project may not be planned or initiated unless the local governing body has, by resolution, determined such area to be a deteriorated area or deteriorating area, or combination thereof, and designated such area as appropriate for an urban renewal project;

WHEREAS, Idaho Code Section 50-2906, also requires that in order to adopt an urban renewal plan or plan amendment containing a revenue allocation financing provision, the local governing body must make a finding or determination that the area included in such plan or plan amendment is a deteriorated area or deteriorating area;

WHEREAS, the Agency Board finds it in the best public interest to accept the Report;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF JEROME, IDAHO, AS FOLLOWS:

Section 1. That the above statements are true and correct.

Section 2. That the Agency Board acknowledges acceptance and receipt of the Report, attached hereto as **Exhibit A**, recognizing technical changes or corrections which may be required before transmittal to the City Council for its consideration.

Section 3. That there are one or more areas within the City that are a deteriorating area or a deteriorated area as defined by Idaho Code, Sections 50-2018(8), (9) and 50-2903(8).

Section 4. That one such area is an area consisting of one tax parcel representing 7.55 acres in size, which is located in the southeast section of the City and is located generally east of South Lincoln Avenue and north of East Nez Perce Avenue. The Study Area is adjacent and contiguous to the Area 5 Project Area;

Section 5. That the rehabilitation, conservation, development and redevelopment, or a combination thereof, of such area is necessary in the interest of the public health, safety, and welfare of the residents of the City.

Section 6. That the Study Area does not exceed 10% of the geographical area contained within the existing Area 5 Project Area and the Study Area is contiguous to the existing Area 5 Project Area.

Section 7. That the Chair of the Board of Commissioners or Executive Director are hereby authorized to transmit the Report to the Jerome City Council requesting that the Council:

- a. Determine whether the Study Area identified in the Report qualifies as an urban renewal project and there is justification for designating the Study Area, as appropriate, for an urban renewal project;
- b. If such designation is made, whether the Agency should proceed with the preparation of an urban renewal plan amendment for the area, which plan amendment may include a revenue allocation provision as allowed by law;
- c. Coordinate with the Agency to obtain the required agricultural consent from the property owner.

Section 8 That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED by the Urban Renewal Agency of Jerome, Idaho, on February 2, 2023. Signed by the Chairman of the Board of Commissioners and attested by the Secretary to the Board of Commissioners, on February 2, 2023.

URBAN RENEWAL AGENCY OF JEROME

By:

/s/ Kathy Cone

Chairman

ATTEST:

/s/ Jason Peterson

Secretary

Commissioner Craig made a motion to adopt Resolution No. 01-23 as stated in the title. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

**TERM SHEET – NEW EARTH DEVELOPMENT:**

Mr. Williams presented to the board a proposed Term Sheet pertaining to the residential portion of the Blocks 55/56 project. He stated the College of Southern Idaho (CSI) will be building their new facility at the corner of 3<sup>rd</sup> Avenue W and N. Lincoln, and staff had been in discussions with Lincoln Commons regarding the existing Disposition and Development Agreement (DDA) and assignment of the DDA to New Earth Development (New Earth), a reputable company with quality projects. In 2022, New Earth submitted a proposed development that differed from the original designs submitted by Summit Creek Capital; Summit Creek proposed 30-unit modular homes whereas New Earth has proposed a 60-unit townhome project.

Mr. Williams stated the 60-unit development would have a higher assessed value based on construction of the project and the number of units proposed. New Earth gave a presentation to the board with the proposal and a request to start the project in three years; while the general look and feel of the development was desirable, the start period was not, and it was agreed that a Term Sheet would be developed to present to New Earth. Mr. Armbruster explained if the board were comfortable with the Term Sheet as presented, a formal assignment document would be developed to formally assign the DDA from Summit Creek to New Earth.

Mr. Armbruster reviewed the Term Sheet and stated the final document would be an amended DDA; a fair reuse appraisal would have to be redone due to the change in the project, and New Earth would be required to present evidence of financing; the deed would not be conveyed until all elements of the DDA are complete (financing of the project including improvements to rights of way, etc.). Unlike the previous project plans, New Earth would only be tasked with developing the residential portion of the project and would not be entitled to the commercial portion to be occupied by CSI. Regarding the Schedule of Performance, Mr. Armbruster stated the project must be completed in phases with the first phase (20 units) to begin construction by February 2025. Mr. Williams further stated the filing of basic concept drawings must be no later than three months after the agreement is signed; the filing of design development drawings must be no later than six months after the agreement is signed. These terms are subject to approval by the engineer as the timelines may not be reasonable. Still, Mr. Williams believes six months should be enough time for development drawings to be submitted. He stated the process from the signing of the DDA to construction could take approximately two years given the steps involved (hire engineer, design and bid out project, hire contractor, etc.). If New Earth does not agree with the terms of the amended DDA the original DDA may be terminated and the process of development will begin from the start.

Mr. Williams spoke of the completion of the subsequent phases and stated these will also need to be addressed; he anticipates all three phases of the project to be completed within approximately 3-5 years. Mr. Williams confirmed the timeline must be agreed upon by all parties. Mr. Armbruster stated the contemplated Term Sheet anticipates that dates will be inserted (i.e. deadline no later than March 1, 2023) to have the Term Sheet signed by both Summit Creek and New Earth, and returned to the Agency to begin the planning process. He believes this route (DDA assignment) is better than starting over; however, if the Term Sheet is not acceptable to New Earth the original DDA will be terminated with Summit Creek.

Upon inquiry by Commissioner Peterson, Mr. Williams confirmed CSI will develop a new facility. The Boys and Girls Club development is likely but not yet confirmed. Commissioner Peterson spoke of options including assignment of the project to a new developer or allowing sale of the property to a private party. Mr. Armbruster stated that URA statute does not contemplate an auction process although there may come a time when an Agency would auction property but statute would complicate the process based on steps taken. He further stated if property were to be auctioned to the highest bidder, the Agency would have no control over the development. Upon inquiry by Chairman Cone regarding the property sold outright, Mr. Williams stated the property in question is owned by the City, and the URA acts as the City's agent to develop the property. City Council would need to declare the property as surplus in order to move forward with an auction. However, he reiterated the City would lose all control over development if sold to a private party and be subjected to zone change requests. Commissioner Peterson expressed frustration with the property and the issues surrounding its development. Mr. Williams stated developing the property has been part of the overall downtown strategy in terms of redeveloping

and making it successful. Additionally, a successful downtown includes quality housing that will support commercial and retail efforts. A 60-unit townhome development within a walkable distance to shopping and retail is part of the strategic efforts of the City and URA. Commissioner Craig commented on the proposed development and similar comparison in Twin Falls, and Mr. Williams briefly described the Twin Falls development. He also stated the intent of Jerome's development is to rent the units and for the grounds to be maintained by one individual party. Common areas could be owned and maintained by a Homeowner's Association. Quality and affordable rentals are a need in Jerome, and renderings of the proposed development were shown to the board. Mr. Williams explained the location of the townhomes and CSI's 20,000 square foot two-story building, both with ample parking. He also spoke of previous proposals for development, and he recommended that the board move forward with the Term Sheet; another option would be to allow the existing DDA to expire. Commissioner Craig stated he liked the product but did not want to wait three years to start construction, and Chairman Cone also stated she liked the product; Commissioner Fraser stated she likes the townhouse concept versus the individual modular homes in terms of cleanliness and maintenance.

Commissioner Craig made a motion to authorize the Executive Director to enter into negotiations with New Earth Development and consent by Summit Creek to sign the Term Sheet. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Peterson, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

#### **REIMBURSEMENT AGREEMENT, MILK SPECIALTIES GLOBAL:**

Mr. Williams stated the reimbursement agreement with Milk Specialties Global will not be presented at this time as there are items within the agreement which need to be clarified (i.e. the expense for a main power feed, a questionable item for reimbursement, etc.). He stated the tower is built and testing of the facility will begin in March. Staff will meet with them to discuss how to determine the increment of their real property. A new dryer facility is being added to the north end of the Magic Valley Quality Milk Producers (MVQMP) facility, and the agreement in place is that MVQMP will own the building and real property improvements, and they will lease the new space to Milk Specialties Global who will then own the personal property within it. Staff and Milk Specialties Global face a variety of challenges in determining their increment value (i.e. what percentage of the tax bill goes towards the improvements, what the appreciation/depreciation value is, etc.). They will also move forward with a reimbursement agreement of approximately \$600,000 due to the site work and level of rock removal.

Mr. Armbruster stated the process of reimbursement will be different than other agreements due to the nature of ownership in the facility. The concept will be the same (the eligible expense not-to-exceed amount, reimbursement of up to 75% of the taxable value, etc.). He further stated this will be a fairly substantial return on investment, and Mr. Williams stated the Agency is already in good shape in Area 5; if there were no activity staff would still expect to exceed the ending values and increment dollars coming into the district. A formal agreement will be presented at the next URA meeting.

#### **LEGISLATIVE UPDATE:**

Mr. Armbruster reported on some activity in the legislature. The House Revenue and Taxation Committee heard two presentations from past commission staff, one on property tax and

one specific to urban renewal. The presentation explained how urban renewal works and what Agencies are intended to do. While he believes the presentations helped the committee to understand urban renewal, Mr. Armbruster also stated there may be bills introduced that will have a negative impact on urban renewal (i.e. URA plans approved by voters, etc.). There has been some debate on whether or not an area would have developed without URA incentives, and Mr. Armbruster emphasized much of the activity in Jerome would not have occurred without URA participation. Other issues discussed included the natural increase in value of property and whether or not it should be included in the tax increment calculation; more specific details listed in plans; and, spending dollars not otherwise spent without URA assistance.

Mr. Armbruster spoke of a new bill proposed by Senator Grow to replace some of the property tax burden on homeowners who qualify for the homeowner's exemption with a dedication of sales tax revenue from the State of Idaho. It appears this bill piggybacks off of the Governor's State of the State committing \$120 million in state funds to provide some form of tax relief to residential property owners; Mr. Armbruster briefly explained this process whereby the homeowner would get a direct benefit of tax relief with a percentage of their tax bill paid by the State. Other bills introduced by Representative Skaug and Representative Moyle will also address property tax relief, and their impact on URA's is unknown at this time. Additional subjects introduced in the form of a bill include City and County limits from entering into long-term lease obligations or commitments; tax incentives for large data centers (sales tax exemptions versus the option of taking revenue allocation funds); and, building necessary infrastructure. Anticipated bills that have not yet been introduced include a bill which would promote notices and publications on municipality websites or social media pages rather than newspapers. The Association of Idaho Cities has been supporting this effort and have reached a tentative agreement with the press association to start the process of eliminating paper notices over time. Mr. Armbruster also spoke of a potential bill that would prevent Counties to keep fees and interest payments imposed on delinquent accounts rather than allocating them out. Allowing the county to keep fees and interest could have a negative impact on URA's. He expects a busy session with a lot of activity, and he expects bills to be introduced by the deadline (end of the month).

### **STAFF REPORTS:**

Mr. Williams stated he attended the City Officials Day at the Capitol with Mayor Davis, Councilman Craig and Ms. Coderniz in Boise, and after the event he visited a housing complex that will be similar to the new development on the lot south of Dairy Queen on S. Lincoln. He said the development was attractive with good materials and landscaping.

Regarding the downtown corridor project, Mr. Williams stated City Council approved the roster for engineering services. Five responses to a Request for Qualifications were received, and City staff met to review them; all are qualified engineering firms. Staff will meet with J-U-B Engineers to discuss a scope of work for the project as they are the most qualified for this project. If Council approves a contract award for engineering services, a resolution will be required for the City to enter into an agreement with the Agency. City staff applied for a Community Development Block Grant for approximately \$500,000 in funding to support the project, and more information will be provided as the City advances in the application process. Mr. Williams stated separate agreements will be on file to ensure that URA funds are not pooled with federal grant funds. The additional funds from the grant will allow for more work to be done or will assist with cost increases. Once staff has met with J-U-B, the Idaho Transportation Department (ITD) will be included in discussions due to the deficiencies on Main Street, and the board will be



advised throughout the discussions. CSI's project has been delayed in the design process but is still moving forward. They are refining plans to coincide with programs to be offered, and Mr. Williams expects the project to be bid out this summer.

In Area 4, Mr. Williams stated the Western Transport project is near completion, and Nelson Jameson's project is progressing. A lot of rock has been blasted in that area.

EHM Engineers, Inc. has submitted construction plans and estimated budget figures for the park project in Area 5. Mr. Williams showed a map of the area to the board and he spoke of water and sewer lines, park spacing, and approximately \$200,000 of site work where soccer fields will be located. Estimates of the work are at approximately \$2.1 million, and the budget is \$3.87 million with the URA portion of the project to be at \$1.5 million. The infrastructure portions of the project may be assigned to a URA bond with the balance of the project coming from American Rescue Plan Act (ARPA) funds. However, staff will ensure that funds are not commingled due to the limitations on how URA funds can be spent.

Mr. Williams will meet with CSI President Fisher this week, and he stated CSI is wanting to announce the commencement of a soccer program; CSI also wants assurances that the new park will be ready for use by August 2024. Mr. Williams will confirm with President Fisher on what the City/URA will be able to fund and what improvements will need to be funded by CSI (stadium, press box, fencing, etc.). Commissioner Craig commented on the ample room for bleachers to be located at and in between the soccer fields. Mr. Williams stated The State of the City address will be next Wednesday, and Mayor Davis will be formally announcing the park project. Once the project is out to bid, Mr. Williams stated plans for the remainder of the park will need to be solidified. Anticipated expenses may include: payment to Idaho Power; a unique playground feature and pathways; restrooms and concessions; irrigation and hydroseeding; and, a contingency for unplanned expenses. Mr. Williams spoke of hiring a professional to assist with the positioning of trees and make the park aesthetically pleasing. He stated much time has been spent on discussing the location of roadways and infrastructure; parking spaces and overflow parking have also been addressed. It is anticipated that the new park will connect with existing Candlelight Park. Mr. Williams also reported the first bond payment will be made soon and that the County is late with issuing tax payments.

### **ADJOURN:**

There being nothing further to discuss, Chairman Cone adjourned this February 7, 2023 regular meeting at 4:08 p.m.

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Chairman Kathy Cone

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Secretary Jason Peterson