

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

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Clark, Planning and Zoning Manager Ida Clark and IS Technician Andy Newbry. Legal Counsel Ryan Armbruster joined via teleconference.

**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 March 4, 2021 regular meeting and March 18, 2021 special meeting
- B. Review and approve claims for April 2021
- C. Review and approve staff financial reports for April 2021  
City of Jerome, \$1,358.00; Elam & Burke, Inc., \$3,302.77; Rexroat, Harberd & Assoc, \$4,600.00

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

**URA RESOLUTION NO. 02-21 - TABLED:**

Regarding the Disposition and Development Agreement (DDA) with Summit Creek Capital ("the developer"), Mr. Williams provided an executive summary of the lengthy documents for the board to review; the documents in their entirety were also emailed to the board. He stated that the redline version of the agreement was received with few changes recommended by the developer. Staff would like an additional conversation with them and their legal counsel before any final decisions are made and the board moves to approve the agreement. Mr. Armbruster stated that he along with Mr. Williams agreed to provide an executive summary of the agreement rather than the lengthy document of approximately 80 pages. He highlighted specific areas of the agreement and provided a list of issues needing direction and guidance from the developer and their legal counsel to bring negotiations to a conclusion.

In reviewing the document, Mr. Armbruster stated that the document specifies the disposition of approximately four acres of the six-acre site in question (Blocks 55/56/66). The four acres will be redeveloped into a residential project consisting of thirty-one single family modular units with ancillary uses (parking, open space, green space, etc.). Once conditions are met, the Agency will dispose of the four acres (aka Phase I) to the developer, and then the developer has the option of beginning with Phase II, once Phase I has been completed. If Phase II is not exercised within a certain period of time after completion of Phase I, the option is terminated. Mr. Armbruster stated that the larger document consists of the content of the project and what has to be done in terms of completing and providing information to the board in order for the Agency to be prepared to dispose of the property through a deed at the appropriate time. Staff is hopeful that an early entry agreement can be agreed upon if the developer needs to access the site prior to conveyance. This could cause some complexities in terms of the agreement structure, insurance, etc. but Mr. Armbruster noted that if the developer is in the position to take title within the next 90 days, the early entry agreement will not be needed, and staff can move forward with a transfer of title at the appropriate time.

Mr. Armbruster commented about the selection of Summit Creek Capital as the developer and noted that the entity responsible for the actual construction and development of the project has been established as Lincoln Commons, LLC ("the LLC"). The agreement specifies that as long as Tyler Davis-Jeffers is the manager of the LCC, any assignment or transfer outside of the LLC in which Mr. Davis-Jeffers was not a part of, would need the Agency's formal written consent. The purchase price of the property is \$100 by virtue of the fair reuse appraisal which came in at a negative number given the requirements placed upon the developer for development of the site. The Agency will have the ability to move forward and transfer the title once definitive evidence of financing for the proposed project is provided. The evidence of financing is specific in the agreement and will include a loan agreement signed off by the bank. He noted that a simultaneous closing (they close on the loan agreement at the same time the Agency closes on the transfer of the site) will accomplish this requirement.

Revisions to the DDA submitted by the developer were not substantial, and Mr. Armbruster stated that everything looks good so far. The developer has a budget and estimates of what will occur in terms of construction costs; increased costs could have a negative impact on development but staff believes that the developer is prepared to move forward. A rent schedule was provided for the one- and two-bedroom units, and a significant change was made in the current estimate of formal assessed value for the units and related site improvements. The original value was \$6 million but has changed to a conservative \$2.8 million. Mr. Armbruster expects that the property will be assessed higher over time and that it will still generate sufficient funds to allow reimbursement to the developer. The developer may be reimbursed an estimated \$480,000 for eligible public improvements upon completion of the project. Like other transactions in the past, the Agency would reimburse up to 75% of the increment generated from this site; increment from other projects in downtown Area 3 would not be included.

Mr. Williams stated that the assessed taxable value for this project, a 31-unit single family home complex, comes to approximately \$92,000 taxable value per unit which is very low for a 1,500 square foot home. He spoke of the expected reimbursement and that the future assessed value should be significantly higher than what is currently listed. Additionally, he noted that the new Jerome County assessor may be more conservative in the beginning with assessed values. Mr. Armbruster stated the remainder of the agreement consists of legal requirements. He spoke on the Capital Improvement Reimbursement agreement and stated that it will be similar to some

of the other agreements done in the past (i.e. Commercial Creamery). Staff anticipates that the developer will incur approximately \$480,000 of reimbursable costs for site remediation, excavation, installation of public infrastructure including water, sewer, sidewalks, etc., and the Agency will begin paying them back only from increment generated from the site and only upon completion of the project and a Certificate of Occupancy is issued. Payments will be made interest-free until the obligation is satisfied. Mr. Armbruster spoke of one section of the agreement needing revisions; it pertains to the concept drawings of the project, what have been seen and approved by the board. The DDA will require that "design development drawings" be provided to the board, and the board will have the opportunity to review and approve them once submitted. The final construction drawings must not deviate from the original design development drawings. There will be a necessary lot line adjustment for the Phase I project and to retain the parcel for Phase II. Staff will take the lead role in getting a survey done for this. He stated that the proposed budget and estimated construction costs will be reviewed further, and a Schedule of Performance is within the documents provided and outlines when the varying steps will be completed. This attachment may be revised if necessary. Although a 24-month period to complete construction is included in the schedule staff is hopeful that construction will occur quicker. Mr. Armbruster stated that a final document will be presented for review.

Upon inquiry by Commissioner Craig regarding the 31 units on four acres of land, Mr. Williams explained that a typical single-family home subdivision would not fit on four acres, however because the development is Planned Urban Development (PUD) the developer meets the requirements for a private road within the subdivision. Those streets are not as wide and do not require additional curb/gutter/sidewalk. Additionally, setbacks can be decreased with a PUD although he is unsure of the exact figures. Commissioner Peterson requested clarification on the process of selling the property for \$100 while reimbursing the developer for costs in an amount of approximately \$480,000. Mr. Armbruster stated that the fair reuse appraisal includes a thorough analysis on why the project will not come to fruition without the Agency's assistance. Assistance includes the terms of the purchase price for the land and investment in the infrastructure costs that will incentivize and enhance the project going forward. Mr. Williams also noted that the Request for Proposals was for a specific project with restrictions; a private piece of property zoned a certain way could be purchased and developed without restrictions so long as minimum requirements were met. This particular project consists of two phases, and this process prepares the Agency for the commercial phase of development. Additionally, this residential development will be different from others in that it will be taxed as no homeowner's exemptions are applied. Commissioner Peterson also commented on value comparisons with other similar projects.

Mr. Williams confirmed that the item will be tabled until all sections of the agreement are reviewed with the developer and their legal counsel to ensure there is no ambiguity and the agreement needs to be revisited in the future.

### **LEGISLATIVE UPDATE:**

Mr. Armbruster spoke on the case which had been pending before the Idaho Supreme Court, Hoffman versus the City of Boise. The plaintiffs were asserting that the City of Boise's approval of two URA plans constituted a commitment or obligation that implicated Article 8 Section 3 of the Idaho Constitution basically incurring a debt beyond one year; this would have required a 2/3 vote of the citizens to approve the plan, and the plan approval would have been a violation of the Idaho Constitution. The Idaho Supreme Court declined to conclude that there was a violation. Both the Capital City Development Corporation and the Redevelopment Association

of Idaho participated in the case as a Friend of the Court and submitted a brief in support of the City of Boise which provided guidance towards a decision. Mr. Armbruster stated that the action of a city council in approving a URA plan does not create any kind of commitment or obligation on the part of the city which would violate the constitution. He noted that there is never a guarantee that the tax increment dollars forecasted over the life of a URA plan will come into existence; it is all a function of economic development and the market. Consequently, despite what the plaintiffs were urging, that the City of Boise was forgoing tax revenue, the courts stated that it was speculation only. Additionally, there is no direct link between a URA project and the city's ability to budget funds to meet its requirements in providing services to its citizens. Mr. Armbruster stated the decision was 5-0, and he is hopeful this will be the last time a challenge to URAS are met at the judicial level, and that this decision confirmed the authority and ability of URAS and their sponsoring cities to move forward with economic development projects. The decision received some media coverage and staff is thankful for the final decision.

The legislature abruptly adjourned approximately two weeks ago due to COVID and is set to return on April 6<sup>th</sup>. Predictions indicate that they may be in session for an additional three weeks, and there are indications that they will continue to seek some form of property tax relief. Senate Bill 1108 failed 17-18 but there is speculation that another bill will replace it. He further stated that the focus is on urban renewal, that URA projects are "driving the increase in assessments and property taxes" and that an anti-urban renewal bill may surface. Appropriations including education have yet to be completed in the legislature and there was an income and sales tax relief bill that passed through the House before they recessed; how the Senate will act is uncertain. He stated there is some hope that the legislature will work on the homeowner's exemption to provide some relief to property owners. Mr. Armbruster concluded by stating that the legislature agreed to reinstate the interim committee for this year, that the committee may continue work during the summer, and that the legislative session could end in two or three weeks.

### **STAFF REPORTS:**

Mr. Williams reported on the Lincoln Courtyards project proposed by the Rennison Company last year and the board's approval of a letter of commitment to providing match dollars for a housing project on two parcels within City limits, property to the south of Dairy Queen and property east of D.L. Evans Bank. They were successful in getting tax credits for the 30-unit proposal near D.L. Evans Bank and reached out to Mr. Williams requesting that they relocate it to the property south of Dairy Queen on S. Lincoln. It was determined that the amount of infrastructure improvements to make the site work was not going to be enough to meet the community match requirement (water and sewer lines already exist, there's little frontage for curb/gutter/sidewalk, etc.) for the tax credits. Initially, the Company had proposed a 60-unit project on S. Lincoln, and are now proposing a new 30-unit project for that site if they receive approval from the Idaho Housing Association. Mr. Williams provided images to the board and explained the proposal: one, two-story 10-unit building, and two, three-story buildings with 10 units and 12 units respectively. The new concept also includes an area subdivided for future retail development. Substantial improvements on W. Avenue F (i.e. curb/gutter/sidewalk, lighting and landscaping) along with S. Lincoln and W. Avenue E are still included in the proposal. Parking will be inside of the development and not along Lincoln, and visitor parking would be along W. Avenue E and F with widened roads. This new proposal is much smaller than what was originally proposed at this site but pedestrian improvements would still be included, and it would

also include a “community plaza” area for public arts and something visually attractive like a reader board for community announcements, etc. Mr. Williams stated the value of the project excluding the retail portion is estimated at \$6.5 million. He noted that the original plan included the rerouting of a sewer line on this site, however, the new design would not require movement of the sewer line. He will reach out to staff about replacing the line prior to construction if the site is approved for the proposal. If the tax credits can be transferred from the D.L. Evans site to this site the developer will seek special use permits and design review approval from the Planning and Zoning commission.

Mr. Williams provided examples of other similar projects for an idea on what this project could potentially look like with a modern feel. He stated this would be a substantial development and that the Agency could commit to reimburse the developer for some of the infrastructure costs; 25% of the annual revenue would still come into the Agency until the obligations are complete. Upon inquiry by Commissioner Craig, Mr. Williams stated that the reason for the proposed relocation of the project was because of the approved tax credits and not the location. He reiterated the issue with community matching dollars at the D.L. Evans site and stated that the developer is excited for the opportunity to have a retail presence within the development at the other location. Commissioner Peterson spoke on the value of the retail business when surrounded by the residential units and the presence of a commercial building on the site, and Chairman Warr commented that there will be less congestion with the new design at the S. Lincoln location. Mr. Williams stated that this proposal with three separate residential buildings was preferred to a fourth residential building.

There was brief discussion on the new Family Health Services building at its location and the assessed value. Mr. Williams stated that the S. Lincoln site is zoned Commercial, and with the tax credits and community match the Agency will be able to contribute to the concept and determine what it wants at that location. He also stated that the Rennison Company is prepared to provide a quality project and that approvals from the Housing Authority and Planning and Zoning Commission will still be required before moving forward.

Mr. Williams stated that he spoke with College of Southern Idaho (CSI) President Dr. Fisher regarding the Lincoln Commons site (Blocks 55/56/66) and commented that they are getting serious about moving from their existing location when Phase II is complete. They have formed a partnership with a third party that will utilize eight offices in their building. The educational facility will expand to include the third party request and will be approximately 18,000 square feet. The CSI facility will fit in well with the nearby Head Start and School District facilities along with the courthouse and library across the street. Mr. Williams expects that the conversations for Phase II should begin in the summer and that it will be a quality project. Upon inquiry by Commissioner Peterson, Mr. Williams stated that concepts of the new CSI facility could include a single three-story building. He noted that Dr. Fisher spoke of collapsible walls that would allow for large-group meeting spaces and that he was pleased with their conversations. Commissioner Craig inquired about the Chamber of Commerce and Mr. Williams stated that space will be found for them if the old CSI building takes on new tenants.

The tennis courts at Shepherd’s Park have been completely demolished, and Mr. Williams stated that staff will start with the irrigation line replacement on 1<sup>st</sup> Avenue E. One response was received for the Request for Qualifications, and the application must be scored and approved by City Council due to federal funding requirements. A design committee including a representative from the Jerome School District, the Jerome Recreation District and the URA will be formed so that those entities who are financially contributing to the project will have input on the design.

Mr. Williams stated there will be two separate contracts, one for the tennis courts and one for other improvements. City crews are doing whatever work possible before any jobs go out to bid. Curb and gutter will be done along 1<sup>st</sup> and Buchanan but sidewalks, landscaping and streetscape work will not be done until after the tennis courts are completed.

As part of the American Rescue Plan, Mr. Williams believes that the City will receive approximately \$2.5 million but staff is unsure how the monies can be spent. Meetings with the Mayor and City Council will allow for the prioritizing of projects that will be eligible for funding. If spending is allowed for infrastructure, water/sewer/broadband, support of travel/tourism and hospitality, it is possible that Phase II of the park could fall under one of these categories. Mr. Williams noted the emphasis on outdoor activities during the COVID quarantine period, and expanding accessibility to parks and recreational facilities (i.e. walking paths) could be a potential project if eligible for the funding. Staff spent a lot of time developing the Shepherd's Park Master Plan with specific improvements to the park so hopefully it will be an asset when projects are considered.

Mr. Williams has received inquiries regarding the empty lots on Main Street in downtown Area 3. The primary focus of staff has been on the Blocks 55/56 project, and once CSI's plans for expansion at that location are solidified the board can meet to discuss and consider options for the Main Street lot. Upon inquiry by Commissioner Craig, the building near the empty lots has been sold.

Other project updates by Mr. Williams include progress made at the Scoular facility (site plans submitted); information received from Western Transportation regarding plans for its facility; information regarding plans for Nelson Jameson to be received this summer; and, Intermountain Gas mistakenly installed its gas line directly above the City's sewer line before staff noticed the error. Intermountain Gas staff are working on getting the line moved. Upon inquiry by Chairman Warr, Mr. Williams stated that Nelson Jameson is expected to submit plans and begin construction this summer. Upon inquiry by Commissioner Craig, Mr. Carpenter stated the open hole with the conduit at the new Lutheran Heights Subdivision is for street lights. Additionally, regarding Phase II of the Blocks 55/56 project, Mr. Williams stated that Summit Creek has the Exclusive Right to Negotiate agreement on this property and will have the first right to develop the site. If an agreement is not reached with the City, the City will then decide what to do with it. Also, if CSI were to move forward now it can be done; the phases were created with specific dates of completion and Summit will be involved in that project.

**ADJOURN:**

There being nothing further to discuss, Chairman Warr adjourned this April 1, 2021 regular meeting at 4:04 p.m.

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Chairman Gary Warr

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Secretary Jason Peterson