

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:03 p.m.

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

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Legal counsel Ryan Armbruster, Finance Director Ross Hyatt and City Engineer Tyson Carpenter. Jerome 20/20 Executive Director Larry Hall was also in attendance.

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 7, 2019 regular meeting and March 21, 2019 special meeting
- B. Review and approve claims for April and May 2019
City of Jerome, \$2,237.22, Elam & Burke Inc., \$2,535.67, ICRMP, \$675.00, Rexroat, Harberd & Assoc, P.A., \$4,400.00
- C. Review and approve financial reports for April and May 2019

Commissioner Cone inquired about the amount paid to ICRMP, and Mr. Hyatt confirmed the amount paid is for half of the year. 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:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

ZIONS BANK PUBLIC FINANCE:

Mr. Williams stated the representative to Zions was unable to attend the meeting, however, a written presentation was provided for the discussion. In the past few months staff has been looking for the opportunity to get advanced funding based on projected annual revenues for projects. Mr. Williams reviewed statistics for Area 3 and stated projects could be financed up to the life of the area; approximately sixteen years remain for Area 3. Historically, areas have had low base amounts with large increment amounts due to undeveloped or underdeveloped parcels. Area 3, however, had a significant base amount from the beginning with little increment due to existing industries. He stated that banks look at property values which could affect increment dollars and stability within the community. Additionally, the stability and growth of existing industries are considered along with risk factors (if an industry were to suddenly cease operations, for example).

Mr. Williams stated increased risk factors mean higher interest rates. If the board chooses to proceed with financing, \$650,000-\$750,000 could be issued. He further stated the agency would be in a better position to be issued more than the amount projected if issuance were to occur one year from now. However, bond issuance comes with additional fees (bond attorney fees, underwriting fees, etc.). An aggressive timeline is available for items required for the

financing to take place; a decision is not needed today. Mr. Williams stated the board would need to decide what projects will be completed. While the item is labeled as “action” it is not necessary to make a decision regarding a bond at this time.

Mr. Armbruster spoke of the liability with moving forward with financing now versus at a later date. There will be base costs regardless of the amount sought. Additionally, there is a contractual obligation to reimburse Commercial Creamery; the agency gets only a portion of the increment funds from their facility. He stated the board can look at the 2019 assessments and compare to the 2018 assessments and, if there is a substantial increase in values a bond can be issued later in the year. He further emphasized the importance of having a good definition of the project or projects being funded, and he advised the board to consider priorities as bond issuance requires deadlines for spending funds for those specific projects. The bond will most likely not be publicly sold but a private placement with a bank(s) or sophisticated investor.

Upon inquiry by Commissioner Craig, Mr. Armbruster stated if a bond were to be issued now, there would be an additional debt test and an additional bond can be issued later; however, a higher debt service threshold will be required for additional funding. Commissioner Cone commented that if revenues were better than expected after bond issuance, the agency would still have the ability to use available funds to define projects later. Mr. Armbruster stated the bond covenants will allow the use of cash on hand as long as the debt service threshold is being met. Mr. Williams stated it is important to be as flexible as possible with prepayment on a bond, and Mr. Armbruster replied that the prepayment is usually negotiable with the bond holder; some investors will want to lock in an interest rate for a period of time and there could be prepayment penalties although these are negotiable terms. Commissioner Craig stated the biggest detriment to Jerome is the open space on Main Street; he feels it is a top priority. Commissioner Peterson commented on discussing project priorities for a bond, and Chairman Warr agreed a fair mix of projects to add increment value should be considered.

Mr. Williams spoke of the downtown beautification study and concept. A contract has not been signed but a local engineer was sought to consider the cost of designing and engineering the project. Extensive discussion ensued regarding potential project priorities. Topics of the discussion include cleaning up the large empty space on Main Street to give it a cleaner look until something permanent is in place; infrastructure on N. Alder, the lack of road access to city-owned property and the lack of sewer services, and either improving conditions now or waiting until a project is presented; the ability to market the empty lot on Main Street along with the vacant lot next to it; water access to that vacant lot for a fire sprinkler system should a business owner build facilities (there is a 12” water main in place) and fire flow requirements; the renovations to the building which currently houses Renew on the south side of Main Street with the water line located on the north side, and the increased size of the water line behind the police station stubbed out to provide water services to Renew; the likelihood of extending the line further if needed; the use of city monies to budget for those improvements; the empty buildings on Main Street because of the potential for required sprinkler systems and making water available to business owners; the cost of additional water connections and Idaho Transportation Department (ITD) requirements; and, ITD maintenance schedule on Main Street to coincide with improvements;

Mr. Williams reviewed the priorities listed in the discussion, and Commissioner Craig added the moving of memorials together to one central location at Veteran’s Memorial Park. Additional discussion ensued regarding parking options downtown. Topics included parking for businesses on Main Street and the lots behind the businesses which are not striped nor landscaped; the customer’s desire to walk a certain distance to access downtown; a direct route to

downtown from a specific city-owned parking lot; the desirability and availability of stores to visit downtown; the walkability of downtown and the need for a variety of shops; what can incentivize businesses to relocate to the downtown area; and, improvements to downtown for walkways and making the area attractive and usable.

Mr. Williams stated he will invite the Zions Bank representative to visit with the board for a more in-depth discussion to review financing options. He feels the board could move forward with financing if they so choose. Commissioner Fraser expressed concern about the cost of potential projects before financing is sought, and Mr. Williams stated staff can determine certain costs (i.e. parking) while others (Main Street vacancy) will take more time. Chairman Warr stated he would like to see more information from Zion's Bank and would like to see activity in the downtown area sooner rather than later. The board agreed with Chairman Warr, and Commissioner Peterson questioned the discussions with the Main Street Parking and Beautification Committee. Mr. Williams stated ideas to improve downtown have been discussed in terms of Main Street being a destination point. Freedom Fest, the Halloween Trunk or Treat and Christmas events at the park have drawn members of the community to downtown; additionally, local businesses have benefited from increased traffic flows during these events. Improvements to North Park will also increase foot traffic.

Mr. Williams spoke of promoting downtown living. There has been some interest in a housing complex on N. Lincoln, but no plans are currently in place. He is optimistic of the future of Main Street and understands progress takes time. Area 3 was established four years ago and significant improvements have already occurred (i.e. Commercial Creamery expansion, Franklin, North Park). Commissioner Cone commented on infrastructure improvements versus beautification and is not opposed to waiting for current property values. Mr. Armbruster stated the financing will take 10-12 weeks to process, and assessments will be released towards the end of May. The board will be able to have an understanding of what the assessed value in Area 3 looks like and what how it will translate into revenue for 2020. He also stated having the Zion's representative speak with the board will be helpful and emphasized that there is no timeline for making a decision regarding financing.

The board briefly discussed downtown businesses; goals on what Main Street is supposed to be; the possibility of hiring a consultant with experience in revitalizing downtown; whether or not Jerome's downtown had the potential to be a retail area; the population base and changes in economy to determine future growth in downtown; how established businesses can bring more people to the area and therefore more business; professional businesses versus retail; strip mall businesses, and bringing a variety of goods and services to downtown. Mr. Williams stated he will provide more information regarding financing options and prioritizing projects at the next meeting.

LEGISLATIVE REPORT:

Mr. Armbruster stated the legislative session went two-three weeks longer than anticipated and was the third longest session in history. It was a tough session with a lot of acrimony between the House and Senate, and many big issues like the Medicaid bill took much time to reach consensus. Additionally, the transportation funding bill went nowhere, and the public school formula did not change. House Bill 217 did not surface until late February and passed the House; it sat for some time and was amended by the Senate before returning to the House. It was passed, signed by the governor, and is now law.

The Senate amendments, while helpful, did not provide much relief with specific measures to the bill. When initially introduced the bill would have been effective upon the governor's signing, however, it is now to be effective July 1, 2019. Another element of the original bill was that if an agency used more than 51% of tax increment dollars in a list of prohibited uses, a vote of the public would be required prior to funding the project. The amendment still has the 51% amount but it is a combined aggregation of tax increment monies plus any other public funds from another public body. As an example, if the agency and recreation district collectively fund more than 51% of one of the prohibited uses, a vote would be required. The voting requirement remains as 60% voter approval. It will constrain any real combined effort of an agency with another public body and make approval nearly impossible. Agencies are advised to take tax increment dollars and do not put into one of the prohibited uses. Using tax increment for infrastructure, below-ground improvements (i.e. water/sewer, storm drainage, electrical, natural gas, telecommunications or other similar systems), street roads, curbs and gutters, sidewalks, parking facilities or unoccupied auxiliary structures will not require an election. Mr. Armbruster stated if an agency plans to participate in a city hall or event center, monies should not be put into the building structure itself but in the parking that supports it, the upgrade of utilities and upgrade of public open spaces in order to not violate the terms of the bill. Federal monies and public donations do not count against the 51% requirement. If an agency were to provide 50% funds and fundraise or get charitable contributions for the balance of funds needed for a project, no vote would be required.

Mr. Armbruster stated "project costs" have a broad definition. Agency staff and time have value, and those values could be part of project costs, so agencies are reminded to apply those costs on supporting infrastructure factors to the building rather than the building itself. Another change with the bill is in relation to the definition of a "gathering center." The bill now states a multi-purpose sports stadium complex means "a place or venue for indoor or outdoor sports, concerts or other events that contain a field or other playing surface or area, either partly or completely surrounded by a tiered structure designed to allow spectators to stand or sit and view the event." An open amphitheater could fall under this definition. Mr. Armbruster stated it most likely does not include anything with portable seats, but a permanent structure could be an issue. He further stated this bill will be a challenge throughout the state.

Mr. Armbruster reported there was nothing else specific to Urban Renewal in the legislature although there were some statute changes covering public agencies in general. The legislature approved the ability to use purchasing cooperatives for public bidding of projects. Some bills will affect cities, and the trend in the legislature seemed to be anti-city, anti-local government throughout the session. Mr. Armbruster stated one area of concern is the Administrative Rule issue that became difficult in terms of administrative agencies and the rule-making process. What was not done this year may come back in session next year, and he is concerned about tax commission rules and where they stand. There may be additional rule making on their part throughout this next year. For example, one concern is the property tax exemption the county commission can grant if there is investment of \$500,000. When that exemption falls off it currently goes to the increment value and not the base. He is unsure of where that rule ended up when the legislature adjourned. Another issue of concern regarding buildings. Currently, when a building is finished an occupancy tax is imposed and comes to the urban renewal agency; there are some technical issues with assessing and getting those occupancy tax revenues. There should be a ruling from the Tax Commission coming soon. Mr. Armbruster stated he feels the 2020 legislature will be as difficult as 2019, and he expects more legislation to

“reign in” urban renewal agencies. He concluded with commenting that he and Ms. Conrad will develop a post-legislative report for cities, and he advised the board to consider the new bill with future projects as they pertain to administrative buildings (city hall, library, courthouse), public safety or law enforcement buildings, other judicial buildings (fire stations, jails, detention facilities) and multi-sports complex facilities that are not subject to property taxes whether they are intended to be owned or operated by or leased to a public body for the public’s benefit.

FINANCIAL REPORT:

Mr. Hyatt stated the financial reports were submitted as part of the consent agenda.

STAFF REPORTS:

Mr. Williams stated there are few punch list items remaining for the S. Tiger Drive project (need to improve the view heading east from S. Tiger, for example) but overall the roadway is much improved; the sidewalk has also been poured. He noted the power pole has not been relocated. Idaho Power had an engineering study done and determined it was costly to move the pole over by approximately ten feet. At this time staff feels the pole can remain in its current location until there is a need in the future. Final budgetary numbers will be presented at the next meeting. Mr. Carpenter commented that the developer of the new subdivision is fixing the bike path, and Mr. Williams stated street lighting will be added.

Mr. Williams reported that he met with Larry Hall, a few local real estate agents and Scott Jackson met with a company representative today looking for eighteen acres in Area 4 (SE Industrial). The unannounced company is looking at five lots to construct two different buildings for dry storage and distribution; this development would come with approximately 20-30 jobs and is tied to the dairy industry. Negotiations are taking place for land; they will need rail access, and there will be minimal impact on the city’s water and sewer systems. While there are no buildings yet in Area 4, the assessed value is approximately \$24,000 due to the road and water/sewer lines in place.

The Idaho Milk Products project is underway with expectations to be completed in August. Bids were received for the 100 S Gravity Sewer Main project that will serve Area 5 and allow the area to keep growing. The lowest bid came in higher than the budgeted amount for the project and the city will fund the project with a portion of those costs reimbursed by the URA with tax increment funds from the Magic Valley Quality Milk Producers (MVQMP) project. They are operating and doing well.

Mr. Williams inquired if the board would be interested in touring project areas (i.e. IMP, Commercial Creamery, etc.) as a tour can be incorporated into a meeting. He concluded that there has been no news on the BiMart negotiation and he has not heard back from the Oppenheimer Development Group.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this May 21, 2019 regular meeting at 4:19 p.m.

Chairman Gary Warr

Secretary Jason Peterson