

Urban Renewal Authority Meeting

September 30, 2021

Called to order at 10:00 a.m.

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

Not Present: Katye Brown (President)

Non-Committee members present: Robin Lockman, Mayor Patrick Collins, Mike Scholl, Bobbi Lucas, Renee Smith, Aaron Courtney, Robert Chamberlain, Sam Crowley, Mark Christensen, Charles Bloom, Alessandra Fakelman, Andy Worshek, John Snocker, Ansley Mouw, Melissa Burke, Casey Palma

Minutes from last meeting approved: The minutes from the September 2, 2021 meeting were approved.

Audience Business: none

Old Business: none

New Business:

- a) **Board Training:** Mr. Christensen and Mr. Bloom gave a presentation briefing the Board on their powers and duties and best practices. There were no questions.
- b) **Hitching Post Plaza Application:** Mr. Christensen gave a staff report on the Hitching Post Plaza Application. Mr. Chamberlain summarized the project and Phase I, which includes asbestos abatement and remediation. He asked for questions. There were none. Mr. Christensen made it clear that there is no staff recommendation and presented three different options for proposed motions.

Motion: Chet Halvorson moved to accept the Hitching Post Plaza tax increment financing assistance application as complete, declare the expenses as eligible for tax increment financing reimbursement in an amount not to exceed \$1.2 Million Dollars noting the application meets the intent of the plan and project area, and instruct staff to draft a development agreement with Swagger Construction to go before the Urban Renewal Authority Board and the Governing Body for final approval.

Second: Ken Dugas seconded.

Vote: All in favor. None opposed.

- c) **Back 40 Subdivision Application:** Mr. Christensen gave a staff report. Amber Conwell, TDSi, gave a summary as well. She asked for questions. Ken Dugas commented that a reconciliation between the projected TIF revenue for both projects is important. Mr. Christensen explained that projections are based on specific projects as opposed to the entire urban renewal area. He

added that items like beautification of rights-of-way could be added in by a plan amendment. Mike Scholl gave an overview of his calculations. Projections are calculated with an income-based approach, using lease rates, rental rates, and project income. They are meant to be as conservative as possible for purposes of determining obligation of debt. Bobbi Lucas, Cornerstone Associates, asked how new construction projections are determined. She and Mr. Scholl discussed how the income-based approach is applied to new construction. Mr. Scholl clarified that he is open to working collaboratively and inputting numbers that are available.

There was discussion between Ms. Conwell, Ms. White, and Ms. Lucas on the time constraints of the affordable housing project in relation to Grant Avenue being finished. It was determined that to align with proposed construction timelines, Grant Avenue should be built by September of 2023. Ms. White went on to explain further development plans for parcels 3 and 4. Mr. Dugas asked about a timeline. Ms. White answered that the timeline is dependent on the City. Mr. Dugas asked if Ice Road North is critical to her project. She answered that it is more important to the Hitching Post project.

Mr. Bloom mentioned that the roads are unplatted and must go through the development process. He said the City is working on planning Grant Avenue to connect to 19th Street and asked Ms. White to go into further detail about the utilities in parcel 4. Ms. Conwell detailed multiple options for the utilities, which included extending them to 19th or not depending on the amount of funding available and the conditions of Grant Avenue. Mr. Graham asked for other questions. Mr. Dugas asked if there were any other property owners in the TIF district beyond Ms. White and Mr. Chamberlain. Mr. Christensen answered that there are a total of four or five property owners.

Mr. Halvorson asked about the timeline for Grant Avenue in relation to the development plans. Amber answered that they can start the development and the road would have to be completed by 2023. Mr. Halvorson expressed concern for the possibility of the road being approved and the development not going through. Mr. Christensen explained that the development agreement, which will go through the URA Board and City Council, will have provisions for those possibilities. Mr. Whitehead asked if the developer needs an executed development agreement for the application in October. Ms. Lucas answered that she just needs a full understanding of TIF payments for operating expenses. Mr. Christensen said those items would be discussed in relation to the development agreement. He added that city staff would recommend more conversations with the applicant to get everyone on the same page. Ms. Lucas explained that a source for reimbursement will need to be included in the budget relatively soon. Mr. Whitehead asked if it would be prudent for the board to involve the bank early in the application process. Mr. Christensen clarified that staff is still determining the process for these things. Aaron Courtney, Jonah Bank, emphasized that the biggest question right now is whether or not Grant Avenue will be part of the Whites' loan request.

Mr. Graham asked for other questions. Mr. Bloom commented that the best course of action is postponement to change the language in the application to reflect the actual development. He recommended postponement with a date in mind and suggested two weeks. Ms. Lucas and Mr.

Bloom discussed and decided two weeks is fine, and city staff could meet with the applicants and developer before then. Mr. Dugas expressed concern over the perception of other property owners in that area. Mr. Christensen detailed some inquiries and comments received from other property owners and underscored the importance of engaging the stakeholders in this process. Ms. White and Mr. Christensen discussed the public perception of TIF funds in relation to specific projects. Mr. Bloom reiterated that the discretion of funds belongs to the Urban Renewal Authority – they can pursue unique development. He also mentioned that the plan can be amended to include beautification, amenities, etc. when revenue is being generated.

Melissa Burke commented on the perceived discrepancy between level of concern for other property owners between the two projects. She asked for clarification. Mr. Dugas answered that it is important to him to weigh the benefits of each project to the surrounding property owners and community. Mayor Collins explained that the 1.2 million dollars will go towards removing contaminated hazardous buildings, which will benefit all the property owners in that area as it opens up for development. Mr. Bloom emphasized that Grant Avenue will go through the planning process which includes public notice to all neighbors and during this process public feedback may be received. Mr. Halvorson commented that he is supportive of development but wants to be a good steward to city and taxpayer money and would like to see his concerns addressed before voting. Mr. Graham asked for other questions. None. He asked for a clarification on the motion to defer what the timeline should be. Mr. Christensen recommended that the motion contain the dates for the next URA meeting. Mr. Graham asked for discussion on dates. Mr. Christensen recommended October 14th. There was discussion. The Board decided on October 12th at 10 a.m. Mr. Bloom suggested adding a caveat that an alternative date could be chosen. Mr. Whitehead asked that additions to the application be given to the board ahead of time. Mr. Bloom confirmed.

Motion: Chet Halvorson moved to defer the back 40 subdivision tax increment financing assistance app to the next regular meeting of the URA board and instruct staff and the applicant to provide further information. The meeting will be held on October 12, though may be moved if quorum issues are present.

Second: Ken Dugas seconded.

Vote: All in favor. None opposed.

- d) **Meeting Schedule:** Mr. Christensen asked the Board to solidify regular meeting times to start in November. He suggested the first Thursday of every month from 10-12 in Room 104 to be cancelled if needed. Mr. Graham asked for discussion. None.

Other Business: Mr. Graham asked for other business. Mr. Bloom told the board about the planning department's recent awards and the Board congratulated the Planning and Development Department.

Mr. Dugas made a motion to adjourn. Ryan Whitehead seconded. All in favor. Meeting adjourned at 11:13 a.m.

Minutes respectfully submitted:

Sam Crowley, Planner I, Planning & Development Department