

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:05 p.m.

Present were Chairman Gary Warr, Commissioner Kathy Cone, Commissioner Shonna Fraser and Commissioner Bryan Craig. Commissioner Jason Peterson joined at 3:22 p.m.

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Legal counsel Ryan Armbruster, Finance Director Ross Hyatt 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 February 7, 2019 regular meeting
- B. Review and approve claims for March 2019
City of Jerome, \$24,819.29, Elam & Burke Inc., \$620.00
- C. Review and approve financial reports for March 2019

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

PRELIMINARY CALENDAR YEAR REPORT ACTIVITIES:

Mr. Williams presented a draft of the preliminary calendar year report of activities in 2018 to the board. The agency is required to provide the report which includes agency activities, the budget, financial statements and the annual audit. The public comment period will be in approximately two weeks; the notice to advise the public will be posted on the city's website along with Facebook, and the report will be available at city hall. The audit and new increment values will be provided at the special meeting on March 21st.

Mr. Williams briefly reviewed the report with the board. Regarding Area 2 projects, those undertaken in 2018 include the reconstruction of S. Tiger. Additionally, Idaho Milk Products (IMP) acknowledged their \$25 million expansion with 25 new jobs; they have requested information to begin the reimbursement process for the rock removal onsite. Funds generated by the new project will fund the reimbursement. In Area 3, the reimbursement agreement with Commercial Creamery was finalized for their cost in re-routing the water and sewer line due to their expansion. The agreement states that they will be reimbursed up to \$300,000 over a five-year period. However; if there is no increment value, no reimbursements will be issued. There was no activity nor budget to report for Area 4 although \$12,000 was received unexpectedly.

Mr. Williams also provided the board with a map of urban renewal districts. Area 1 has been closed out, and some of the former Area 1 is now in Area 5. He reviewed the timeline of the Urban Renewal Agency (URA) in Jerome, when areas were established, and the current agency

board of commissioners. Priority objectives and long term directives were also identified, and he reported that nearly all components of the North Park improvements are under contract. Staff hopes the project will be completed by June 29th; it is currently under budget and staff believes the new improvements will do much for the community and improve commerce in the downtown area.

Mr. Williams briefly reviewed the twelve-month plan which includes marketing for industrial expansion in Areas 2, 4 and 5 with good infrastructure in place, and reducing debt in Area 2. Acquiring empty buildings and open spaces are also long-term directives. The west entrance to Jerome was improved with the addition of Lynch Oil/Mr. Gas; while this project is outside of city limits, adjacent parcels within the URA district could receive URA assistance with land development. Another long-term directive is to maintain adequate water and sewer capacity; staff hopes to capture increment funds in Area 5 to assist with the collection system. He reiterated the plan to be debt free in Area 2 by 2020.

Tax increment revenues were also reviewed. Mr. Williams reported that Area 2 received just under \$1.6 million and Area 3 received approximately \$79,000. Staff anticipates annual revenue in Area 3 to exceed \$100,000 along with a significant increase in Area 2 with the IMP expansion. No revenues were reported in Area 4, and Area 5 was recently established in December. Mr. Williams continued with the report and spoke of the history of the areas and base values; the SE Industrial Area base value is close to \$100 million. Area 5 has a base value of \$5 million with expected growth due to the investment made by Magic Valley Quality Milk Producers (MVQMP). Increment values will be provided to the board and posted on the city's website when they become available. Regarding project priorities for 2019, fund balances in each area are allocated to capital improvements for access to those funds. Preliminary figures were included in the report for the S. Tiger project as the project is near completion and on the last phase of construction.

Mr. Williams concluded by stating that the public comment period will be on March 21st to allow the public to examine the annual report. It will also be posted on the city's Facebook page and the city website; hard copies will also be available in city hall. Staff is working on the audited financial statements, and the budget will be available on the website once completed.

Upon inquiry by Commissioner Cone, Mr. Williams stated an error on the date within the report will be corrected. Commissioner Craig commented on the "walkability" between URA projects and the city. Mr. Williams stated the city's Connectivity Plan was adopted a few years back, and the desire was to establish bike paths or pedestrian-friendly paths to connect areas of the city together. The Plan will hopefully expand access to city facilities.

Commissioner Craig made a motion to accept the preliminary annual report and direct the executive director to post and distribute said report. Second to the motion was made by Commissioner Cone. After consideration, the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser and Commissioner Craig. **NAYES:** None.

PUBLIC COMMENTS ON ANNUAL REPORT:

Commissioner Craig made a motion to set the public comment meeting for Thursday, March 21, 2019 at 3:00 p.m. Second to the motion was made by Commissioner Cone. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser and Commissioner Craig. **NAYES:** None.

LEGISLATIVE REPORT:

Mr. Armbruster reported on a bill introduced to the legislation, has gone through the House Revenue and Tax Committee and is set to go to the House floor next week. He spoke of changes to the statute a few years back regarding the URA's participation in funding through tax revenue allocation funds of administrative buildings (i.e. city halls, libraries, courthouses, public safety or law enforcement buildings, judicial buildings, fire stations, jails and detention facilities). If the agency were to use more than 50% of the cost of the project from tax increment dollars, this action would have to be submitted as a proposition on the ballot for voter approval. While Mr. Armbruster knows of no known abuse of the statute, there was some contention in Boise concerning two public projects: a new downtown central library and a potential multi-purpose sports facility within different URA projects areas. The legislature wants to see any major project be voted upon by the citizens before public dollars are spent.

HB217 lists what kinds of projects would have to go through this process, both new construction or remodeling of a municipal building. It states that, to spend increment dollars, the project must go to the vote of the people. The definition of "municipal building" has expanded to include "a structure owned, leased or operated by municipalities for the public's benefit that is not subject to property taxation. Municipal buildings include, but are not limited to" the projects previously mentioned above. The bill also has an emergency clause whereby it would be effective upon the governor's signature. It lists "a multi-purpose sports stadium complex as a place or venue for outdoor sports, concerts, or other events that consist of a field or stage either partly or completely surrounded by a tent structure designed to allow spectators to stand or sit and view the event." For example, if the agency wanted to purchase property to develop anything that fit within the definition above, a vote of the people would be required prior to said purchase. If the agency wanted to assist the city with remodeling a police station, a vote of the people would also be required. Mr. Armbruster stated anything from a restroom in the park to a gazebo could fall under the definition of "municipal building," and he believes the definition is extremely broad. The Redevelopment Association and the Association of Idaho Cities are in opposition to the bill along with the Boise Valley Metro Chamber of Commerce and the Idaho Chamber Alliance. The Idaho Bankers Association is concerned because of projects underway and spending revenue dollars. At this time, the bill passed the House Tax and Revenue Committee 16/2 and will be on the House floor next week and then on to the Senate. In the past, the Senate Local Government Committee has been a safe harbor for URA's but the composition of the committee has changed dramatically. Mr. Armbruster stated this bill could very well become law. It will not impact traditional infrastructure improvements, but will impact anything of a public nature. There's been a question of whether or not a public building generates economic development. Every public project will be voted upon only if current dollars in hand will be used to fund it.

Discussion ensued regarding the bill. Topics in the discussion include whether or not the governor will veto the bill; different city projects that would have had to go to vote had this bill been in effect at that time (i.e. Fire Station 2); and, what agencies to which this bill would apply (URA agencies participating with cities or other public entities for the list of public buildings, i.e. city for an administrative building, county for a county jail, etc.). Mr. Armbruster stated the bill should not apply to other public entities like the Jerome Recreation District as it may not be considered a municipal entity. However, the definition of what is included is very broad. Upon inquiry by Commissioner Peterson, Mr. Armbruster stated that if the city were to pursue a new police station without the use of URA funds it would not be subject to the conditions under the

bill. Chairman Warr commented on how the majority of the electorate do not understand what the URA does for the community. Mr. Armbruster stated that public vote for projects would be in either May or November under the Consolidated Voting Law.

The commission reviewed a potential list of projects including parks and playground equipment, tennis courts and parking lots; Mr. Armbruster stated those items might not be deemed as “structures” and therefore excluded from the list of project subject to the bill’s requirements. However, a gathering center or visitor center would be subject to the requirements. Mr. Armbruster stated the bill needs to stop at the Senate committee and that some amendments could be introduced to mitigate the impact of the bill. If that were the case, the amendments would have to go back to the House. The legislature is contemplating adjournment by March 29th although it is uncertain if this will happen. Upon inquiry by Commissioner Craig, Mr. Armbruster stated a direct outreach from the URA and the city to the representatives of the district expressing opposition to the bill would be helpful to get as many ‘no’ votes as possible.

Mr. Armbruster spoke of other bills in the legislature that may or may not affect URA including one that would raise the threshold when having to do an annual audit from \$100,000 to \$150,000; and, a bill to change purchasing policies; a bill to soften the requirement for newspaper publication by limiting publications to one time only and require digital media posting. At this time the current publication requirements are in effect. Three significant issues in discussions include: Medicaid eligibility, the complex public school formula, and lagging tax revenues and the ‘rainy day’ fund.

Commissioner Craig inquired about the origin of HB217. Mr. Armbruster spoke of the 2016 effort due to significant agitation from Nampa. Nampa funded the Idaho Center, its public safety building and its new library through tax increment dollars without any vote of the people. These long-term debts are being paid by the Nampa URA. The Idaho Center tends to come up during the legislative sessions as “an abuse of incremental tax dollars.” In 2016 the changes were proposed as a result of initial sponsorship by two Nampa legislators, the interim committee and then the bill proposal. He believes the agitation is focused on the City of Boise and its proposals (the library and sports center), and there is consternation that any major public building should be voted on by the people. Commissioner Craig commented that, per a local representative, the bill is now in General Orders; Mr. Armbruster stated this means that an amendment was proposed but it may not be seen until discussed in General Orders.

FINANCIAL REPORT:

Mr. Hyatt reported on the \$1 million budget for S. Tiger. He stated a payment was made in December 2018 for \$167,180.95 which was not included on the project spreadsheet, and \$24,166.97 was paid towards the \$1 million obligation for the project. Additional payments in January were regular staff reimbursement expenses along with the counsel billing. Upon inquiry by Commissioner Cone, Mr. Hyatt confirmed the expenditure report includes Area 5 and is labeled as Fund 12.

STAFF REPORTS:

Mr. Carpenter provided an update on the S. Tiger project. He stated the final phase of construction will begin on March 11 and take approximately eight weeks to complete. Equipment for various projects will be seen in that immediate area. Upon inquiry by Commissioner Craig, Mr. Carpenter stated Idaho power is working on the power pole relocation and has been

communicating with staff on the final placement. Mr. Williams commented that staff was concerned about being able to start construction without knowing where the pole would be placed. He further stated the highway district is also working on 100 S from S. Tiger to Highway 93, and that visibility while heading south on Tiger will be improved significantly. Upon inquiry by Chairman Warr, Mr. Williams stated there was no resolution with the South Central Health District regarding improvements at S. Tiger and E Avenue H.

Mr. Williams briefly reported on Area 3. Franklin Building Supply will be reconstruction a 24,000 square foot building where the truss factory currently sits (land formerly used for fair parking). Chairman Warr also commented on the armory expanding their parking where the carnival currently sits and the grass lot owned by Stinker which is also used for parking, so many changes are happening. Mr. Williams stated there is a commitment to landscaping at the new facility that will make the area look nicer, and he expects tax increment on the project to be beneficial to Area 3. Additionally, the Marshal Warehouse exterior remodel will be underway soon and will provide a nice facelift to the existing building.

Mr. Williams spoke of blighted parcels in Area 3, and he has been in contact with a commercial real estate agent along with Carleen Herring with Region IV Development to inquire about qualifying for a grant to assist with the clean-up; an application for said grant cannot be submitted until December 31st. In Area 2, North Park excavation will continue within the next week. Upon inquiry by Commissioner Craig, Mr. Williams has no new information on Block 56 although he hopes to hear something soon. He also has no information regarding the Kings building, but he announced that the property south of Dairy Queen is on the market. Lastly, building permits for Carl's Jr. and Jack-in-the-Box have been issued, completion of the Paul's Market building façade is near, and staff expects the announcement of new commercial buildings some time this summer.

EXECUTIVE SESSION:

Commissioner Warr made a motion to go into executive session pursuant to Idaho Code 74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated at 3:59 p.m. Second to the motion was made by Commissioner Craig. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

ADJOURN:

There being nothing further to discuss, Chairman Warr called the regular meeting back to order and adjourned this March 7, 2019 regular meeting at 4:04 p.m.

Chairman Gary Warr

Secretary Jason Peterson