

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

July 18, 2019

Regular Meeting Minutes

Council Chambers

Call to Order: Lee Radford called the meeting to order at 12:00.

Members Present: Lee Radford, Kirk Larsen, Brent Thompson, Thomas Halley, Teri Gazdik, Dave Radford (late)

Members Absent: Chris Harvey

Also Present: Mayor Casper; Brad Cramer; Ryan Armbruster Esq. (via telephone); and interested citizens.

1. Modifications to Agenda: Armbruster stated that Item 6 needs a motion to formally add it to the Agenda as it was posted close the 48 hours' notice.

Thomas Halley moved to add as an action item, item No.6, Request for Assistance with Curb and Gutter for Taylor Crossing, for the reason that the item was added close to the 48 hours' notice requirement, Brent Thompson seconded the motion and it passed unanimously

2. Minutes June 20, 2019: Brent Thomson moved to approve the minutes for June 20, 2019, Teri Gazdik seconded the motion and it passed unanimously.

3. Approval of Expenditures and Financial Report. Lee Radford presented the Finance Report dated July 18, 2019. The following bills were presented to be paid from the Snake River Revenue Allocation Fund: Rebecca Thompson, \$70.00 preparation of Minutes; Elam and Burke, \$1,020.00 for legal; Idaho Falls Downtown Development Corporation, \$19,802.00 (Parking Infrastructure) and \$90,171.48 for Downtown Street Corners; JM Concrete, \$280,015.35 for concrete on Broadway; B&T Hotels \$331,529.00 for payment on Tru Hotel.

Thomas Halley moved to approve the Financial Report dated July 18, 2019, Kirk Larsen seconded the motion and it passed unanimously.

4. Review of Draft Fiscal Year 2020 Budget. Radford indicated that they need to tentatively approve the budget and set the public hearing date for August to Complete the procedure. Armbruster agreed that they need a motion after the discussion, to direct Mark Hagedorn and Brad Cramer to make any changes to the proposed Budget and to coordinate the publication setting the public hearing date for August 15, 2019.

Mark Hagedorn indicated that they are presenting the draft for publication in the newspaper. Hagedorn indicated that the Snake River Revenue is listed as \$0 so that it can show that it has been closed. Hagedorn indicated that the revenues are broken down into Property taxes, and other revenues; expenditure types with general administrative expenditures, capital improvements, OPA. Hagedorn indicated that the budget was prepared based on last month's discussions. Hagedorn indicated he did make the changes requested using the term available cash balance, instead of cash needed to balance the budget.

Gazdik asked on the Termination Budget and the expenditure for Capital Projects of \$995,000 is it projected as an expense or is that the balance that will be returned at the end. Hagedorn stated that is the capacity for you to have options to spend and what is returned or spent is up to the Board. Hagedorn indicated that if you leave it in revenue in excess of expenditures, then you are not allowed to spend it. Cramer stated that there is one project in the District that is estimated to take around \$800,00 of the money.

Thompson asked about the budget items on Eagle Ridge and Jackson Hole of \$30,000. Hagedorn indicated that is capacity and they expect to start getting some money. Cramer stated that he has been in contact with the developer on Eagle Ridge project and they are ready to begin receiving reimbursements on the OPA. Cramer stated that within this FY they will start the OPA payments. Hagedorn indicated that this does display a shift in the budgeting process, and they are being less specific in order to have room to make changes in the projects and priorities throughout the year, so they have budgeted the cash balance to leave options.

Hagedorn indicated that they will publish August 4 and August 11 in the Sunday newspaper unless they choose to publish along with the City on July 28. Armbruster indicated that is an administrative detail. Armbruster suggested that they stick two footnotes in relationship to the Snake River Allocation Area to show that any misc. administrative expense that may have been allocated will be covered through the remaining general administrative funds, and the funds remaining will be distributed to Bonneville County for disbursement to the Districts.

Gazdik asked if they are missing the Pancheri Yellowstone proposed budget. Hagedorn noticed the problem and will make the change. Armbruster stated that they will need two separate motions, one to adopt as presented the tentative budget and authorize Mark and Brad to move forward with publication and set the hearing date; second, for Pancheri Yellowstone that breaks down the expenditures in Pancheri to be spent in 2020 as that District will close as of September 30, 2020.

Brent Thompson moved to approve the Tentative Budget as presented and discussed with changes the proposed Budget for Fiscal Year 2019/2020 and authorizing Agency Staff to take the necessary steps to publish the notice, establishing the public hearing date for Thursday August 15, 2019, Terri Gazdik seconded the motion. Radford called for roll call vote: Aye: Larsen, Gazdik, Hally, Thompson, L. Radford; Nay: none. Motion passed unanimously.

Kirk Larsen moved to approve the tentative termination budget for the Pancheri Yellowstone Project Area, authorizing Agency Staff to take the necessary steps to publish that notice and set the public hearing for August 15, 2019, Terri Gazdik seconded the motion. Radford called for roll call vote: Aye: Larsen, Gazdik, Hally, Thompson, L. Radford; Nay: none. Motion passed unanimously.

5. Request for Modification of Grant Participation Project for Dr. Lee Medical Arts Building.

Dr. Bryan Lee's. Dr. Lee was born and raised in Eastern Idaho. Dr. Lee is an oral maxillofacial surgeon. Dr. Lee went to Dental School at Creighton and Medical School at Louisiana State University, which is ranked the busiest program in the Country. Dr. Lee is trained to do joint replacements for TMJ disorders, corrective jaw surgeries, facial cosmetic surgery, etc. Dr. Lee stated that there is not currently anyone in the area that practices the scope of his practice in this area. Dr. Lee went to Rexburg intending to open a satellite office, and then come to Idaho Falls to open the main office. It has taken him 9 years to get the time to work on his Idaho Falls building. Dr. Lee intends to recruit a partner with similar skills and grow the depth of what is offered in Idaho Falls. Dr. Lee started engaging with this property at Taylors Crossing and decided this is the best location for a medical building. Dr. Lee indicated that they initiated

and did a letter of intent to purchase the property in June 2018. Dr. Lee indicated that since then they have been waiting for the plat to be created, approved and recorded with the City. Dr. Lee engaged with Morgan Construction in December 2018 and signed a contract to build the building. Dr. Lee indicated that in April and May they make a proposal with IFRA to building something and get help to develop the site with regards to removal of lava rock with the deadline of the end of September. Dr. Lee indicated that the building climate is making it impossible to get the building to an acceptable point in that short of a time period. Dr. Lee did a geo tech survey in May and it showed what they were up against in doing the project and it is estimated to have \$150,000 of lava rock to be removed. Dr. Lee indicated that there is \$80,000 of architectural fill brought onto the property to make it able to be paved for site development. Dr. Lee indicated that they have a water drainage issue that is working out, but it will present an additional cost, as well as utility costs to bring them to the site. Dr. Lee indicated that all of the things cost approximately \$250,000 to get the property ready to build on. Dr. Lee stated that will exceed his budget of what he can do on this property in the given time frame. Dr. Lee stated that he has to engage with a Civil Engineer, and they refuse to do the project with the given time frame. Dr. Lee cannot move forward with the project until he knows its feasible. Dr. Lee stated that he can get the lava blasted and fill dirt brought in by the end of September, but he cannot get the project done by September. Dr. Lee wants to develop this property but there are other available sites that do not need all the lava remediation in order to get to the property ready to build.

Cramer stated that they knew this timeline was going to be tight. Cramer stated that the normal condition for reimbursement is at the time of CO and this agreement states CO or framing inspection trying to give them the opportunity to blast the rock and get foundation and walls up. Cramer stated that it has become clear that is too hard of a timeline by Mid-late September given the amount of construction going and the availability of companies at this time. Cramer stated that they cannot extend the deadline, but if the Board was willing to consider a different point of reimbursement. Cramer reminded the Board they had previously approved \$150,000 for lava rock removal.

Armbruster stated that it is simply a practicality of how they could reserve funds to pay for expenses that slide into the next fiscal year. Armbruster stated that if they were thinking of doing that the budget form would have to show that and would have to make note of it somewhere. Armbruster stated that they have had a rare occasion where a small amount has slid into the next fiscal year for totally unforeseen circumstances. Armbruster stated that making concession for it creates a difficult paper trail and notice to everybody. Armbruster stated that the Board can define a different trigger and it can be linked to something like issuance of a permit.

Radford stated that on September 30 they can return approximately \$900,000 that includes this \$150,000 expenditure. Gazdik asked Dr. Lee if they can approve the \$150,000 what is his appetite moving forward knowing he still has another \$100,000 to make up. Dr. Lee stated that at some point the scales tip towards unfavourability. Dr. Lee stated that he would intend to move ahead quickly and meet the September 30 deadline if they can get the approval. Dr. Lee stated that he can justify the additional expense. Gazdik clarified that Dr. Lee is alright with the additional \$100,00 expense. Dr. Lee stated that based on the site and location it can be justified.

Radford stated that the Board has generally not wanted to pay to blast rock and they have wanted some assurance that something was going in to have property tax value. Radford asked for a solution. Gazdik asked about a blasting permit for the project. Radford stated there is not permit, just an estimate from Morgan Construction. Larsen asked if there are existing funding sources for the remainder of the project and can the Board receive confirmation about the funding sources. Larsen stated that if there is assurance, if the Board puts in \$150,000 then the rest of the project to completion has funding sources.

Dr. Lee indicated he has not got a complete and total project cost, and once they have assurance from the Board, the Bank can provide a letter that they can fund the remainder of the project. Dr. Lee indicated he has no intention of buying a property at this cost, and then letting it sit. Dr. Lee stated that once the lava is taken out and the fill is brought in, he would lose money if he sold the property. Dr. Lee indicated he has every intention to move forward and build his building. Dr. Lee stated that anyone that wants to build on that property will have to remove the lava, and it is a deterrent for anyone developing the property. Dr. Lee is willing to do what needs to be done and remove the lava and get the utilities in and get the site developed and that will be win for the City.

Radford asked if Dr. Lee would be willing to personally agree that if the Board approves the \$150,000 and the building did not get completed, that Dr. Lee would reimburse the Board. Dr. Lee indicated he would absolutely be willing to personally agree to put in the contract that if the building was not built in 2020 that he would have to write a check for a refund.

Thompson and Hally both agreed that Dr. Lee's agreement to reimburse the Board adds assurance that the Board is not at risk for the \$150,000. Armbruster stated that he can move forward with that contract. Armbruster stated that the \$150,000 has been in the proposed expenditures for some time now. Armbruster indicated they need to avoid going back and changing anything that is already approved because the last step of the termination process is the City Council approval. Armbruster stated they might need to tweak that document to recognize the \$150,000. Armbruster stated that the grant still needs a trigger for reimbursement and the trigger has to be before September 30 as well as a drop-dead date if the property is not developed by a date in 2020 then the participant is obligated to return the money. Armbruster stated that it would be a 2 -page amendment to the existing agreement and have it ready for the August meeting.

Larsen asked Dr. Lee what deadline he could meet by September 30. Dr. Lee stated that he is not in construction and that would be difficult to know the availability of different contractors he is at the mercy of. Dr. Lee stated he would proceed forward immediately after this meeting. Dr. Lee stated that Morgan Construction would be the people to ask for a time frame.

Ryan, Morgan Construction. Ryan asked if the plat is signed. Lorin Walker indicated that the plat is signed and done on his side. Ryan stated that the plat has to be done and over before the purchase can be completed. Ryan stated that there has to be a civil engineer engaged to get the design done in order to know where to do the blasting. Ryan stated that without all the contracts in place and knowing that the ground is taken care of, it is hard to commit to a date.

Mayor Casper indicated that she brags about the work the IFRA Board does and the manner in which they carry out their decisions. Mayor Casper stated that they are conservative in their commitments. Mayor Casper stated that the IFRA Board has always tried to enhance the taxable value in Bonneville County. Mayor Casper stated that the rule that requires CO has been a very conservative rule to ensure they are getting the property tax value. Mayor Casper stated that as the District is closing any parcels left that have lava rock as an impediment to utility lines and future development, and that development won't happen, and that property will not turn over as it will not pencil, and they will have vacant lots. Mayor Casper urged the Board to consider relaxing the standard in order to close the District out with as much developable property as they can.

Radford stated that this property will pay off for the City and County in 5 years. Radford stated that they are at a difficult point and if they can get the lava blasted it would be fine with the commitment from Dr. Lee. Radford is unsure of what trigger other than the blast to include in the Grant. Cramer indicated that

they could possible use proof of ownership; letters of credit; and letters of engagement from Civil Engineers and Architects for buildings.

Kirk Larsen indicated that if the Dr. had in hand contracts for engineering would that be an acceptable comfort level. Kirk Larsen asked where the money would go on September 30, if there is not a contractor to pay.

Thompson asked what the contemplated manner of purchase is, in trying to gauge the commitment of property ownership. Dr. Lee indicated that he is paying cash for the property. Lorin Walker stated that the contract is already negotiated. Thompson indicated that the purchase of the property could be the trigger point.

Gazdik asked if they have to physically release the funds before September 30. Gazdik likes the idea of transferring ownership to a third-party agent to hold the funds. Armbruster stated that they could do it, and it would require an escrow account being set up with specific escrow instructions, and that prevents the funds from being taken by the private entity.

Lee Radford asked Dave Radford if the County would be opposed to the Board holding the \$150,000. Dave Radford asked Armbruster about the amount of time before an area can be put back into an Urban Renewal District. Armbruster stated that there is nothing in the Statute about the ability to recreate a District, but this District has had a good job done in remediating blight and the findings could not be made that much of the current project area would be eligible for a new project area. Dave Radford stated he serves at the pleasure of the present Mayor and City Council. D. Radford stated that if there are triggers in place where the money comes back if the project doesn't happen is a good idea. D. Radford stated that if there is a deadline business can find a way to do it. D. Radford stated that he will not oppose the will of the Board on this project. D. Radford stated that the Board has been consistent with building property with infrastructure value and this project will have value.

L. Radford indicated his motion would be to continue the approval of the \$150,000 to remove the Lava Rock and as of September 30, 2019 those funds will be reserved until the lava rock is removed according to the plans, contingent upon proof of ownership.

Gazdik indicated that she would like to see the ownership of the property happen by September 30, 2019 and then blasting be completed by June 30, 2020.

Kirk Larsen would like the personal guarantee in the motion.

Thompson asked about an eventual CO. Radford indicated that they could release the personal guarantee upon the CO.

Lee Radford moved to continue the commitment to fund the \$150,000 for lava rock removal on the conditions that the \$150,000 will be held in reserve after September 30, 2019 until the satisfaction of the following conditions:

- 1. Ownership is in Dr. Bryan Lee's name before September 30, 2019;**
- 2. The Blasting be completed by June 30, 2020 according to the blasting plans;**
- 3. Personal guarantee in place by September 30, 2019 from Dr. Lee that he will repay the \$150,000 if the building is not completed, with a release of the personal guarantee upon the receipt of a CO.**

Thomas Hally seconded the motion, and it passed unanimously.

6. Request for Assistance with Curb and Gutter Relocation.

Lorin Walker, Taylor Crossings. Walker indicated that in front of Citizens Community Bank is where they are looking and this area gathers water shed from Utah Ave. Walker stated they are wanting to widen it because it is a narrow entry off of Utah, and it collects water at the entry. Walker stated that coming in and out of the area the water narrows the point of use. Walker is requesting that the existing curb be removed and pushed back 10-12 feet to the east and that would widen the opening. Walker stated that at the same time they would create a storm drain that would pull the water off the street. Walker stated that most of the project would take place within the City right of way. Walker asked the Board to participate in the improvement that would benefit both private and public. Walker indicated they are not asking for engineering reimbursement, or management improvements. Walker stated that the bids have come in ranging from \$19,000 - \$9,000. Walker is asking for an amount in the middle and they will keep the price as low as possible.

Cramer added that he met with staff and public works and they are aware and recognize it does need to be done and it was supposed to have been done with Culvers was developed and was on the site plan.

Thompson asked what the typical participation percentage for this project. Cramer stated that on roadways they have paid the full amount over time.

D. Radford asked about timing and deadlines. Walker stated that they would try to have it done in the next 60 days. D. Radford confirmed that Public Works has acknowledged it is a problem. Cramer stated that Public Works has reviewed the same images that are being shown. L. Radford stated that they heard about this issue on Tuesday and tried to get it on the Agenda quickly. D. Radford asked what participation amount is being asked. Hally stated that where he is not requesting engineering and management costs, they should set a dollar amount. Gazdik asked if there is a specific request.

Lorin Walker stated he would like to use the middle bid of \$15,000 and hopefully they can get it inside that amount with the Board paying 100%.

Thompson asked if there are concerns with the low bid contractor. Walker stated that he is always concerned with the low bid as they leave things out and he is more comfortable with the middle bid.

D. Radford asked if Walker has contacted Culvers and the Bank to see if they would participate. Walker stated that this was part of the original site plan through the City and for unknown reasons it was a piece that didn't get done. Walker stated that the Bank was involved at the time of development and Culvers was engaged and they support getting the gutter fixed.

L. Radford stated that it is an improvement to the lot that hasn't been developed, but it is part of the overall Taylor Crossing Site Plan.

Thomas Hally moved to allocate actual cost up to \$12,500 to remediate the condition that has been described, Brent Thompson seconded the motion, and it passed. Kirk Larsen abstained.

7. South Downtown Plan. Cramer indicated they have had a steering committee meeting, a design charate, two open houses, and have drafted the first part of the plan. Cramer stated that there is a lot of interest. Cramer stated that they should have a draft plan to the steering committee in a week. Cramer stated that there are a group of developers that have started purchasing properties in the area and they are on the steering committee. Cramer stated that the developers are interested in exploring a District at the right time.

8. EPA Brownfield Grant. Cramer stated that they have spent some of the money on environmental studies, and inventory of brownfields for the City of Idaho Falls. Cramer stated that next week they will have a community meeting open house to talk about how they intend to use the money. Cramer stated that in the fall they intend to start an area wide redevelopment and reuse plan for the Northgate Mile and 1st Street. Cramer stated that there are two developers that have met with Cramer and are engaged in building housing units along 1st Street.

9. Project Updates. Hally stated that the Governor, along with himself, Cramer and Mayor Casper, as well staff from Bateman Hall viewed the progress on the Bonneville Hotel. Hally stated that the governor spoke highly of the project and felt it was a good example of what urban renewal was designed for. Hally stated that they went to the 5th floor to see progress. Hally stated that there is a 3-bedroom unit, 2-bedroom unit, and the rest are 1 bedroom units. Hally indicated that they are completing the project from the top to the bottom. Hally stated that he was pleased with the progress. D. Radford indicated that a representative from Idaho Housing was present in the tour, and a representative from the Historical Society.

Mayor Casper indicated there were members of the media as well. Mayor Casper committed to do a nice historical look back at the grand opening. Hally stated that the Governor indicated he would return for the ribbon cutting.

Next Regular Meeting: August 15, 2019

Kirk Larsen moved to adjourn the meeting, Brent Thompson seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson