

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 Fraser and Commissioner Jason Peterson. Commissioner Brian Craig was excused.

Also present were City Clerk Bernadette Gomes, City Administrator Mike Williams, Legal counsel Ryan Armbruster, Account and Budgeting 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 July 11, 2019 regular and executive meetings
- B. Review and approve claims for August 2019  
Elam & Burke Inc., \$2,297.75; US Bank, \$649,010.57
- C. Review and approve financial reports for August 2019

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

**TENTATIVE 2019-20 BUDGET AND SET HEARING:**

Mr. Williams stated that the figures represented are very conservative as taxable values had not been received until earlier today. He reported that the city's total taxable value increased by approximately \$52 million and briefly reviewed the urban renewal areas. In Area 3, the tax increment value is approximately \$11 million and Mr. Williams is uncertain if this figure includes the improvements made by Commercial Creamery and Franklin Building Supply. In Area 4, Mr. Williams reported an increment value of approximately \$12,000, and Area 5 had a pleasantly unexpected increment value of \$14 million. Area 2 had an increment value of \$105 million which shows significant growth from last year. The notice for publication will have these figures listed.

Regarding expenditures, Mr. Williams noted that the budget includes allocated funds from other areas to reimburse Area 2 for funds borrowed to pay for administrative and development expenses. He also noted that the professional services in Area 2 continue to decrease as there is little activity, and bond payments should be completed by Fiscal Year 2022. Additionally, the final reimbursement to Scott Jackson is included in the budget.

Mr. Williams stated that, as in the past, anything above and beyond what is budgeted for expenditures has been put into capital outlay for construction, and staff may consider completing the Area 2 water line loop, of approximately 1400 feet, in Fiscal Year 2021. He also noted that the debt service figures may be revisited next year to ensure reserves are adequately sustained, and that the increment funds in Area 3 should be sufficient so as to not borrow from Area 2 in the future. Upon inquiry by Commissioner Cone regarding the debt service figures listed, Ms. McCrae stated that the figures include interest and projected expenses. Commissioner Peterson

inquired about early debt payments and keeping an area open for future projects, and Mr. Williams stated the water looping project is important but not an immediate need. Additionally, there is no reimbursement agreement with Magic Valley Quality Milk Producers at this time in Area 5, but an agreement with Idaho Milk Products for the reimbursement of expenses will be forthcoming once figures are received and verified.

Mr. Williams stated the budget reflects anticipated expenditures in Area 3 with a purchase and sale agreement on file. The budget in Area 4 is small but sustainable with revenues, and staff recommends that debt owed to Area 2 be paid back in the upcoming fiscal year. Mr. Williams also stated that Area 5 is not listed as no assessed value was anticipated. Mr. Armbruster stated that, in order to include Area 5 figures in the final budget the following would be required: a motion to accept the tentative budget as presented by staff, directing staff to add Area 5 given new information from the assessor to the public hearing notice, and to authorize staff to set the August 22, 2019 hearing date and publish the required notice.

Mr. Armbruster spoke of an occupancy tax once the Certificate of Occupancy is issued in conjunction with the status of building construction as of January 1, 2019; occupancy tax revenues should come in once the final certificate is issued so the Area 5 figures could increase.

Mr. Williams concluded by stating that the agency is in good shape overall and that the Jerome Urban Renewal Agency demonstrates good leadership in Idaho. For example, he noted that the base value in Area 2 has grown by nearly \$100 million in less than ten years.

Commissioner Peterson made a motion to accept the tentative budget as presented by staff, directing staff to add Area 5 given new information from the assessor to the public hearing notice, and to authorize staff to set the August 22, 2019 hearing date and publish the required notice. 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 Peterson and Commissioner Fraser. **NAYES:** None.

### **BLOCKS 55 AND 56:**

Mr. Williams spoke of an agent agreement with the city regarding Block 56 (the old Central Elementary property) and spoke of a reputable company interested in Blocks 55 and 56 for mixed-use development. One preliminary concept includes two, 8,000 square foot privately-owned buildings that would house a non-profit organization and an educational facility. The entities have been in contact with developers and Mr. Williams stated the potential concept would be a good fit for Jerome. Additionally, market-rate housing has also been proposed for quads, duplexes and/or single-family homes on the block.

Mr. Williams stated city council may be receptive to more housing options in the downtown area, and he prefers council's support along with an agent agreement with the URA to have a Request for Proposals (RFP) issued to developers with specific concepts. He further stated that the next URA meeting agenda may include an authorization to issue RFP's. Upon inquiry by Commissioner Fraser, Mr. Williams stated that the proposal for housing would be on Block 55 (property behind the old Central Elementary School property) and he provided a map for the commission to review with ideas for mixed-use development. Upon inquiry by Commissioner Peterson, Mr. Williams stated that some of the property will be reserved for green space and for city buildings. He further stated the proposal includes private roads; current city code does not allow for private roads but the code is currently being reviewed for in-fill developments, and the council would like to see development there. Commissioner Peterson commented on the benefit

of developing the property, and Mr. Williams stated that there will be the need for some road expansion along with possible sewer expansion. He also stated that land mitigation is what most likely caused negotiations with the Oppenheimer Development Group to fail, but that two buildings generating tax revenues can assist with land mitigation costs. Chairman Warr also spoke of the potential tax increment funds from this development, and Mr. Williams stated staff is hopeful to have more information at the next meeting. Mr. Armbruster stated that the process will be similar to that with Oppenheimer whereby an RFP would be issued, its contents describing what the agency is looking for from developers, then the responses evaluated and an Exclusive Right to Negotiate agreement signed to pull details together prior to any transfer of property. Upon inquiry by Chairman Warr, Mr. Williams stated the item was labeled as an “action item” although it is not necessary to take any action at this time.

### **LEGISLATIVE REPORT:**

Mr. Armbruster reported that the tax commission is finishing up its rule-making process. There are two rules related to the occupancy tax that may impact URA's, and the implication is that agencies are statutorily are entitled to occupancy taxes generated by a project that is finished within the year in which a plan is approved; from a procedural and computer perspective, the tax code is not prepared and therefore those tax dollars are not distributed. The tax commission is changing the rules to acknowledge that agencies will not get those tax dollars in the first year, and that occupancy taxes will become part of the valuation process in the following year. He stated a meeting is scheduled for August 8<sup>th</sup> where the text of the rules governing occupancy taxes will be approved.

Mr. Armbruster stated no other substantive issues were discussed; he went to a session on legislative public/private relationships and fears that the 2020 session will be as challenging as that in 2019. A downside to increases in assessed values is that some legislators contend they are starting to get a lot of agitation from their constituents about property taxes and whether or not some rules need to be tightened. He further stated that Governor Little came out with a “soft endorsement” of local option taxes but whether or not they pass through the legislature remains to be seen.

### **FINANCIAL REPORT:**

Ms. McCrae reported on the receipt of tax increment funds in July and noted prepayment on the bonds; due to timing of business, the city administrative services were not posted but will be seen in August reports. Upon inquiry by Commissioner Cone, regarding the full cash report and negative balance coinciding with the debt service payment, s. McCrae confirmed this was the case.

### **STAFF REPORTS:**

Mr. Williams reported that he met with four site selectors touring the Magic Valley area and will meet with them again. One site selector from Southern California had been here during the Darigold project and commented on urban renewal assistance and its value. Mr. Williams further commented on how development is possible with a URA. In Area 4, there are 28 acres of property with three different businesses under contract with the property owner; two are set to close within the next few months and may require a special use permit through the city due to the

storage of chemicals along with other items. Mr. Williams stated approximately \$25 million is expected in capital expenditures along with 20-25 new jobs between the three businesses; they are not heavy water users although they are tied into the dairy industry. One business has reached out to staff for a reimbursement agreement but no data has been received. In Area 3, Commercial Creamery is close to completing their facility, and a tour may follow a future URA meeting.

Mr. Williams reported on other city activities. He spoke of North Park including the dedication of the park and re-naming to Idaho Central Credit Union Park on Tuesday at 3:15 p.m. Staff has received tremendous feedback from the community and have been dealing with minor issues including a dish soap incident. He also stated that Franklin Building Supply project is well underway and coming along nicely. Upon inquiry by Commissioner Fraser, Mr. Williams stated that Jack in the Box is nearly completion with several inspections done and others (i.e. health department, final fire and building) still pending. Between Carl's Jr. and Jack in the Box there is one pad available. Staff received plans for signage for Ace Hardware that will be housed in the large portion of the building near Pizza Hut. Mr. Williams stated the property purchase for 132 W. Main is set to close on September 3<sup>rd</sup>. He, along with Mr. Carpenter and Chairman Warr, inspected the property and found that the wall built along the foundation looked to be sound. He also stated that the owner of the neighboring property inquired about ideas on how to generate revenues but spoke of storage sheds and RV parking without fully understanding the area, the code, allowed uses, etc. Mr. Williams plans to meet with him sometime in August and gather information on their intended use of the property and how they align with the goals of the city. The property value is assessed at approximately \$70,000 although the owners had been asking for \$175,000 with no offers submitted. Preliminary conversations with a potential investor have also taken place and plans to meet are underway.

On a side note, Mr. Williams stated that the property purchased at 132 W. Main was assessed at \$61,000 so the purchase in the amount of \$50,000 was a good deal.

**ADJOURN:**

There being nothing further to discuss, Chairman Warr adjourned this August 1, 2019 regular meeting at 3:52 p.m.

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Chairman Gary Warr

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Secretary Jason Peterson