

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 p.m.

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

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

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 January 9, 2020 regular meeting

B. Review and approve claims for February 2020

City of Jerome, \$1,679.55; Elam & Burke Inc., \$865.70; Jerome County Tax Collector, \$609.29; Scott Jackson, \$600,000.00

C. Review and approve staff financial reports for February 2020

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:** Commissioner Cone, Commissioner Fraser, Chairman Warr, Commissioner Craig . **NAYES:** None.

Upon inquiry by Commissioner Cone, Ms. McCrae stated the Jerome County Tax Collector was paid for prorated taxes on the recently purchased property.

ANNUAL REPORT PREPARATION AND SCHEDULE:

Mr. Armbruster stated that the board will have two meetings in March; the regular meeting will include a draft of the annual report and then the comment period will take place at the second meeting along with approving the final report to file with the city clerk. He stated that public comment is required and that publishing the notice in the local newspaper is not required if published on the city's website and social media. Mr. Williams recommended the designated dates of March 5th and March 19th for those meetings.

Commissioner Craig made a motion to authorizing staff to set dates for the annual report for March 5th and March 19th. Second to the motion was made by Commissioner Cone. After consideration the motion passed unanimously by the following vote: **AYES:** Commissioner Cone, Commissioner Fraser, Chairman Warr and Commissioner Craig. **NAYES:** None.

LEGISLATIVE REPORT:

Mr. Armbruster provided the board an update on activities in the legislature. He stated there is a bill for which he has little knowledge except that it will impact Urban Renewal Agencies (URA's). He stated the bill is being termed "for a matter of transparency and accountability," and that there is a growing sentiment that URA plans receive some kind of

additional approval by either taxing entities or the public. He spoke of a URA plan that went through the process in Coeur d'Alene and, after approval, the county treasurer raised questions and wanted an advisory ballot measure to see whether citizens approved the plan. He stated the bill was introduced by Senator Souza of Northern Idaho and that without someone to persuade the sponsoring legislator to provide information, it is often difficult to know more. The Associated of Idaho Cities (AIC) lobbyist is working to get more information on the bill. Mr. Armbruster stated that the current segment of the legislative session is the most chaotic; in theory, any bill to be considered between now and next week must be printed by Monday to be considered by the pertinent committee. He stated there are privilege committees whereby a bill can be proposed until the last day of the session but anything of a general nature must be printed by Monday. He further stated that the legislature is struggling with what to do about property taxes and how to come up with a solution to meet their needs along with those who will be impacted. The different philosophies between the House and Senate make the task of getting bills through the process by the third week of March nearly impossible.

Mr. Armbruster spoke of a few bills which are problematic to both cities and URA's. One bill limits a budget increase to 3% including new construction (rather than in addition to); it has been introduced but no progress has been made. Another bill, the "freeze" bill, states that all taxing entities with the exception of school districts, could not increase the property tax portion of their budgets in Fiscal Year (FY) 2021. Additionally, any new construction that would go into the foregone budget cannot be collected, and this will be an issue for URA's that are closing out areas this calendar year and expecting to collect revenues after the close-out. He is unsure of any relief measures to exempt any project areas that are terminated during the year of the freeze. The "freeze" bill also resulted in an effort to create an interim committee that would study property taxes in summer and early 2021. He stated there has been talk about changing the homeowner's exemption and circuit breaker relief but no bills have yet been introduced on either subject. He also spoke of other suggestions by representatives including a 12% sales tax and removing property taxes (not likely to happen), or raising the sales tax to 7% and prohibiting school districts from going for their supplemental or emergency levys (also not likely to happen). Representative Moyle spoke of starting an initiative to impose the equivalent of Proposition 13 in California although funding sources in California differ than those in Idaho. Mr. Armbruster stated there is no way to determine what will happen; some smaller bills include the way foregone monies are taken, and a bill that makes filing with legislative services for information easier for URA's. Big issues like Medicaid, transportation and education have yet to be addressed while a bill that will change the sales tax distribution for cities has been introduced. He concluded by stating that planning into FY 2021 is difficult; anything affecting budgets and taxing entities will affect levy rates, and if those go down then revenues will also go down.

Chairman Warr stated it appears that legislators do not understand how local taxing districts operate, and Commissioner Craig commented that issues addressed to "help" cities are not helping (school bond limitations, for example). Mr. Armbruster spoke of competing bond bills, and Chairman Warr spoke of the concerns with growth and potential changes to the taxing structure. Mr. Armbruster also spoke of the challenge with requiring constitutional amendments for some proposals; he listed counties with a rapid growth rate and a statewide solution that will impact taxing entities differently. Mr. Williams stated that staff receives regular updates and that if a statement or testimony is needed by the board he will bring the request forward. He also stated that if there were something implemented that had a negative impact on taxing entities, staff would have to reconsider any project that would cause a significant burden on services.

STAFF REPORTS:

Mr. Williams stated there are projects happening in each of the four URA districts, and he provided brief updates on each. In Area 2, Project Supro has received tentative approval to move forward with a pending patent. The project for this nationwide company has grown to a \$13 million project with ten new jobs, and it would be the first of three phases with the subsequent phases being larger than the original investment. However, they will need natural gas and without any lines inside of the Northside subdivision, staff is working with Intermountain Gas representatives for delivery options; it would be ideal to provide natural gas to all parcels within the subdivision. He stated the timeline includes approval to move forward with operations to begin in early 2021; this gives the board time to review options and look at funding.

Mr. Williams stated that available revenues in Area 2 are slim for capital projects although debt service payments have been made. The final payment to Scott Jackson has been made, and the next debt service payment will be due soon; next year's obligations will be smaller, and new revenues collected will allow for a future capital project in Area 2 (including the work needed for Project Supro). He also stated that once the expedited debt service payment is made next year, the remaining balance will be approximately \$110,000 for FY2022; the board will then have the option to close out Area 2 early if desired. With the uncertainty of future revenues, staff's desire to do a five-year forecasting model seem futile. Mr. Williams stated that he has not heard from Idaho Milk Products (IMP) on the potential reimbursement for their excavation of rock to support their new facility.

Regarding Area 3, Mr. Williams stated staff was hoping to receive an updated design for the Blocks 55/56/66 project; the developer has up to 120 days from when the agreement was signed to submit a design so there is still time, and he expects a design within the next few weeks. He also stated the residential piece would most likely be completed first, and that design approval may happen at one of the two March meetings. Staff has yet to receive a response regarding the offer to purchase property in Area 3; Mr. Williams was told that the owners of the property are still considering the offer, and staff will continue to stay in contact with them. Existing weather conditions have prevented the backfill of the URA-owned property, and partnering with the City of Jerome Public Works department for labor and equipment will keep costs to a minimum; any costs incurred will be brought to the board for approval.

In Area 4, Mr. Williams reported that Nelson-Jameson announced their plans to build on eighteen acres purchased; however, the project has been delayed to late 2020/early 2021. With that property comes a partnering business almost ready to begin their capital investment project. Natural gas will most likely be needed to serve those parcels as well. Project Moving Milk, ten acres purchased in Area 4, will be submitting plans in early 2021. Once those projects are completed there will be little left in Area 4 except for land owned by IMP.

Regarding Area 5, Mr. Williams reported that staff met with Magic Valley Quality Milk Products (MVQMP) as they are considering an internal expansion to increase milk capacity. He stated that capital projects for Area 5 are listed in the plan and that with the significant milk plant expansion, one specific project may happen sooner rather than later to alleviate stress on the waste water treatment plant. He briefly spoke of debt issuance and property procurement in terms of working on infrastructure needs in Area 5 when funds are available. Revenue for year one in Area 5 is at approximately \$250,000.

Chairman Warr inquired about where the district representatives stand on legislation, and Mr. Williams feels that Representative Likely understands the concerns cities have along with the

need to pay for growth. Additionally, he believes Rep. Likely may have an issue with changing the homeowner's exemption as it could shift taxes onto commercial and agricultural property owners. Mr. Williams stated that she was very supportive of the city's needs last year and represented the district well.

Mr. Armbruster stated that the bill introduced by Senator Souza is described as "any agency board which is not elected can only support or recommend use of eminent domain; any final decision must be taken by the sponsoring elective body (aka the city council)." Also, "any elected official sitting on the agency board that is unelected or does not run again must vacate the seat but may be appointed through the normal process." Mr. Armbruster stated that a URA's right to issue tax-exempt bonds under the IRS code is only allowable because the only power that a URA has which is recognized by the IRS is eminent domain. Without the right of eminent domain, a URA may not be an eligible entity to issue tax-exempt bonds. He also spoke of the two primary committees (House Revenue and Taxation and Senate Local Government and Taxation), and unless local legislators are on one of these committees it can be difficult for them to weigh in on issues other than on the floor.

Regarding the Friend of the Court effort being pursued, Mr. Armbruster stated Redevelopment Association of Idaho (RAI) members are being asked to provide success stories concerning the amount of increased valuation, jobs created, etc. that can be part of the Friend of the Court brief in order to support the need for URA's. He stated that stories and facts portrayed at the House level may be inaccurate, and that many legislators feel they have a better idea of how to run a city, county or URA rather than locally elected officials. He concluded by stating that the Souza bill should be defeated. Mr. Williams briefly spoke of the interim committee formed to review the property tax situation and expressed his frustration over the inability to plan for the future.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this February 6, 2020 regular meeting at 3:42 p.m.

Chairman Gary Warr

Secretary Jason Peterson