

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:02 p.m.

Present were Chairman Marjorie Schmidt, Commissioner Kathy Cone, Commissioner Gary Warr and Commissioner Jason Peterson. Commissioner Carl Morrell was excused.

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Finance Director Ross Hyatt, Assistant Finance Director Michelle Frostenson, City Engineer Rick Wuori, Mayor Davis and Legal Counsel Ryan Armbruster.

CONSENT CALENDAR:

Items in the consent calendar are as follows:

A. Approve minutes of the December 7, 2017 regular meeting

B. Review and approve claims for December, 2017 and January, 2018

City of Jerome, \$4,222.09 (Dec), \$8,248.19 (Jan); EHM Engineers, \$1,300.00; Elam and Burke, Inc., \$1,706.37 (Dec), \$1,586.66 (Jan)

C. Review and approve financial reports for December, 2017 and January, 2018

Commissioner Cone 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:** Commissioner Cone, Commissioner Warr, Chairman Schmidt and Commissioner Peterson. **NAYES:** None.

ANNUAL ELECTION OF URBAN RENEWAL OFFICERS:

Chairman Schmidt asked for nominations for Chairman, Vice Chairman, Secretary and Treasurer. The current officers are: Marjorie Schmidt, Chairman, Gary Warr, Vice Chairman, Jason Peterson, Secretary, Carl Morrell, Treasurer, and Kathy Cone, board member.

Commissioner Warr made a motion to retain officers as currently slated, Marjorie Schmidt, Chairman, Gary Warr, Vice Chairman, Jason Peterson, Secretary, Carl Morrell, Treasurer, and Kathy Cone, board member. Second to the motion was made by Commissioner Peterson. After consideration the motion passed unanimously by the following vote: **AYES:** Commissioner Cone, Commissioner Warr, Chairman Schmidt and Commissioner Peterson. **NAYES:** None

OPPENHEIMER DEVELOPMENT CORPORATION UPDATE:

Mr. Williams introduced Skip Oppenheimer and Jeremy Malone of the Oppenheimer Development Group. Mr. Oppenheimer thanked the board for the opportunity to be part of the project, sees good progress and is excited for its potential. He briefly reviewed his experience with other projects in the area and reiterated the privilege to be part of this project. Challenges include design and cost figures with Bi-Mart. The College of Southern Idaho (CSI) portion of the project is going very well with a real commitment and interest. He concluded by stating that Jeremy Malone runs the development company and has been with them for twenty-seven years.

Mr. Malone stated Jerome is an area in which Bi-Mart has interest. Construction costs have been higher than in the past, and site work is being revisited to reduce costs. He reviewed the current design of the project with the Bi-Mart location consisting of 33,000 square feet, CSI to

be located on the corner and 149 parking spaces plus additional parking on 3rd Avenue E and Alder. The design elements for CSI continue to evolve to a more modern look; they desire community-activated space. Images of floor plans for both buildings were reviewed. Multi-use and interactive spaces are desired for a free-flowing feel to the CSI building. The next step will be to refine the design and associated costs; streetscaping and side work will also be considered, and they are hoping to begin construction in late summer/early fall 2018 for a spring 2019 opening.

Mr. Williams thanked Mr. Oppenheimer and Mr. Malone for their partnership and taking the time to present the information.

AREA 2 BOND PREPAYMENT:

Mr. Williams stated with potential projects in the future, cash flows are expected to build and look good for Area 2. Staff had discussions about paying down Series 2008 bonds to get out of debt obligations. When sold in 2008 the interest rate was high at 6.5% on Series B and 4.6% on Series A. There is a provision which allows for 20% prepayment of the original value of the bonds; refinancing would not be an option at this time.

It was determined that, paying an additional 20% on an annual basis, the debt obligation would be fulfilled by the year 2022. This would result in an interest savings of approximately \$785,000 over that period of time. If no capital outlay were predicted over the next four years (no big capital projects planned at this time), the fund balance for each fiscal year would increase. Upon inquiry by Commissioner Peterson, the amount of the payment would change each year.

Ms. Frostenson explained a few assumptions in the cash flow statement which include constant revenues and conservative predictions for property tax revenues. Expenditures were kept similar to the previous two years with the exception of capital outlays. To answer Commissioner Peterson's question, she explained that principal bond payments are made each year; if the agency pays an additional 20% of each payment, the payment amount will increase by approximately \$75,000-\$90,000. Each year the principle is reduced and thus the payment amount is reduced as well. Mr. Williams stated the next payment is due by March 31st, and a resolution or approval item could be presented at the next board meeting.

Mr. Armbruster stated he did not see a prepayment notice in the bond resolution, and agrees with a motion, with the board's approval, to authorize Mr. Williams and Ms. Frostenson to take necessary steps to make the previously discussed prepayment.

Councilman Peterson made motion to authorize Ms. Frostenson and Mr. Williams to calculate an additional 20% of the bond payment for the March 31st payment. Second to the motion was made by Commissioner Cone. After consideration the motion passed unanimously by the following vote: **AYES:** Commissioner Cone, Commissioner Warr, Chairman Schmidt and Commissioner Peterson. **NAYES:** None

AREA 2 EXPANSION:

Mr. Williams stated a local business, Magic Valley Quality Milk Products (MVQMP), is currently going through a plant expansion. A warehouse formerly used for condensed milk processing will be converted from warehousing and transportation to a condensed milk factory with a \$20 million investment and fifteen new jobs. The parcel is located outside of existing

urban renewal boundaries, there are currently no infrastructure needs, and they expect to discharge approximately 100,000 gallons of wastewater per day.

A potential increase in expansion plans could require collection system and wastewater treatment plant improvements. Mr. Williams showed the board a map of the area; the parcels within this expansion are outside of the urban renewal area. However, the increased expansion could fall into the urban renewal area, and public infrastructure improvements could need assistance; there is no known value to the increased expansion at this time. One option for assistance would be to expand the existing urban renewal area by the maximum 10% of the current boundary, and the four parcels in the discussion fall within those numbers.

Another option for the assistance would be to create a new urban renewal district around those parcels only. Depending on the amount of infrastructure needing upgrades this could be the better option to take advantage of the twenty-year time frame versus the remaining time allowed in the current area. Staff would like to proceed with an eligibility study to see the level of interest in either an annexation or creation of a new district. Mr. Armbruster stated an eligibility report will be required for either an annexation or district creation; once completed a decision can be made on how to proceed. Upon inquiry by Chairman Schmidt, Mr. Armbruster stated he does not see any changes in legislation to adopt a new plan although there is some concern and negative comments regarding urban renewal and economic development. Upon inquiry by Commissioner Peterson, the time on Area 2 expires in 2029. Mr. Williams also confirmed the infrastructure needed would be completed immediately and include a similar arrangement to that with Idaho Milk Producers (IMP) with their expansion. The amount of time needed to make improvements will depend on the size of said improvements. Commissioner Peterson stated the time to complete the needed infrastructure improvements could fall within the ten year time frame in Area 2, and Mr. Williams stated more will be known after the next meeting with the company. Mr. Armbruster stated a motion would be needed to authorize Mr. Williams to engage Phil Kushlan with Kushlan Associates as a consultant to start the eligibility study. He also stated Mr. Kushlan understands the work of the urban renewal areas.

Commissioner Warr made motion to proceed with eligibility study. Second to the motion was made by Commissioner Cone. After consideration the motion passed unanimously by the following vote: **AYES:** Commissioner Cone, Commissioner Warr, Chairman Schmidt and Commissioner Peterson. **NAYES:** None

IMP EXPANSION AND URA PARTICIPATION:

Mr. Williams stated he, along with Mayor Davis, recently met with IMP Executive Director Daragh Maccabee. Staff has been working with them on their wastewater permit and potential expansions. Twenty new driver positions will be added as the transportation will be handled in-house. A potential \$13 million expansion in pasteurizing and other internal improvements would call for approximately thirty new positions. They have approached staff for potential incentives.

An income tax incentive (grant) at the state level requires a local match, so local agencies (i.e. city, county, URA) must participate for it to be supported. They've also asked for an addition 100,000 gallons per day of wastewater capacity. This increase in hydraulic capacity puts additional wear and tear on plant membranes; 80,000 gallons of additional flow would be needed and could cost approximately \$150,000-\$200,000 for an upgrade. Staff is asking the board if this is something the board could assist with, or if staff should seek other means.

Mr. Armbruster stated the upgrade would be an improvement to the overall facility and not just to the benefit of one particular user, and would be an appropriate reason for assistance. In review of Area 2, much of all that has been anticipated in that area is complete; in prior meeting amendments have been discussed and one can be done to list the improvements that staff wants to see as well as the number of dollars to be spent. Fortunately, an amendment can still be done without subjecting the plan to a base reset. The board can express the intent to assist with a match without committing entirely at this time until details for a project come forward. Upon inquiry by Chairman Schmidt, Mr. Armbruster stated this can be done for both Area 2 expansion as well as the IMP expansion.

Commissioner Warr stated he is in favor of this and would like to see what legal options are available. Mr. Williams will advise IMP of the board's interest in assisting. An investment of approximately \$150,000 on a \$13 million project that includes new jobs can be easily justified. Staff will work with counsel and express interest with IMP so that they can proceed with their process of applying for that grant.

LEGISLATIVE UPDATE:

Mr. Armbruster stated the legislature has been in session for approximately three and one half weeks. Leadership is trying to target the last week of March to adjourn so time is limited.

A bill unrelated to urban renewal would allow political subdivisions and other public entities to post notifications of required materials on a website rather than the local newspaper. Depending upon the circumstance the entity could agree to provide additional notice, but them posting on a website would be in statutory compliance.

A procedural amendment addresses the cities' foregone amount and the process if cities choose not to take it. It seems to be a technical amendment which may need further study. A bill was drafted to prohibit school districts, the State of Idaho and universities from hiring lobbyists; it could be the first step in preventing the use of public dollars to advocate or oppose legislation. There is a bill which has not yet been introduced that would attempt to repeal the personal property tax from its current state. 85% of taxpayers do not pay personal property taxes because of exemptions. This bill would allow county commissioners to decide, based upon an application, of whether or not to grant full personal property tax exemptions to a particular taxpayer.

Another bill deals with a conformity issue with the federal tax bill that was passed in December, and if the State of Idaho will attach to the conformity bill to either provide additional tax relief to Idaho taxpayers or not. The first version of the bill was introduced yesterday; another bill which would have granted some tax relief last year was amended to repeal the grocery tax and then was vetoed. Upon inquiry by Commissioner Peterson, Mr. Armbruster stated if the state were to do nothing, \$100 million in revenues would be received. This potential bill provides a tax cut of that \$100 million plus an additional \$100 million by reducing corporate and individual income tax rates within categories on the personal side.

There may be a bill that will probably expand those types of facilities concerning funding through tax increments. Two years ago, for the URA to participate in a municipal building, only 50% of that cost from tax increment could be spent. Anything in excess of that would have to go to vote. A project in Boise may call for a bill introduced to extend the definition of facilities to include public event centers, public stadiums, and other public facilities. The introduction of this bill is unknown at this time; it is feared that the definition of the types of facilities may be broader than originally anticipated and that all projects with public buildings would have to go to vote.

FINANCIAL REPORT:

Ms. Frostenson stated there has not been much activity in terms of expenditures. Regarding revenues, tax incremental revenues in Area 2 have remained the same while Area 3 revenues have increased; \$40,000 was budgeted for revenues and the figure today is nearly \$37,000 and may reach \$60,000 by the end of the fiscal year due to increases in assessed value of Area 3.

STAFF REPORT:

Mr. Williams stated staff has an update on the S. Tiger Drive project; there have been issues with Right-of-Way (ROW) access. Mr. Wuori stated there have been some design issues include the ROW needs. Staff met with property owners and an agreement is in the works although details have yet to be determined. Drainage designs are in progress in addition to road designs, ditches, etc. Staff will work with the \$1 million from the URA in addition to \$387,000 from the Idaho Office of Emergency Management (IOEM) allotted to that project for paving. Plans and specs will be completed and hopefully go out to bid by the end of the month.

Mr. Williams stated there are a few issues with the company's pivot and pipe in the easement; additionally, they do not want a canal in the middle of their property. If the city pipes the canal the ROW will be given freely. There may be some expenditure with buying ROW and/or moving equipment and pipe already in place. An amendable agreement with the property owner is pending.

He also stated the Commercial Creamery project is going forward. Staff will entertain a reimbursement agreement with them for the rerouting of existing infrastructure (i.e. sewer line). Drawings will be provided to staff, and the agreement may extend five years with a reimbursement of up to 75% of their increment value. This will help the company offset costs as well as put monies back into the agency. They are hoping to break ground in March and may have an agreement for consideration at the March meeting.

One item of interest is the Agropur/Jerome Cheese (JCC) expansion; drawings have been received on a 20,000 square foot office complex.

Mr. Williams concluded with the reimbursement agreement for Scott Jackson; he has indicated that he will be signing soon. The original timeline was to make the first payment in the last fiscal year, and the payment installment agreement may need to be revisited. Those payments have already been built into the debt projections for the agency. Upon inquiry by Chairman Schmidt, Mr. Williams stated there should not be much worry with the industry expansions and the wastewater treatment plant. MVQMP will be the only industry adding loading capacity; IMP and JCC expansions will be hydraulic only, and the plant is prepared to receive up to 5 million gallons per day although there are loading limitations. Staff will advise if loadings become excessive as big expansions on loadings would require additional plant upgrades. The H Street Lift Station upgrade is underway and will hopefully be completed by June 2018. While the City of Jerome does not have a specific ordinance in place to address pretreatment, many communities will require pretreatment to a certain level to decrease the amount of loadings to a wastewater treatment plant. The city's plant is designed with a pretreatment process, however, industries may be required to pretreat if they wish to expand under the city's current limitations. Additionally, there is flexibility if new industries come in contingent upon the location, load amounts and their ability to pretreat, especially if they come into an urban renewal area. Chairman Schmidt

commented on a tour of the plant while in city council, and Mr. Williams commended the staff at the plant.

Chairman Schmidt welcomed the attendance of Mayor Davis to the meeting.

ADJOURN:

There being no further business to discuss, Chairman Schmidt adjourned this February 1, 2018 regular meeting at 4:11 p.m.

Chairman Marjorie Schmidt

Secretary Jason Peterson