

This special meeting of the Jerome Urban Renewal Agency was called to order at 3:07 p.m.

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

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, City Administrator Mike Williams, Finance Director Ross Hyatt and Accounting and Budget Manager Lori McCrae.

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 June 3, 2021 regular meeting
- B. Review and approve claims for July 2021
- C. Review and approve staff financial reports for July 2021

City of Jerome \$880.00; Elam & Burke, Inc. \$1,557.40; Garcia Land Surveying \$1,200.00

Commissioner Fraser 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 Warr, Commissioner Fraser and Commissioner Peterson. **NAYES:** None.

PRELIMINARY DISCUSSION ON FISCAL YEAR 2022 BUDGET:

Mr. Williams provided a quick overview of potential projects and/or aspects of the Fiscal Year 2022 budget that may be considered along with priorities to be included in the budget. At the next meeting staff will provide a breakdown of anticipated revenues and taxable values of each Urban Renewal Agency (URA) area. A public hearing will be held mid-August during a special meeting to finalize the budget. He noted that one major goal of the URA was to pay off debt in Area 2 and close it. Advanced payments have been made in the last several years, and the final payment of approximately \$150,000 is scheduled to be paid in 2022. However, with recent developments in the legislature and the uncertainty of new construction value that local governments will be able to collect on closing areas, staff may choose to leave the area open. Mr. Armbruster stated that, per recommendation from the Tax Commission, the best time to notify the county, Tax Commission and taxing entities of the intention to close out an area is within the first quarter of the year. A formal resolution and close out plan would follow and describe how the final dollars would be spent and where URA-owned property would go; the resolution would be passed in early summer by the URA and then go before City Council before September 1st for final approval. Mr. Williams inquired about the process once the County is notified of the Agency's intent to close out and if the process could stop. Mr. Armbruster stated that the purpose of the early intent announcement is so that taxing entities can determine what assessed values will come to them as they go through their budgeting process for the following fiscal year. He has not

encountered an Urban Renewal Agency that stopped the process of closing out an area once it started. He spoke of a handout to be distributed that will include the property tax bill and expectations for 2022. Mr. Williams stated that expectations on getting some clarification on the new legislation during the next session are low. He spoke of some potential touch-up projects for Area 2 that the board could approve, and he showed the board a map of the Scoular/Supro site and the unfinished cul de sac at that location. At the time of the road construction parcels were not sold and development was uncertain. Scoular has asked if the cul de sac will be completed and Mr. Williams responded that the existing development agreement would not be modified to include this request. He stated that the Agency could potentially finish this project before closing the area. Another similar situation exists to the south but development needs are yet to be determined. He noted that Area 4 funds could also be used to fund that project in the future as he expects increment revenues to come in with the construction of the Western Transportation and the Nelson Jameson projects.

Upon inquiry by Commissioner Peterson regarding the close out process, Mr. Armbruster stated it takes approximately six months from beginning to end and includes a close out budget. Commissioner Peterson also commented on waiting to see what the legislature would do before closing out an area, and Mr. Armbruster stated that some entities might have put off closing out early because the legislative session ended in May, making a decision to close out early difficult. He spoke of the City of McCall and how they must close out an area this year because no time left remains on the plan. Another issue with the legislation passed was that it had a retroactive effective date of January 1 after budgets had been established for the year. Area 2 sunsets in 2029, and Mr. Armbruster stated there is the potential for backlash from taxing entities if an area is kept open longer than necessary and an agency holds onto funds in order to fund projects not conceived at the time of plan approval. Mr. Williams stated that the Agency is in the position to amend the plan area to address other projects not originally anticipated as part of the original area plan. He explained the significant impact of the industrial park on the City, specifically the roads, and how the inability to collect the new construction value of that industrial park would require that plans include road reconstruction to accommodate traffic. He further stated that the ability to maintain roadways will be greatly reduced with the new legislation if Area 2 closes out early.

Mr. Williams spoke of the Intermountain Gas line which is now complete; no information has been received regarding excessive rock removal. The new budget for next year will include a reimbursement for the Supro project (drainage and site improvements) in Area 2. In Area 4, two projects are anticipated (Western Transport and Nelson Jameson) beginning this summer. One potential project is to connect the water line on Yakima to the railroad tracks. Area 2 could fund this project due to its impact on the Area. However, it could also be an Area 4 project once assessed values are in as there are fifteen years left to the life of the area. Mr. Williams expects decent increment value in Area 4. Regarding Area 5, the area is newly established with no debts nor projects scheduled at this time and has a fund balance of approximately \$500,000. He stated the budget may include appropriations for land acquisition (twenty-three acres); the owners cannot sell until 2022 but parties can enter into a Memorandum of Understanding (MOU) for the purchase and sale agreement in 2021. A provision in the budget will be "land for park area." Magic Valley Quality Milk Producers completed an internal expansion with personal property, and those additions should result in revenue increases for that area.

In Area 3, Mr. Williams stated that the only commitments outside of operations is the reimbursement agreement with Commercial Creamery. The original amount of the reimbursement was \$300,000, and Mr. Williams stated that the balance at the end of the year is

approximately \$200,000 to be paid within three years. The Agency has a Disposition and Development Agreement (DDA) for the Blocks 55/56 project with Summit Creek Capital, however construction will most likely not commence until early 2022 and a reimbursement agreement would be signed in 2023. Another project in the works is the Rennison Housing development on S. Lincoln. Staff expects plans to be received by August 3rd. A letter of intent is signed with them but a reimbursement agreement has not yet been discussed. Mr. Williams spoke of the Agency's commitment to contribute \$25,000 towards the tennis courts project, and it may not be paid until next fiscal year. The project is under contract and some movement is expected in September. He also spoke of financial advisor Cameron Arial who is looking at advanced funding opportunities for future projects in the existing URA districts. The preliminary budget will be presented at the next URA in August with the budget hearing and consideration to adopt held at the second meeting in August.

LEGISLATIVE UPDATE:

Mr. Armbruster provided documents to the board and stated that most of the material presented are excerpts from a presentation made at the Association of Idaho Cities conference last month. He briefly spoke of the revised process for solicitation of proposals for engineers, architects, etc., and he spoke of an excerpt of minutes from a legislative council meeting which establishes the composition of the interim committees authorized by the legislature in a particular session. He commented on the committee to study property taxes and property tax revenue expenditures and stated that it is the same group of legislators on the previous property tax interim committee last year with a few exceptions: Senator Rabe replaced Senator Burgoyne and one ad hoc member was not reappointed. There are concerns related to the property tax interim committee; they are expected to meet in August and throughout the fall.

SB1044 amends existing law which limits the use of eminent domain. If an Agency were to invoke eminent domain for the Agency to purchase property, City Council approval would be required. Mr. Armbruster has yet to invoke eminent domain on behalf of an Agency. He stated that eminent domain was one of few powers an Agency had to issue tax exempt debt. For example, the bond in Area 2 is at a tax exempt rate because of eminent domain authority. Much effort was made to revise the bill to allow URAs to continue to issue tax exempt debt; when an Agency is no longer in business (not the projected revenue allocation area) all assets are transferred to the City.

HB278 did not pass. Mr. Armbruster stated that any plan involving a highway district must get that district's agreement in order to take the levy/tax increment bundle, and the bill would have applied to all taxing entities. The bill passing in its current state would have been problematic for new project areas.

SB1107 passed last year and clarifies what type of agreements are entered into between a highway district and URAs and who is responsible for roads under said agreement. One example is the agreement between the Ada County Highway District (ACHD) and the Capital City Development Corporation (CCDC).

HB73 applies to all political subdivisions (cities, counties, URAs, etc.) and provides for a uniform system of accounting and financial transparency. It changes reporting requirements of all districts by requiring that the reporting of material go to the State Controller rather than to the Legislative Services Office (LSO). The State Controller will put the information on "Transparent Idaho" so that any constituent or tax payer will be able to better understand what a taxing district is doing and how funds are spent. Mr. Armbruster attended one session at the Association of

Idaho Cities (AIC) conference with the State Controller and stated that school districts will most likely be the first group affected by HB73. The State Controller is working on a uniform reporting system that will be user friendly to those accessing it. The information being reported will not change; the new system will provide the ability to find information more easily. Mr. Armbruster expressed concern with this bill as the committee established consists of legislators and the State Controller who will receive information. He stated that the updated annual reports, budget and audit will still be remitted to the LSO this year, and the bill does not affect anything that is sent to the Tax Commission.

SB1086 establishes the Anti-Boycott Against Israel Act which prohibits public entities from entering into contracts with entities that will boycott goods or services from Israel or territories under its control. If entering into a contract which exceeds \$100,000 or the contracting entity has more than ten employees, this provision must be in the contract. It confirms that the contracting party does not boycott nor is an anti-Israel entity concerning Israel goods and services. He stated that he encountered this with another URA whereby the provision had to be included in an agreement. There is an effort through the City Attorney Organization to develop a model clause to be added to contracts; if it is not included the contract would be void.

HB389 is the "property tax reform" bill that raised the homeowner's exemption to \$125,000 and modified the Circuit Breaker program application and certification process. Other parts of the bill are problematic in the budgeting process. Municipalities can take 90% of new construction value plus 3% but the total combined figure cannot exceed an 8% increase from the previous year's budget. Regarding URAs, when closing out a revenue allocation area the value that can be added as new construction is only 80% of the value. Additionally, that amount must fall under the 8% increase cap. Mr. Armbruster stated that legislators claim to have not intended revenue allocation values to be under the 8% cap but the wording of the statute (and opinion of the tax commission) indicate otherwise. This will be a determining factor in when and whether or not an entity chooses to close out a project area early. The bill also changes the rules regarding forgone. Entities can take 1% of the budget for anything, but more than that up to 3% must be dedicated to a specific capital improvement project; the total figure still cannot exceed 8%. Upon inquiry by Mr. Williams, Mr. Armbruster stated entities could potentially take the forgone amount every year. He stated that the impact on URAs is on a close-out area. There are new plans in other cities and consultants are struggling with the end value calculations; this could result in the decision to not create a URA plan. Mr. Armbruster commented on the unpredictability of the laws in the future. Chairman Warr stated that it appears the legislation portrays URAs as toxic to discourage entities from forming districts, and Commissioner Fraser noted that URAs bring in revenue. Mr. Armbruster stated that he believes the property tax committee will focus on URAs.

Mr. Armbruster spoke of the case Hoffman versus the City of Boise regarding URA plans formed a few years ago. The lawsuit asserted that for a City Council to approve a plan the Idaho Constitution was violated by imposing liability or obligation on the city that extended beyond one year. Hoffman appealed to the Idaho Supreme Court. In Boise the CCDC and Redevelopment Association of Idaho (RAI) filed a Friend of the Court brief during the time in which the case was pending before the Idaho Supreme Court. It appears that the statements in the Friend of the Court brief were considered in their decision to deny Hoffman's assertions and indicated that the mere passage of URA plans by City Council did not violate Article VIII Section III liability. The plaintiff filed for a hearing, the court denied their petition and the case is done. Mr. Armbruster stated that this case established the validity and authority of URAs.

Brief discussion regarding this year's difficult legislative session ensued. Topics of the discussion included: the notion that this was the worst session but next year could be worse as it is an election year; the correlation between new laws and new legislators; freshman and sophomore legislators on platforms; leadership stopping some bills in the past; the issues that were put into bill form and allowed to be processed, and the overwhelming anti-local government sentiment on nearly every issue; the concept that local governments drive the state and that activity comes from the local level; elections driving certain platforms; the importance of voting and knowing who to vote for; the Republican primary level where most legislators come from; low voter turnout; out-of-state ideologies and agendas coming to Idaho; redistricting in Boise due to population; a bill which would have provided a grace year and clear up some ambiguities in the current statute that passed the Senate but hijacked in the House to create local elections in even-numbered years along with other changes; and, existing statute that is almost unworkable.

Mr. Williams spoke of Representative Lickley who does not vote simply to be in line with lobbyist groups. Commissioner Peterson commented on negative comments towards Representative Lickley, and Mr. Armbruster stated that the broader Magic Valley districts are reasoned Representatives and Senators with whom one can have a conversation.

STAFF REPORTS:

Mr. Williams provided photos of the Scoular facility in Area 2 and noted the constructed tower and how they are making good progress with their project. This project was featured in the magazine Area Development, and Idaho was honored with the Silver Shovel Award for development projects; specifically, both projects were in Jerome (Scoular and Agri Beef). The Scoular work should be completed by September and they have yet to begin the drainage retention project. He stated that City staff had a meeting with Pacific Companies who is developing the lots south of Dairy Queen. He noted that the team was very professional and building plans are anticipated by August 3rd. Mr. Williams also stated that a meeting with John Rennison will be needed to discuss reimbursement costs (curb/gutter improvements, landscaping, etc.). The sewer line may need some simple work done without removing any concrete. There is a concern with lumber prices and the intent of the developer is to start as soon as possible depending upon the price of materials; Mr. Williams expects the project to break ground this fall.

Regarding the Summit Creek project at Blocks 55/56, Mr. Williams stated that he met with College of Southern Idaho (CSI), Mayor Davis, and a third party (to remain anonymous at this time) to discuss the commercial portion of the project. An 18,000 square foot building is being contemplated, and schematics and designs are being developed to determine the best use of the building. Details regarding the building in terms of a lease or purchase have yet to be determined, and the legal description of the properties has been completed. Tyler Davis-Jeffers is working with staff to get Planned Unit Development (PUD) approval. Mr. Williams stated that construction on the residential portion of the project should begin in early spring/summer 2022 due to lumber shortages and costs. He expects that CSI will announce the project and that both projects will commence simultaneously for land preparation purposes and savings. The existing DDA will need to be revisited and possibly revised depending on the progress of the project. The project has the potential to transform the downtown area and hopefully encourage development in nearby properties.

In Area 5, Mr. Williams stated a good meeting was held with a property owner for acquisition of their property. In Area 4 the Western Transportation and Nelson Jameson projects are expected to move forward once plans are submitted. He spoke of Rich Thompson Trucking

(RTTI) and their new project at the old cinema building. They have plans to convert the old cinema into headquarters and truck repair station along with a truck wash facility; they will be moving from their current location on Nez Perce. While staff had hoped that the building would be remodeled for a cinema, the building has been vacant for some time and the next best use is coming forward with the truck facility. The redevelopment project will include curb, gutter and sidewalk on Main Street and along West Blvd; landscaping will also be part of the project. There have been no conversations between City staff and RTTI regarding urban renewal participation nor have building plans been received. Mr. Williams spoke of minimum requirements as a condition of development and that if the board so chooses it can engage in conversations with RTTI for landscaping work beyond minimum requirements. Upgrades in the existing facility and the new truck washing station will provide tax increment fund that can be used to reimburse them for certain improvements. Commissioner Fraser commented that the Planning and Zoning board was concerned about the lack of funding to pave the front portion of the property. Mr. Williams stated that he was unsure of development plans on Main Street and that if the board had ideas on what they would like to see he can approach RTTI for further discussions. Chairman Warr expressed the desire to see their plans when submitted, and Mr. Williams stated he will bring them for the board to review once received. Infrastructure is in place, and Mr. Williams believes the Agency can help with curb appeal.

The tennis courts project is under contract but Mr. Williams stated that work will not begin until September. He noted that the City has an architect and Construction Manager/General Contractor (CMGC) under contract for the new police station. Once the interior of the building is gutted staff will move forward with the bidding process for the remodel in the winter.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this July 8, 2021 special meeting at 4:15 p.m.

Chairman Gary Warr

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Secretary Jason Peterson