

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:02 p.m. Council Chambers were open to the public, and the meeting was held in person and by teleconference. The video conference was conducted via Zoom and was made available to all members of the public in a format that allowed all participants to hear the meeting, including all deliberations by members of the Urban Renewal Agency board and other speakers addressing the board, whether in person or via virtual connection, and to comment if so desired, all of which was noted in the agenda, email, and notices at council chambers and on the city's website.

Present were Chairman Kathy Cone, Commissioner Bryan Craig, Commissioner Shonna Fraser, and Commissioner B.J. Hess.

Also present were Acting Secretary Katie Elliott, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Carpenter, and IT Technician Andy Newbry. Legal Counsel Ryan Armbruster joined the meeting via Zoom. Commissioner Jason Peterson and City Clerk Bernadette Coderniz were excused.

PLEDGE OF ALLEGIANCE:

Chairman Cone 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 November 3, 2022 meeting
- B. Review and approve claims for December 2022 and January 2023
- C. Review and approve staff financial reports for November and December 2022

City of Jerome \$1,593.56; EHM Engineers, \$6,365.00; Elam & Burke, Inc. \$6,718.05; Jerome County Tax Collector, \$1,551.78; Kushlan & Associates, \$1,312.50

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 Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

SCOULAR REIMBURSEMENT:

Mr. Williams stated a reimbursement agreement with Scoular was previously approved in support of construction of their new Emerge facility in 2020, and a site map for the project was shown to the board. At that time there were mitigating factors to prepare the site for development, and Scoular had asked for a reimbursement agreement to remediate site conditions. It was determined there were significant drainage issues in the project area, and Mr. Williams confirmed the work that needed to be done (remediate soil and replace structural fill, elevate the site, mitigate their own storm water along with drainage coming from the southeast part of town, etc.). The agreement was to participate with two projects: the "Improvement Project" (construct a storm retention facility for this site and to handle additional run-off water) for approximately \$200,000, and the "Participant Project" which had an allowance for structural and nonstructural fill, excavation, drainage, rock removal and other site conditions. Staff anticipated the project

would be assessed at approximately \$6.5 million back in 2020. Cost overruns included rock and site conditions as depicted in the construction area along with the need to remediate conditions in the expansion area footprint to allow for future growth of the facility. Additional considerations for onsite storm water runoff and other unforeseen circumstances added to the cost overruns which came to \$227,860. On June 3, 2022 the assessment from the County came in at \$11,358,075. Scoular reached out to Mr. Williams regarding the additional costs and the reimbursement for eligible costs. He noted Section 6E of the original agreement which allowed for the increase to the agreed-upon \$450,000 for the Participant Project if the assessed value of the project area exceeded \$6.5 million; costs must be eligible. The costs have been reviewed by staff and deemed to be eligible and reasonable given today's construction environment.

Mr. Williams stated when Area 2 was closed out, a letter was sent to the County advising that approximately \$888,000 were held back for outstanding expenses and the possibility that the reimbursement level would be increased. At that time no formal documentation had been received nor had costs been verified. Since that time, the materials have been received and verified. Staff recommends a total reimbursement of \$863,318.90. The agreement called for annual payments for the reimbursement through 2029; with the district closing out early, the entire payment can be made in one lump sum. Mr. Williams stated any costs being reimbursed have been identified as eligible per the agreement signed in 2020.

Mr. Armbruster stated the timing was driven by the requirements under the statute and Tax Commission guidance when the termination process commenced in April 2022. At that time no information had been received from Scoular concerning what their assessed value as of 2022 nor direct information concerning cost overruns. When documents for termination were prepared, the agreement was referenced along with the maximum reimbursement of \$650,000. During that time, information regarding the assessed value was received along with updated cost information. This assessed value was higher than anticipated. Staff is comfortable with the decision to hold back those funds (\$888,000) and the County was so advised when a payment was sent to the County on September 30, 2022, and staff finds the request to provide the additional amount of participation to be appropriate. Mr. Armbruster added that the Agency has had a standard practice of looking at a 10:1 ratio in terms of investment and return, and this project has exceeded that ratio. Additionally, by closing out early, the other taxing entities will also take advantage of the \$11 million assessment imposed in tax year 2022 which taxes will be received in 2023. Upon inquiry by Commissioner Craig, Mr. Armbruster stated there are restrictions on using monies from one district to another which is why those reserves were held back when closing out Area 2. Additionally, the termination documents also included reserving \$25,000 in FY2023 for administrative expenses. Mr. Williams added that approximately \$20,000 of those reserves remaining will be held until the end of FY2023 and then returned to the County to be disbursed among the taxing entities.

Commissioner Craig made a motion to approve the reimbursement to Scoular in the amount of \$863,318.90. Second to the motion was made by Commissioner Hess. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Cone, Commissioner Craig, Commissioner Fraser, and Commissioner Hess. **NAYES:** None.

LEGISLATIVE UPDATE:

Mr. Armbruster advised the State of the State by the Governor will be on Monday and then the legislative session will begin. There will be approximately 50% new members in the legislative chambers along with several chair position changes, committee assignments, etc. Mr.

Armbruster stated there will be an effort to deal with administrative rules that should take some time, and with new members there may be personal bills presented. A long session is anticipated although there has not been talk regarding urban renewal; the impact of any property tax relief would impact urban renewal agencies. The Jerome Urban Renewal Agency is part of the Redevelopment Association of Idaho, and there will be representation at the session to distribute weekly reports and updates throughout the session. Staff will be advised of any changes or areas of concerns. Upon inquiry by Commissioner Craig regarding committee assignments, Mr. Armbruster stated assignments are arranged already and Mr. Williams stated newly elected Representative Jack Nelson serves on the Education and Agriculture Affairs committees.

STAFF REPORTS:

Mr. Williams provided reports on activities in the various URA areas. In Area 3, he stated the College of Southern Idaho (CSI) has hired an architect for design of their new project, and they are also contracting with a Construction Manager/General Contractor (CMGC) for the project. He spoke of the various rumors circulating regarding the project and confirmed funding for the project is in place. Activity on the site is expected in mid to late summer once the project is designed and bid out for construction. The other phase of the project appears to be moving along; staff is working with the potential developer (New Earth Development) to negotiate a timeline for construction, and the goal is to present terms pertaining to the assignment for the board to consider at the February URA meeting. If neither party can agree to terms, the existing agreement with Summit Creek Capital will be terminated and the process for that portion of the project will start over. However, staff is hopeful of positive developments in the coming weeks and the ability to amend the development agreement if the board agrees to new agreement terms.

Regarding the multi-family project on S. Lincoln, development of the property has commenced, and Mr. Williams anticipates framing to begin this month despite a few unexpected findings underground (a large lava tube, old home foundations and buried garbage). The development agreement for this project was specific in terms of eligible reimbursement costs, and the developer will submit costs for site remediation if said costs are deemed eligible. Staff will meet with the developer to review streetscape standards and the design plans. For downtown projects, Mr. Carpenter issued a Request for Qualifications for engineering services; five responses were received and if qualified, the firms will be placed on a roster. Strengths and experience will be assessed on each firm for the type of streetscape work desired, and a firm will be recommended for approval by Council to begin design work.

Mr. Williams briefly spoke of the Rich Thompson Trucking site and stated the building for their carwash facility has been erected. There have also been several site work improvements at that location (formerly the Jerome Cinema). The police station project is on schedule with approximately 80% of the interior building sheet rocked. Exterior work will begin in March and staff is hopeful the police station will be ready for occupancy in late May. Curb, gutter and sidewalk work will also be done and will match up with the work completed at the tennis courts. Mr. Williams stated the other downtown work (1st Avenue, Avenue A, etc.) will most likely commence late in the year or early 2024.

Western Dairy Transport is located in Area 4, and Mr. Williams stated that project is 95% complete. There was a slight delay due to mechanical and ventilation issues which are being addressed, and they anticipate a May opening. Nelson-Jameson has foundation poured and work is progressing there. Idaho Milk Products (IMP) is still in their due diligence phase on potentially new facilities on their site. Mr. Williams stated he spoke with Mr. Armbruster along with a

financial advisor regarding financing to support a large investment. The total investment will result in significant tax opportunities for public improvements. If this development should occur, the Area 4 plan will need to be amended as many of the activities will require the expansion of the City's wastewater system. He also met with staff to discuss what would be needed to accommodate the project, and if IMP proceeds, the project will take approximately 2-2½ years to complete.

In Area 5, Mr. Williams provided an update on the park project and stated staff anticipates receiving estimates from EHM Engineering related to the infrastructure portion of the project before the project goes out to bid. Additionally, bidding will take place for the actual improvements to the site (dirt work, facilities on the site, etc.) and he is hopeful construction will begin in the spring. The park has yet to be named and that process will begin soon. The entitlement process is still happening; the annexation of the property is complete, and the final rezone request will go before Council on the 17th. Mr. Williams stated Kushlan Associates are assisting with the Eligibility Report for the newly annexed portion of the property to be moved into the existing Area 5 (to be amended).

The Milk Specialties Global (MSG) project is progressing. The construction value is approximately \$50 million, and Mr. Williams expects a significant tax increment increase. In previous discussions with Magic Valley Quality Milk Producers (MVQMP) and MSG, reimbursements for eligible costs (site work, rock removed, etc.) were discussed and the process for reimbursement was reviewed with them. MVQMP will own the building and its contents and lease to MSG. Mr. Williams noted that reimbursement agreements are with property owners. Structural and non-structural fill, rock removal and other site characteristics were listed as expenses of approximately \$650,000 in the request for reimbursement. Staff, along with Mr. Armbruster, will compile the information for the board to consider prior to entering into a reimbursement agreement with MVQMP. Approximately 16 years remain in the district's life.

Also, in Area 5 is the gravity sewer line project. Projects have been staggered to prevent overloading staff, and the design for this project still needs to be completed. Mr. Williams is hopeful the legislature will focus on higher priorities and that there are no issues with urban renewal.

ADJOURN:

There being nothing further to discuss, Chairman Cone adjourned this January 5, 2023 regular meeting at 3:40 p.m.

Chairman Kathy Cone

Secretary Jason Peterson