

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:00 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 Vice-Chair Shonna Fraser Commissioner Jason Peterson, and Commissioner Bryan Craig. Chairman Kathy Cone and Commissioner B.J. Hess were excused.

Also present were City Clerk Bernadette Coderniz, Legal Counsel Ryan Armbruster, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, City Engineer Tyson Carpenter, and IT Technician Andy Newbry.

**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 May 4, 2023 regular
- B. Review and approve claims for June 2023
- C. Review and approve staff financial reports for May 2023

City of Jerome, \$1,557.84; Elam & Burke, Inc. \$9,477.41

Commissioner Craig 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 Peterson, Commissioner Craig, and Commissioner Fraser. **NAYES:** None.

**RESOLUTION NO. 04-23 AND RESOLUTION NO. 05-23:**

Mr. Williams spoke of the development agreement and assignment of the Summit Creek Development proposal to New Earth Development (NED). Dennis Hourany and Otilia Ballo, representatives from NED, were in attendance to provide an update to the project and discuss options with the board. Mr. Hourany stated their staff had been working through the agreement and reviewing City codes to ensure compliance with development procedures and requirements. He spoke of concerns within the agreement including the restriction on their ability to sell the units. Their goal is to build the units and lease them out as investment property. However, the debt market to fund the units is unclear, and they use their own capital to fund the units; once the first phase is done they go to the market for long-term debt financing. The future of the market is uncertain, and if funding is not attainable NED would need to get their capital back to keep moving forward by selling the units individually.

Mr. Hourany stated that they still own every unit they have built with the exception of those designed specifically for sale. Their business model and intention is to own the units built. However, they would seek another option for financing if unavailable in the market. Extensive

discussion ensued regarding the agreement and option to sell units after development is completed. The discussion involved board members questioning the intent of the developer, and the developer responding accordingly. Topics of the discussion included: the fact that the land on which these units will be built is at no cost to the developer; higher rents in Twin Falls while the cost to build in Jerome is the same (therefore, a greater risk to the developer to build in Jerome); potential growth in Jerome but the need for a risk mitigation tool (i.e. option to liquidate if project fails); the ability for a lender to 'take back' individual units rather than an entire project; another local for-rent project in town that will be owned by a single owner; the agreement calling for time constraints and the commitment which create risks; the option of the Agency selling the property on the open market rather than to the developer if units will be sold individually after development; the Agency's commitment to setting infrastructure at no cost to the developer; two years' time to finish the first phase of the project; URA funds invested without the ability to capture increment value if the units are individually sold and homeowner's exemptions are applied; a reimbursement agreement for costs incurred by the developer; the developer funding the outlay for the improvements; market conditions and a potential extension on construction times; the need to wait on construction while other developers are moving forward with projects; the board's perspective in terms of attaining affordable housing in Jerome and making good use of the property; individual ownership and potential loss in value; no reason for the URA to assist with infrastructure if the lots are sold individually; the reason for housing in downtown and the Agency's goal of providing housing to the community; and, Covenants, Conditions and Restrictions (CCR's) placed for exterior improvements to the individual lots if sold as such. The board was clear in that an agreement to sell off the property as individual lots would not be approved. Mr. Williams stated the agreement will be considered further and the board will come to a final decision at the next meeting.

### **LEGISLATIVE UPDATE:**

Mr. Armbruster stated the tax commission is undergoing a comprehensive rewrite of its rules, and the property tax section of the rules do reference urban renewal. He is hopeful the final product will be user-friendly for urban renewal projects.

A meeting was held in Twin Falls with the tax commission regarding concerns for the provision of the statute which requires highway district approval if an urban renewal project is in a geographic area where the city does not control all or part of the road system. There has been some reaction from local highway districts regarding the actions of other cities for projects in terms of getting highway district approval prior to approval of an urban renewal area plan.

### **STAFF REPORTS:**

Mr. Williams spoke of the highway district issue and noted the road included with the property recently annexed into the Area 5 plan is under a maintenance agreement and is not affected by the statute.

Regarding Area 3, Mr. Williams stated staff is working through an agreement with J-U-B Engineering for downtown improvements on Main and Lincoln, Avenue A and Alder. The agreement will be separated into parts with work on A and Alder to be started as quickly as possible. Staff is waiting on approval from the Idaho Transportation Department (ITD) regarding the scope of work for Main Street; the portion of highway from Birch to Buchanan will be reconstructed rather than repaved. At the intersection, old concrete beneath the surface is causing the intersection to heave upwards. The signal lights may also be redesigned and upgraded.

Construction agreements with the City have been signed for Areas 3 and 5. Upon inquiry by Commissioner Craig, streetscape design (i.e. planters) will be included in the agreement with J-U-B Engineers. The Rennison project (housing units located to the south of Dairy Queen) are progressing, and staff is hopeful the units will be ready to rent out by year end. Upon inquiry by Commissioner Craig, Mr. Williams stated the retail pad will be in place, but he could not confirm if the pad would be gravel or cement. Additionally, the siding of the buildings will be painted and have accent colors. The colors were approved during the design review process at Planning and Zoning, and a reimbursement agreement for infrastructure is in place and contingent upon the product meeting City standards. Also in Area 3 is the new College of Southern Idaho (CSI) building, and Mr. Williams stated he recently spoke to an architect regarding pre-development and design plans that will be forthcoming.

Area 4 activities include the Nelson-Jameson project construction; walls will go up this week. Western Dairy Transport is occupied and functioning. In Area 5, Mr. Williams stated Milk Specialties Global received their Certificate of Occupancy from the building official, and processing is expected to start within the next few weeks. A tour of the facility will be scheduled for the board in the near future. The new park project south of town is moving forward with dirt movement along Nez Perce.

Mr. Williams stated that CSI has formally announced their new soccer program, and staff continues to work with them on getting the right amenities for that facility. Elements of Phase II are still being considered (i.e. bathroom facility and playground conceptual designs). Designs will be presented to all parties involved (City Council, URA board and Jerome Recreation District board) for approval. Additional funding will be sought for the project in the form of a Community Development Block Grant (the City received grant funds for the tennis courts and Main Street sidewalk projects). Mr. Williams explained the state was recently given Coronavirus Aid, Relief and Economic Security Act (CARES Act) monies, approximately \$4-\$5 million, and put it into the CDBG process; funds are expected to go towards parks. Staff will put application materials together and submit for grant approval by September 18<sup>th</sup>.

Mr. Williams briefly spoke of the gravity sewer line and various routes considered near Jerome Cheese down to the H Street Lift Station when Jerome Cheese was contemplating an expansion approximately five years ago. A verbal agreement was agreed upon between the City and Hilex Poly whereby a preferred route for the gravity sewer line would run alongside their rail spur, through the cemetery and to the lift station. The expansion project failed to materialize, and the City did not record any easements at that time. Mr. Williams and Mr. Carpenter met with Hilex Poly and learned that the property was sold to another company and leased back to Hilex Poly. There may be options to get the gravity sewer line completed although they may not be as ideal as the preferred route previously discussed. Additional conversations with the new owner (corporate office in New York) will continue as they also own the property to the east of Hilex Poly.

Upon inquiry by Commissioner Craig regarding the discussion with New Earth Development earlier in the meeting, Mr. Williams stated he had previously communicated the board's concerns to them prior to the meeting. While they have a good product for the community, the concerns of the board are valid and must be considered when taking on the agreement assignment. Additionally, should New Earth choose not to move forward with the project, Mr. Williams believes other developers will show interest.

**ADJOURN:**

There being nothing further to discuss, Vice-Chair Fraser adjourned this June 1, 2023 regular meeting at 3:41 p.m.

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Chairman Kathy Cone

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Secretary Jason Peterson