

# Urban Renewal Authority Meeting

January 5, 2023

**Called to order at 10:00 a.m.**

**Present:** Rob Graham (Vice President), Ken Dugas, Ryan Whitehead, Chet Halverson

**Not Present:** Katye Ames (President)

**Non-Committee members present:** Charles Bloom, Seth Lloyd, Lonnie Olson, Robert Chamberlin, Bruce Trembath, Valerie Pickard, Renee Smith, Stefanie Boster, Liz Becher, Stephanie White

**Minutes from last meeting approved:** The minutes from the October 6, 2022 meeting were approved.

**Audience Business:** none

**Old Business:** none

**Election of Officers:** Mr. Bloom notified the board that the agenda needed modified to allow for the election of officers. The positions up for election are as followed: Chair, Vice Chair, Secretary, and Treasurer. Chet Halverson nominated Katye Ames as chair and Ryan Whitehead seconded. Motion passed unanimously. Chet Halverson nominated Rob Graham as vice chair and Ryan Whitehead seconded. Motion passed unanimously. Ken Dugas nominated Chet Halverson as secretary and Ryan Whitehead seconded. Motion passed unanimously. Chet Halverson nominated Ryan Whitehead as treasurer and Ken Dugas seconded. Motion passed unanimously.

**New Business:**

- a) **Hitching Post Plaza Development Agreement – Phase II (Modification):** Mr. Bloom gave a staff report for the modification request for overages regarding Phase II of the Hitching Post Plaza. The requested amount for the overages is \$873,365 for a total award of \$1,446,365. The modification is an expanded scope from the creation of Paul Smith Way, that includes elements of regional storm water detention, utility work, and site preparation for the roadway. The overages came from additional requirements from the Board of Public Utilities (BOPU), additional engineering fees, raising material costs, and the addition of regional drainage. Mr. Bloom let the board know that these are all eligible expenses and can be funded through TIF. The projection in the Staff Report had a range of \$2.7-\$3 million which was pulled from the initial project due to only one hotel being on the plan. With the addition of the second hotel, the high end of the projections now come in at \$3.7 million. Including the initial TIF for the remediation of the hotel there is projected to be sufficient funds for the project. Staff and the applicant met on January 4, 2023 to address staff's concerns mentioned in the staff report. Staff drafted a memo summarizing the meeting. Mr. Bloom then went through the established review criteria. Mr. Bloom went over the motions that the board could make. He added that in the pledge agreement, if the TIF application is approved, he will add that the increment generated by this project would only be used to pay off this request, to allow for others to apply and receive TIF before active TIF agreements are paid off.

Mr. Graham asked the Board for questions. Mr. Whitehead asked if there is a formal commitment or letter of intent from the financing institution to fund this specific project. Mr. Bloom responded that staff has not received anything and differs that question to the applicant for clarification. Mr. Dugas asked how much of the additional costs in the modification are from BOPU or the City. Mr. Bloom said that this information was not provided and differs that to the applicant. Mr. Graham asked if staff's recommendation has changed after the meeting on January 4, 2023 and additional information was supplied. Mr. Bloom responded that the initial recommendation was denial and stemmed from the review criteria not being met. After the meeting with the applicant, it was determined that the review criteria have been met and staff's recommendation would be for approval. Mr. Bloom added that the URA board is the ultimate decision maker, and that staff does have concerns about being overzealous with the estimates. Mr. Whitehead added that the uncertainty with the cost should be finalized before granting the TIF.

Robert Chamberlin, applicant, spoke to the board about the delay in the Phase II request. He stated that there was a long wait time regarding the plan review. The additional requirements from BOPU stemmed from the need to run sanitary sewer through the project. Mr. Chamberlin said that he could provide an itemized cost in the future of the additional costs incurred from extra BOPU requirements. Mr. Chamberlin said that he has weekly meetings with Banner Capitol and could get a letter of intent to address Mr. Whitehead's question. Mr. Chamberlin then addressed staff's concerns between the cost estimate provided from Swagger Construction and Lovas Engineering, the difference in cost was due to the engineering cost being left out of the engineering quote but was incorporated in the contractor's quote. Mr. Halverson asked about for a brief construction timeline for the project area. Mr. Chamberlin said that there will be a hotel closing in January and mobilizing in March. The second hotel has closed on the property and Swagger Construction is the general contractor. That hotel is anticipated to start going vertical in the summer. There is a letter of intent secured for a coffee shop. It is anticipated that the lot north of the coffee shop should have a letter of intent in the coming months. Mr. Halverson asked about if the proposed infrastructure will aid in the future development of the area. Mr. Chamberlin answered that this will aid and be available for future development of the area. Mr. Whitehead asked if the estimates had a contingency incorporated into the estimate. Mr. Chamberlin responded that contingencies were incorporated into the estimate and doesn't anticipate for any overages as the construction drawings for the work are complete.

Mr. Graham asked for public comment. None.

Mr. Graham asked for a motion or discussion. Mr. Halverson commented that this is a large request and with the infancy of the project raises some concerns but, the purpose of the board is to help these projects progress within a responsible fashion. With the review criteria being met and staff recommendation being for approval, it is important to err on the side of progress for now. This is the first project going through the board and has shown progress through the actions of the board. Mr. Whitehead added that this project will benefit other areas of the project and allow for them to develop. Mr. Halverson added that typically the first one in a project fronts the cost and that allows him to feel more optimistic about the request. Mr.

Dugas concurred with his fellow board members and added that there should be an expectation that the additional infrastructure from this request is done in a way that will benefit future development in the area. Mr. Dugas asked staff for clarification about how this will be funded. Mr. Bloom answered that this will solely be done through reimbursement based on the TIF generation. If the TIF underperforms, the City will not be on the hook for that as the lender has an agreement with the city and with the developer. The agreement with the City states that the City will pass to the lender the revenues from the TIF as they become available to make the payments. If it doesn't perform or the revenue is not there the developer is responsible to make those payments. Mr. Dugas asked if there will be an advance that will be reimbursed from the TIF, that could be in the form of loans or a bond through the city. Mr. Bloom responded that that would be a possibility but for these agreements the applicant has secured an advance with their lender and has figured out the logistics on how the advance is paid for as the TIF is being generated. Mr. Graham asked if the lender decides not to loan the money how that would affect this application. Mr. Bloom stated that this if the lender decides not to loan the money then the application would be null. Mr. Graham clarified that what the board is approving today is to move forward with the creation of a development agreement. Mr. Bloom responded that the board would approve the application which would result in a development agreement being drafted for approval by City Council. Mr. Whitehead added that he believes that a letter of intent from the lender would be important to obtain prior to the development agreement being drafted.

**Motion:** Mr. Whitehead made a motion to move to approve the Hitching Post Plaza Phase II tax increment financing assistance application modification for with including a commitment letter from an approved financial institution in an amount not to exceed \$1,446,365, noting the application meets the intent of the plan and project area, and instruct staff to draft a development agreement with the applicant to go before the Urban Renewal Authority Board and the Governing Body for final approval. Mr. Halverson seconded. Motion passed unanimously.

**Other Business:** Mr. Bloom updated that board that staff is in communication with the County Assessor to figure out when and how much TIF will be distributed in the first distribution. Mr. Bloom added that there is a pending subdivision application for the Back 40 subdivision that would plat an extension of Paul Smith Way and Grant Street. The City has been working on getting an RPF out for a Gymnastics Facility that will be in the Hitching Post Plan and Project areas. Mr. Bloom notified the board that there will be a staff training at the next meeting.

**Mr. Dugas made a motion to adjourn. Mr. Whitehead seconded. All in favor. Meeting adjourned at 10:58 a.m.**

Minutes respectfully submitted:

Lonnie Olson, Planner I, Planning & Development Department