

This regular meeting of the Jerome Urban Renewal Agency was called to order at 3:08 p.m.

Present were Chairman Gary Warr, Commissioner Shonna Fraser, Commissioner Bryan Craig and Commissioner Jason Peterson. Commissioner Kathy Cone joined by teleconference.

Also present were City Clerk Bernadette Coderniz, City Administrator Mike Williams, Finance Director Ross Hyatt, Accounting and Budget Manager Lori McCrae, Planning and Zoning Manager Ida Clark and City Engineer Tyson Carpenter. Legal Counsel Ryan Armbruster joined by teleconference.

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 8, 2021 special meeting
- B. Review and approve claims for August 2021
- C. Review and approve staff financial reports for August 2021

City of Jerome \$1,108.52; Elam & Burke, Inc. \$1,443.45; EHM Engineers, Inc. \$5,882.70

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

ADOPT FY2021-22 TENTATIVE BUDGET, AUTHORIZE HEARING 8/19/21:

Ms. McCrae appeared before the board to review the tentative FY21-22 budget and past activities for each Area impacting increment values: Idaho Milk Products expansion in Area 2; Commercial Creamery project in Area 3; and, Magic Valley Quality Milk expansion in Area 5. There were no projects in Area 4 and increment values are due to property value increases. Activities that will impact the budget in FY2022 and beyond include completion of the Scoular Project in Area 2; Ms. McCrae does not anticipate expenses this year but possibly in 2023. Additionally, staff will be preparing for the close out of Area 2. In Area 3, the Blocks 55/56 project will increase the increment value over the next year along with the Rennison Company project on S. Lincoln and the Agency's contribution to the Shepherd's Park project. The Commercial Creamery reimbursement payment will be approximately \$68,000; the agreement should be paid in full by FY2023. Ms. McCrae noted that there were no specific projects to speak of in Area 4 although the Nelson Jameson and Western Transport projects should increase Area 4's value once completed. In Area 5, the Agency is looking into purchasing property.

Regarding general expenses, Ms. McCrae stated that shared revenues and expenditures will be allocated based on activity for the FY2022 budget: Area 2, 36%; Area 3, 49%; Area 4, 5%; and Area 5, 10%. Shared revenues include the property tax replacement of \$11,619 and estimated interest (listed as "other revenues") of \$2,200. Shared expenditures include

professional services: attorney services including contracts for reimbursement agreements and the close out of Area 2; and, auditing services. Administrative services of \$13,000 are also shared expenditures along with liability insurance, Redevelopment Association of Idaho dues and the annual economic development funds payment to the City.

Ms. McCrae briefly reviewed highlights of each URA area. The increment value in Area 2 increased by \$1.3 million, and staff estimated that FY2022 revenues would be approximately \$2.2 million. She noted the increase in professional services for Area 2. The interest expense/debt service payment of \$113,786 will be the final payment in FY2022; there are no scheduled reimbursement payments. In Area 3, Ms. McCrae spoke of the increase in increment value by \$1.4 million from FY2021 plus an increase in revenues. Expenses include professional services and economic development support. The increment value in Area 4 increased \$190,500 and \$28,100 in revenue is budgeted for FY2022; expenditures also include professional services and economic development support. In Area 5, the increment increased \$4.6 million and \$311,750 in revenue is projected. Allocated expenditures were provided to the board for review.

Regarding projected fund balances, Ms. McCrae reminded the board that any reserve balances are budgeted under capital outlay for unforeseen projects. She reviewed projected figures for each area with no capital expenditures for the year.

Commissioner Craig made a motion to adopt the FY2021-22 tentative budget and authorize publication of the notice for a public hearing for August 19, 2021. Second to the motion was made by Commissioner Fraser. After consideration the motion passed unanimously by the following vote: **AYES:** Chairman Warr, Commissioner Cone, Commissioner Fraser, Commissioner Craig and Commissioner Peterson. **NAYES:** None.

LEGISLATIVE UPDATE:

Mr. Armbruster stated that an organizational meeting of the Property Tax Interim Committee is anticipated this month. They may begin in earnest in September, October and November to forge through additional ideas concerning property tax reform and concerning urban renewal. Co-chairs of the committee (Senator Rice and Representative Addis) went to Nevada with members of the county association and two assessors to see how Nevada assesses residential property (possibly based on replacement costs of a structure rather than market value by way of sale). The result in new legislation from efforts of the two legislators remains to be seen. Upon inquiry by Commissioner Craig, Mr. Armbruster confirmed the notion that replacement costs of a structure are less than the market value, however, with rising construction costs this may not be the case.

STAFF REPORTS:

Mr. Williams commented on the uncertainty of any corrections to the new property tax legislation relating to the closing of URA districts. Staff will have to consider existing legislation when deciding on whether or not to close out Area 2 next year. Mr. Williams spoke to the Idaho Association of Counties Director, Seth Grigg, who was involved in negotiations with the property tax bill. He stated that Mr. Grigg spoke of a commitment with Representative Moyle to work together and revise the property tax legislation in next session. The board can still recommend closing out Area 2 and City Council would have to adopt an ordinance related to the action. However, the inability to collect full value of the new construction would be detrimental to local governments.

Projections on Area 5 and Area 3 were provided to the board, and Mr. Williams spoke of forecasted revenues and expenditures when URA plans are put in place. For example, when Area 5 was developed, staff made projections based on the Magic Valley Quality Milk Products (MVQMP) facility. The incremental value projected for 2022 was \$16 million and the actual value came in at approximately \$17 million. However, the majority of Area 3 was already developed but with no projects in place. Increment value projections for Area 3 were approximately \$16 million, and the actual value is higher with the annual budget nearing \$300,000. Two significant projects are expected for Area 3 (Blocks 55/56 and the Pacific Company project on S. Lincoln). Mr. Williams stated that all areas are doing well and following trends forecasted several years ago. With significant funds in Area 3, many improvements contemplated in the plan can now be considered. He provided a summary of projects for Area 3 (i.e. street improvements, landscaping on arterial and collector roads, drainage improvements, parking facilities and improvements, etc.). Once projects are in contract and reimbursement agreements are in place, Mr. Williams believes that there will be an opportunity for advanced funding. He commented on Area 5 projects and the larger budget. Much of what was contemplated in the plan was to support industrial growth (i.e. MVQMP project, sewer improvements, park development, property acquisition, etc.). With accumulating revenues there are possibilities for advanced funding to complete projects sooner rather than later at the discretion of the board. At this time, projections are on track to get things done. With the effective date of Area 5, there can be no deviation from the original plan without negative consequences (amending the plan would reset the base). However, the plan for Area 3 can be amended if needed for additional projects.

Upon inquiry by Commissioner Peterson regarding Area 4 and the eighty acres of bare land and development around it, Mr. Williams stated that some lots within those eighty acres are owned by Idaho Milk Products (IMP). They have indicated that over the next ten years or so they will be expanding significantly on those lots. The Area 4 budget included expansion somewhere throughout the life of the area plan and that most projects contemplated were for wastewater and water improvements to accommodate an expansion. IMP has purchased additional property, and they have been aggressive in acquiring additional dairies. If an expansion comes to fruition, Mr. Williams stated there would be time to provide infrastructure to support it; power improvements may also be necessary for an expansion. Mr. Williams pulled up the Area 4 plan and noted the allocation for water and sewer system improvements. Should IMP choose to expand the Agency can amend this plan to accommodate the improvements.

Mr. Williams stated there is little left to be done in Area 2 and the board could consider closing it out. He spoke of one small project: a cul de sac on S. Davis Street that was not completed due to unknown developments at the time of the road's construction. Scoular has their new facility and Mr. Williams stated it makes sense to get the cul de sac completed. Mr. Carpenter stated that the project would be approximately \$50,000 if not less and could be completed before the area is closed out. The cul de sac to the south of the road was also not constructed and is adjacent to Area 4. Once the Nelson Jameson facility is complete, staff will have a better understanding of what type of access is needed and road improvements can be done with Area 4 funds if the board so chooses. He also spoke of a water line along Yakima that has yet to be connected to main lines. With improvements in Area 4 (Western Transportation and Nelson Jameson) expected to increase the Area's taxable value, the south cul de sac on Davis and the water line on Yakima can be completed through Area 4 funds. Brief discussion ensued regarding the completion of the small cul de sac project to the north including who would do the

construction, when it would be completed and who would pay for it. Staff anticipates that Western Transportation will begin construction in this fiscal year while Nelson Jameson will most likely break ground in the spring. Mr. Williams will be meeting with their project manager and Jerome 20/20 Executive Director Larry Hall for more information.

In Area 3, Mr. Williams provided two updates. He showed the design concept for the Lincoln Courtyards North to the board. A permit application and plans have been submitted for staff review. Staff has identified projects that would be eligible for reimbursement and he expects that figures will be available for the next URA meeting. Public improvements to be considered include water lines, sewer line repairs or upgrades, power improvements, curb/gutter/sidewalk, paving, landscaping and streetlights, crosswalk safety enhancements and a digital message center (reader board). Details of the project scope and cost will be provided to the board next month. An aerial view of the project was also shown to the board, and Mr. Williams stated that reimbursable improvements will be items that occur in the right-of-way. Design standards for the public plaza and alternatives for pedestrian safety (flashing lights, for example, to grab attention to traffic) will also be reviewed with the developer. An aerial map shown to the board outlined areas of anticipated improvements, and a list of detailed costs is expected. When the project was initially presented to the board, it had an estimated taxable value of \$10 million for both locations. Today, the project is now at one location and smaller than originally presented, and the cost of construction has increased. The developer has estimated \$7-\$8 million in construction value, and a 10% match would be \$700,000-\$800,000. Mr. Williams believes the developer is focused on the residential portion of the project with approximately one quarter acre reserved for future commercial development.

Regarding the project on Blocks 55/56, the environment of the project has changed somewhat with the commercial portion of the project. Due to its nature and impact on the community, there are opportunities to save on site work costs if done simultaneously with the residential portion or even before the residential portion is started. Dr. Fisher with the College of Southern Idaho (CSI) will be making a public statement in September for their intent to negotiate this project and have it announced in November. A third party is in negotiations with CSI for a shared use of the facility. The impact of the commercial project is what the staff wants to see for downtown.

In Area 5, the plan includes allocation for property acquisition and park development, and staff has been pursuing opportunities for this. Negotiations are underway with a property owner and due to deed restrictions on the trust the property will not be available until Winter 2022. A Memorandum of Understanding (MOU) is being developed for the property owner as they still intend to move forward with the sale. Once available the MOU will be presented to the board. There have been discussions regarding the park project in Area 5 previously, and it is clear that the property can be purchased with Area 5 funds. Mr. Williams spoke of options to pay for improvements including Area 5 funds or advanced funding options. He stated the City will be forming a committee to develop alternatives and potentially bring the City and Jerome Recreation District in as partners for this project. The City received approximately \$2.5 million through the American Rescue Plan along with documents pertaining to use of the funds. It was determined that the funds can be used for park improvements or development if certain criteria are met. While the property does not fall within a "distressed census tract" (lower median income level area) it would serve one nearby. If the committee determines that this project is a good use of the American Rescue funds, the City could use said funds to invest in open green space as there is little green space south of Main Street. The project could be done sooner than the anticipated 3-5

years because of the unanticipated and newly available funds. This type of project is eligible for the funds and encouraged.

Mr. Williams stated that Area 2 has been successful and if corrections are made to the legislation the Area can be closed and local government budgets will be increased while property taxes will decrease. Upon inquiry by Commissioner Craig, Mr. Williams stated that Thompson Trucking has received their Special Use Permit through the Planning and Zoning Commission. Ms. Clark stated that the applicant submitted a permit request to remodel the existing building (old cinema) and once demolition is completed they will start with reconstruction of the interior of the building. Mr. Williams stated that the applicant reached out to Jerome 20/20 regarding available incentives to assist with public improvements (curb/gutter/sidewalk and improvements along West Blvd). There must be increment in order assist with improvements, and Mr. Williams stated that funds are accumulating with approximately \$750,000 by the end of this fiscal year. He noted that some improvements may be paid for with cash rather than a reimbursement agreement. Upon inquiry by Commissioner Craig regarding the collapse of the Marshall building, Mr. Williams stated that the building must be demolished.

ADJOURN:

There being nothing further to discuss, Chairman Warr adjourned this August 5, 2021 regular meeting at 4:04 p.m.

Chairman Gary Warr

Secretary Jason Peterson