

Joint Meridian City Council - Meridian Development Corporation August 24, 2021.

A Meeting of the Meridian City Council was called to order at 4:30 p.m., Tuesday, August 24, 2021, by Mayor Robert Simison.

Members Present: Robert Simison, Luke Cavener, Treg Bernt, Jessica Perreault, Brad Hoaglun and Liz Strader.

Members Absent: Joe Borton.

Also present: Chris Johnson, Bill Nary, Cameron Arial, Brian Caldwell, Joe Bongiorno and Dean Willis.

ROLL-CALL ATTENDANCE

<input checked="" type="checkbox"/> Liz Strader	<input type="checkbox"/> Joe Borton
<input checked="" type="checkbox"/> Brad Hoaglun	<input checked="" type="checkbox"/> Treg Bernt
<input checked="" type="checkbox"/> Jessica Perreault	<input checked="" type="checkbox"/> Luke Cavener
<input checked="" type="checkbox"/> Mayor Robert E. Simison	

MERIDIAN DEVELOPMENT CORPORATION ROLL CALL ATTENDANCE PRESENT

<input checked="" type="checkbox"/> Dave Winder - Chairman	<input checked="" type="checkbox"/> Dan Basalone
<input checked="" type="checkbox"/> Diane Bevan	<input checked="" type="checkbox"/> Nathan Mueller
<input checked="" type="checkbox"/> Kit Fitzgerald	
<input checked="" type="checkbox"/> Ashley Squyers - Administrator	

ABSENT: Rob McCarvel. Tammy de Weerd. Treg Bernt (City Council)

Simison: Call the meeting to order. For the record is Tuesday, the 24th of August at 4:30 p.m. We will begin today's City Council Work Session joint meeting with Meridian Development Corporation with roll call attendance for the City of Meridian.

Squyers: For Meridian Development Corporation roll call.

ADOPTION OF AGENDA

Simison: All right. Well, with that we will -- we will go on to our adoption of the agenda.

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: I move that we adopt the agenda as published.

Hoaglun: Second.

Simison: Motion and second to adopt the agenda. Any discussion? If not, all in favor signify by saying aye. Opposed nay. The ayes have it and the agenda is adopted.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

DISCUSSION TOPICS [Action Item]

1. Draft Urban Renewal Plan for the Northern Gateway Urban Renewal Project

Simison: First item up is a discussion items, No. 1, Draft Urban Renewal Plan for the Northern Gateway Urban Renewal Project and I will turn this over to Cameron.

Arial: Mr. Mayor, Members of the Council and Members of the MDC Board, it's good to be with you. It's time -- it's time to start talking a little bit more about the details of the plans, particularly the Northern Gateway Urban Renewal Plan, as well as the Civic Block Urban Renewal Plan and that's really the purpose of the discussion today is to give you guys a really good update as to where we are in the process, give you a little bit more meat on the bone as to the plans themselves. Some of the projects that we have identified within those -- we have our consultants here with us as well to detail some of those projects. Also talk about the numbers associated with the plans and, then, really to gather any feedback you have. This is the Council's and the board's opportunity to provide us as staff that feedback that we need to -- to really put these plans in place and to continue to move them forward, so that really is kind of the game plan for today. So, we will -- we will start with the Northern Gateway and -- and, then, move on from there. So, real quick, just to orient you, kind of drive here a little bit. So, really want to just talk through the purpose of this plan. You know, this as you know, is a -- is a -- kind of a -- a part of -- a part of town that -- that continues to need a little love. It needs some additional attention and, therefore, the purpose of this plan is to continue to focus those efforts of redevelopment going forward. We really do take a hard look at the transportation elements in particular. There is also -- in conjunction with our Public Works Department there is a number of identified Public Works projects that could really help this area of town. But, more than anything, it's to make it a -- a gateway to both ends of -- of the downtown. And, then, just this last bullet -- use -- truly using, you know, MDCs Destination Downtown past plan as a foundation, but really let's modernize it, let's -- let's take a look at really where are the area has gone in the past, you know, some odd years since the original plan and, then, move forward into the -- move into the new plan. So, I wanted to kind of give you just a streetscape view of some of this. On the far right it's kind of hard to see here. Hopefully you can see it more in your packet, but some of the areas that -- that we have identified -- and I think it's this is probably a good place to maybe turn it to Don, Don if you want to kind of chime in here. Our consultant on the transportation side of thanks.

Kostelec: Thanks, Cameron. Yeah. Don Kostelec with Vitruvian Planning here in Boise. Been working in tandem with Ashley and the staff, as well as meeting -- and thanks to Christy Little and Tom Laws at ACHD to think through some of the streets stuff and your

utilities department and as Cameron said in that last bullet, we wanted to take the plans that had been done -- not just -- you had done some downtown cross-section plans to complement the comp plan and downtown efforts. You have a large CIP and projections for your utility projects and, then, ACHD about a decade ago did a downtown Meridian pedestrian and bicycle plan. They are starting to update those about every ten years. So, you will be due for a refreshing of that and they have changed some street design concepts and things since then. So, it was an opportunity to talk with them about those projects. They are starting a design of sidewalks on 2nd 1/2 and 3rd Street both in this area and to the south to Franklin that will be coming on board in the 2024-2025 range. So, it was good to discuss that part with them and -- and talk about those, if you want to go to the next slide. This is the more detailed map from your utilities department of what they are planning in that area and so in general the blue line is a water main, the green line is wastewater, and, really, the -- the big red L up on Fairview is a major CIP project. Those were the really major underground utility projects for this, but what they also wanted to see was those yellow lines on that map are the utility lines that run on the back property lines and through alleys of parcels, which are both a maintenance burden, but also can limit the consolidation of parcels. So, the more the funds from the agency can help move those utilities out of those alley locations and under the streets, A, easier for you to maintain; B, less public right of way mainly for ACHD and, C, greater opportunities for redevelopment, because you don't have this parceling out of parcels with that kind of stuff. So, the utility elements that are in there mainly reflect those improvements. When we get above the street level -- and if you can go to the next slide, just a couple examples. As Cameron said, this area kind of needs a little bit of love and we look at those as kind of what finishing the street would mean and, essentially, calling that an urban cross section. So, to the best extent possible this slide that showed the street cross-sections, we tried to base the cost estimates on those, but as you will see in the bottom left one, you know, you have some new townhomes there on Fourth Street and to get all that in and the sidewalks there, you know, the things like the tree buffers and other parts just weren't attainable. We are not saying go in there, rip those out, and build something new. In the top one, though, however, if we look at the sidewalks in front of Cole Valley -- and we all know that the future there is -- is predicated a lot on their plans and master plans, but those are the types of sidewalks that probably need to be replaced and if you are redeveloping those parcels that's where you would get those sidewalk buffers and as you see in the top right slide, just 2nd 1/2 looking north, really, a street that's incomplete and a discussion with ACHD that I think once you get through this process will be -- you know, did we -- do they put sidewalks on one side at this stage waiting for redevelopment on the west side to get something functional, but that's a conversation you will need to have with them and they are prepared to have as you go through this process. If you want to go to the next slide, Cameron. Really, the -- you know, the streets, the primary arterials, like Main and Meridian Road and Fairview and Cherry, for the most part are kind of constructed, but this is an example -- especially in that northeast parcel of Meridian Road and Cherry with the Albertsons, as well as the northwest parcel, you have got the Bud Porter Pathway that comes in north of there and kind of cuts across -- ACHD has recently changed their roadway cross-sections to no longer build the traditional bike lane within the curb confines and do the pathway type segments. So, that would be the type of thing that if you were to get redevelopment of that main Albertsons parcel to, then, look to get

more of a buffered pathway to make that L-shaped connection and link your pathway system to the land uses and things, that would -- so, in terms of these streets where it's already that curb, gutter, sidewalk and finished look, that's the only thing we really costed out as a change. There is something like Main Street, there is just not a lot to change in its current configuration. So, that's just a little bit of how we develop those and if you want to go to the next slide, this is our -- careful to say planning level cost estimates. If you have been on any of your boards approving bids lately, you know, that cost estimates might as well be written on an etch-a-sketch. So, we used estimates that both from your bidding, from work the utilities department was doing, as well as working closely with CCDC just to see how they were estimating just linear footage for a local street, a collector street, sidewalks, street lighting and other things that would go into that and you will see with that we put a -- put a pretty good contingency on top of those, just to account for those things. Where you see the higher numbers per project are generally where you also have a utility project plan. So, almost just as much going on under the ground as above the ground, but the total linear feet of the roads in that boundary are about three miles -- a little less than three miles and 15,000 linear feet. So, again, that was just our philosophy and background in coming up with those estimates for the capital projects within the proposed district.

Arial: Thank you, Don. Appreciate that. So, I wanted to turn just a little time now to our legal advice, Meghan, who helped us craft the plan for this area and, then, kind of close out with Phil, who helped -- Phil Kushlan, who helped us with the numbers as well. So, Meghan, did you want to touch on the plan a little bit.

Conrad: Okay. Well, thank you for having us here today and I think this is a great next step in our process in moving both of these initiatives forward. So, thank you for your time. First, before you is the Northern Gateway Plan and I believe that actually -- there was a packet of documents circulated; correct? Everyone got packets? Okay. So, you do have what is considered to be a full or complete draft of that document. It is in draft form. There are drafting notes. There are some highlighted provisions and there are some things that will be changed as a result of this meeting. There is a photo -- let's see. Cameron, do you know if this presentation is uploaded at all? Okay. I will move forward. You all are really familiar with the boundaries of the proposed Northern Gateway area. The de -- there is a significant portion that was de-annexed from your existing downtown area, plus there are a few parcels that are north of Cherry and Fairview and west and east of Meridian Road, including a 17 acre parcel that's currently in unincorporated Ada county. So, when we look at initiating an urban renewal plan we first start with what are the plan elements and those are outlined in Idaho Code 50-2905 and that provides a pretty good roadmap as to what our next steps are and what we need to include within the confines of that document. The first -- and I will just hit these really quickly, because I know you all have been through this planning process before, but I have highlighted where in the planning document itself you can find where we have met these plan elements. The first is a statutory requirement that is a statement describing the total assessed value of the combined basis estimate roles cannot exceed ten percent of the total taxable value of the city. So, what we do in calculating that is we take all of the existing revenue allocation areas, look at their adjusted base assessment rolls, add in the

projected base assessment for the proposed project area and the proposed amended area -- that cannot exceed ten percent of your total taxable value. That formula has been run and you have a significant amount of capacity left. I think you are in about the three percent range. For purposes of planning, we did use the 2020 certified values. We do recognize there has been a significant increase in those values in 2021. However, even with a significant increase that is not going to change the ten percent analysis. You still are going to fall well within that leeway there. The second -- and that is -- specifically as found in Section 502.3. The second requirement is a statement listing the kind, number, and location of all proposed Public Works or improvements in the area -- so the time, number and location of all the proposed Public Works projects. This is found in two (Technical audio problems) area of expertise. That is your economic feasibility study, but it also includes your project list as part of that analysis. The third is an economic feasibility study. That is attachment number five. Number four -- number four is a detailed list of estimated contract costs. That is also found in Attachment Five. A fiscal impact statement showing the impact of the revenue allocation area on the overlapping effect. That is shown in Section 5.2 -- 502.8 in Attachment Five. The impact is primarily based on a deferred ability to tap budget capacity increases from new development that is occurring during that 20 year period. Number six is a description of the methods of financing. All estimated product costs and the time when related costs or obligations are being incurred. Again, this is in Section 501-B. How we intend to build the project is there is different mechanisms and vehicles we can use and that is also in Assessment Five. As you know, it's based on statutory changes over the past several years for revenue allocation and not be in place for more than 20 years. So, there is recognition in the plan that the agency will receive dollars in the year following the formal termination date and this plan will be adopted by 12/31 this year. The base period is January 1, 2021. The termination date would be December 31, 2041. Revenues would flow to the agency in 2022. And, then, that is in Section 800 and, finally, the description of the disposition of assets on termination. In general, if you don't have a revenue stream, your revenue allocation proceeds, you're not able to retain real property assets and so there is a provision in the plan. It typically addresses the disposition of those assets to the city upon termination or if there is a better public education process at that -- at that time a determination is made. The third is an economic feasibility study that is Attachment Five. Number four is a detailed list of estimated project costs. That is also found in Attachment Five. A fiscal impact statement showing the impact of the revenue allocation area on the overlapping effect of taxing districts. That is shown in Section 5.2, 502.8, and Attachment Five. The impact is primarily based on a deferred ability to tap budget capacity increases from new development that is occurring during that 20 year period. Number six is a description of the methods of financing, all estimated project costs, and the time when related costs or obligations are to be incurred. Again, this is in Section 501, which discusses the -- how we intend to fund these projects and the different mechanisms and vehicles we can use and mostly is planned as a pay as you go project area and it's also found in Attachment Five. The requirements also include a required termination date. As you know, based on statutory changes over the past several years, a revenue allocation area cannot be in place for more than 20 years. So, there is recognition in the plan that the agency will receive dollars in the year following the formal termination date. If this plan were to be adopted by 12/31 of this year the base year would be January 1, 2021. The termination

date would be December 31, 2041. Revenues would flow to the agency in 2042. Thank you. And, then, that is in Section 800. And, then, finally, the description of the disposition of assets upon termination. In general if you don't have a revenue stream beyond revenue allocation proceeds you are not able to retain real property assets and so there is a provision in the plan that typically addresses the disposition of those assets to the city upon termination or if there is a better public entity to have those assets at that time the determination is made. Another qualification in the plan is that when you have a parcel that has been used for an ag operation within the last three years, the property owner has to provide consent to be included within the district. In this case in this project area there is a 17 acre parcel that is -- had I believe an ag exemption on it, or for sure has been used as an agricultural operation. Ag operation under the statute is a defined term and it's very broad. It doesn't take much to fall within that ambit. So, that consent has been obtained for that specific parcel. Next slide, Cameron. So, in determining the projects in the project list, the plans form the basis of a wealth of information and informed Attachment Five. There is also the city's Comprehensive Plan, Destination Downtown, conversations with property owners and developers and as well as city and MDC staff. So, data came from all sources. And, then, I think next we are getting into those Phil's Attachment Five.

Kushlan: Thank you, Meghan. Again, those of us who have been through this before can kind of recognize the -- the approach that we take here and the first thing that I have done is try to forecast what the revenue allocation revenue will be over the life of the district and in doing so you have to make a lot of assumptions, because, you know, you really don't know at this point what it's going to look like 20 years hence and so what we have done is tried to forecast what's going to happen to property values in the area absent anything else occurring and so we basically looked at what's happened in the community over the last ten years and, then, kind of took a look at that and, then, basically increased what we have traditionally been looking at for a growth figure and checking off what has occurred here. So, what we have done is looking at land values escalating at an eight percent per year pace and improvement values escalating at ten percent per year. That's, again, given what's gone on here in the last five or ten years, that's really eager assumption at this point. But as you are looking 20 years into the future, recognizing dips and so forth in the world of real estate, we thought having that fairly robust amount of growth assumed going forward is probably unwise in a conservative revenue estimating scenario and so after five years we reduced that by about half of that. So, we are looking at beyond that five year period four percent on land and five percent on property and so we have got that spreadsheet there that shows what basically happens to your valuation over the 20 year period of the plan. Then we assume that something's going to happen out there. Somebody is going to build something. So, we plugged in a number of fairly significant taxable investments over time, which are not all going to happen at once and we kind of schedule it over a number of years and, then, also assumed in those years when those major projects were not occurring, that there would be about 500,000 dollars taxable of investment in the general district on an annual basis that we can't identify. So, we plug those numbers in and came up with an estimate of about 310 million dollars of taxable investment in the district over the 22 year life of the -- of the plan and so we, basically, ran the numbers through our model and concluded that the number would --

those properties would produce about 35 million dollars in tax increment proceeds over time. We assumed that about ten percent of the proceeds would be retained by the agency for administrative purposes and we capped out at 50,000 dollars a year, so we wound up with about -- a little over 34 million dollars available for project expenses through the life of the district and I think if you look at the plan, we, again, worked with various sources that told us, you know, what kinds of projects would be expected there. We plugged in about four million dollars for the undeveloped parcel that is on the northeast -- northwest corner of the district. Yeah. There it is. And, then, took a look at the area which I call the -- kind of the redevelopment part of the district and, again, the major amount of resources there are dedicated at about 11 million dollars for transportation. Then there is additional streetscape work probably going to happen there, about a million dollars worth. Utilities. A number came from the city about 5.2 million. Hopefully, we are going to see some transit improvements in the area, so we provided some resources for that. Recognizing the agency's ongoing facade improvement program, we wanted to make sure that that was covered. Expansion of the historic lighting districts. Provided resources for property acquisition to provide those opportunities to consolidate ownerships where small parcels are more difficult to -- to redevelopment. Wayfinding as -- we see some parking was provided for public plaza is a significant amount of money. It is there for the parks and open space. Environmental immediate remediation and planning studies for a total of about 33,900,000 dollars over the life of the district. Are these numbers the ones that are exactly what we are going to hit? No. But one of the things that we have learned over the last several years is the legislation has changed and it requires plans be developed with specificity and so while we try to be as specific as we can, you don't want to tie your hands too much and so what we have tried to do is encourage staff to let us know at least those areas in which you want to spend money over the years, so we have a listing of areas and categories that will be receiving funds from the new district. Are you stuck with these numbers? No. Over time the -- the board will have the opportunity to budget annually. Some of these numbers may go down. Some may go up. The total revenue yield is probably not going to be exactly what we said it was either and so if there are additional resources -- additional money could be put into these categories. The rule of thumb is if you want to do it you have to put it on the list, because if it's not on the list you can't do it. If it's on the list you don't have to do it and so what we tried to do is cast as broad a net as we could to give as much flexibility to the agency going forward to do the things that at least we have the ability to understand at this point might be needed and, again, it's fairly important that these issues be listed here, because you cannot modify the plan going forward. So, you have to basically say what you are going to do here and be committed to that. So, I guess with that we will be happy to entertain questions about the assumptions that have driven the revenue estimates and also if you have questions about any of the specifics in the -- in the project list, I'm sure that the staff could help us out here and can try to find some focus on those numbers as well. So, happy to answer any question that you might have at this point.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Maybe it would be helpful to recap a little bit our conversations today. So, I have met with the Planning Department and with our consultant today and with the Planning Department probably three or four times and I'm a big believer in developing downtown. I think that's really important. What I think is important, though -- I don't think it's enough to say we think there will be a huge increase in value from creating an urban renewal district, I think we owe it to ourselves and to the city to take it a step further and actually do the analysis of the return on investment to the city. I mean there is a cost associated with an urban renewal district. We are forgoing some growth in the future in our tax base. So, I think it sounded to me like the consulting group would be able to do that analysis for us and actually take a look at two scenarios, so a scenario where we don't create the urban renewal district and one using our projections where we do and really compare the cost associated -- associated with the benefits that come. That's just important to me. That's just one person. But I would really like to see that. And, then, I would like to hear from the Finance Department at least if this doesn't -- because of the SH-39 that -- with the 80 percent of new construction once the URD sunsets, that this doesn't -- they could opine on this and that it doesn't imperil our long term financial plan. Those are just two follow-ups that I have. I think intuitively -- and everything points to this being a great tool to use in this area. I just -- I think for me personally I want to see that -- that additional analysis as well.

Simison: Councilman Strader, if I could answer the second one for you. Just as a general rule for our long range CFP planning process, we do not -- we do not add in any anticipated dollars for an urban -- retiring urban rural district for our purposes. So, at least from a very practical standpoint I would say there is no impact. The other part of it, though, would be, you know, how is pre-development applied into our new construction roles. That would be the question that maybe is the most relevant, because simple math 20 years, three percent, you can't write these dollars -- even through just the urban renewal TIF dollars would not equal what the city could generate from our budget overall, unless new construction is the component that is added into it and I don't know how that's applied. So, through the -- that would be the analysis that I would say would need to be -- to help answer your question.

Strader: Yeah. So, I have done a little -- a little bit of preliminary discussion on it and I think you are right, I think what we need to do is take a look at the new construction aspects. I think even if we don't count on the new construction portion I still think there is -- there is an opportunity cost to doing nothing and there is also a cost -- incremental cost associated with the improvements that would take place if we did not do an urban renewal district. So, Cameron and I have talked about those assumptions I think in the market and that this area wouldn't redevelop in this robust way on its own and I do -- I do buy into that and we have had a lot of discussion today and they can maybe go through what they are planning to do, but I do think it's important to look at the full picture, instead of just saying, okay, we are going to have -- this is going to be great, we are going to have this huge increase in value from doing this. I think it's important to say, okay, here is the cost associated with what we are doing and so here is the return to frame the decision, because to me I just think looking at a value in isolation is not sufficient to frame the decision.

Simison: Additional questions, comments on that topic? Dave.

Winder: Mr. Mayor -- can you hear me now. Concern from MDC standpoint on that is I don't know that that analysis is in the scope of work that we have with you. Would that be something that would be in addition to what we have done or what we have with you?

Kushlan: Specifically it's not included. But, again, I have done some work on it already today and it's -- I don't think -- depending on the level of detail you want and specificity in the analysis, because whatever you do is going to be a forecast. I really don't know what's going to happen. What I have done today is put together a model that takes the City of Meridian's current property tax levy and inflates that out at eight percent per year, which is the maximum that your capacity is allowed under state law with a recent change and that produced X amount of money out 20 years and, then, basically, took this analysis and looked at the 688 million dollar increase, which is the increment and, then, took 80 percent of that and, then, multiplied that against your -- the city's tax rate, which is .0022 and that produced an additional tax capacity eligible for the city to access in 2042 of about 1.2 million dollars and so there -- there was a bump and in our conversation with Council Members Strader, we looked at the post-urban renewal benefit. So, we ran that out another 20 years and what does that look like and that -- you know, ultimately out there in -- in 2016 when we are all sitting around this table again discussing this, it would produce about an additional four million dollars tax capacity to the City of Meridian. That's basically a fact that we were able to access the incremental value, not only in terms of the new construction value in an urban renewal, they also allow you to capture the inflationary value during the term of the district and so that produced -- those two things together produced quite a bit of money that you would apply the tax rate against. Is the tax rate going to be the same in -- over that life? No, it's going to change. Did some sensitivity analysis looking at higher tax rates and lower tax rates, but in no place did it ever go negative and so if that level of analysis is what you need, then, I think that's easily done. If you want specificity that's going to pass more rigorous analysis, then, I think we would have talked about that.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: It sounds like you did it. Thank you so much. No. I appreciate that. I think that -- I think that's really helpful information for us, right, and so what that says to me is -- wow, you are quick. Oh, my goodness. Look at that. No. I think this is fantastic, because I think it shows not only do we think something good will happen in the future from a value perspective, but from where we are sitting today around our financial decision in terms of -- we are not foregoing growth in our tax base as a tradeoff, we are making this decision, and so I think from a long-term perspective -- and this is a long-term decision -- that thank you for doing that, because I think that -- that really helps at least me get comfortable with that decision, so thanks. Awesome.

Simison: Any additional questions, comments?

Cavener: Mr. Mayor?

Simison: Councilman Cavener.

Cavener: I'm not sure who I'm posing this question to, so it's I guess to the field and I will let kind of whoever responds respond. The conversation talked about -- a lot about that this is an area that is in need of a little more love. So, I like that we are reframing it that way. I'm just curious -- there is a -- there is a lot of stakeholders in this area and I'm just curious what has the engagement been with that group or when is that part going to happen? When are we going to communicate with our residents and our business owners what is being proposed and what's the response been if we have already been doing that?

Squyers: Mr. Mayor?

Simison: Yes, Ashley.

Squyers: We have been having ongoing conversations with larger property owners -- we are having -- can you hear me? Okay. We are having conversations with larger property owners because we know there are several redevelopment opportunities working on plans right now. So, we are keeping them apprised as to what our plans are, what we are trying to achieve, what that looks like, what our schedule is. We are having a State of the Downtown on October 1 and there will be a fairly significant presentation on the new URD, so we are inviting everyone within the proposed area -- all businesses, all residents, all property owners, because they are not necessarily the same and we will be presenting on this and -- and, hopefully, being able to answer their questions. We will have fliers. We will have additional information for them to take. And, then, we will be available for questions afterwards as well.

Arial: And if I might add just real quickly, the -- there is also this process. So, this is a major component of that, you know, public record, public process. We will also have the presentation of the formal plan. The three readings and so on. So, we do anticipate a fairly robust public outing.

Simison: Any further questions regarding item one? Or comments?

Conrad: Mr. Mayor, I have one more slide to go through with some wildcards that are out there. Cameron. Okay. So, there is -- there is two overlain issues as well that we have to consider as we formalize this effort moving forward and the first, as I mentioned, the 17 acre parcel is currently located in unincorporated Ada county. This concept is premised on the fact that that will be annexed into the city and that ordinance adopted prior to this ordinance coming down the track. So, we are closely monitoring that situation. To the extent one or the other kind of falls off schedule, that, you know, could be impacted to how we move forward. The second point is based on legislative changes over the last couple of years there is now -- the highway district is able to retain its portion of the levy on increment, unless there is an agreement entered into between the highway district and

the urban renewal agency. Those conversations between MDC and ACHD are occurring. That is moving forward. But that's just another additional nuance piece that we have to consider moving forward. So, that's all I had on this one.

2. Draft First Amendment to the Urban Renewal Plan for the Union District Urban Renewal Project

Strader: Thank you. Any questions? Okay. Great. Well, then, let's move on to item two, Draft First Amendment to the Urban Renewal Plan for the Union District Urban Renewal Project.

Arial: Excellent. Thank you, Mr. Mayor, Members of the Council and Board. So, this -- this section of town you are -- you are already very well aware of, the civic block, and now this is just the addition of the -- the north -- we will call it the northeast portion of that for another addition to the existing district. So, this is an actual de-annexation from the old district and now an annexation into the new civic block district, so -- thank you, Don. So, with that we will -- we will turn this back over to Meghan as well. There is a little bit different nuance, because this is an annexation into an already existing district, so, Meghan, do you want to take it?

Conrad: Sure. Thanks, Cameron. So, you will see a slide similar to the Northern Gateway slide where we have outlined what the plan requirements are. This is a first amendment to your Union District project area and so what the -- what the -- the approach that we have taken is -- is identifying those sections that in your Union District plan that will be changed as a result of this first amendment effort. We still have to look at the plan requirements and elements that are set forth in 50-2905 and on your screen, again, identified the sections where we have made tweaks to the original plan pursuant to this amendment. I -- in the -- in the first, again, we have updated that ten percent analysis and that's in -- that's in the -- there is -- in the body of that first amendment you will just see the limited section and the texts that are changing and that's found in an amendment to 502.3. There is some tweaks to the project list and how that's explained in the plan narrative. There has been a few updates there as a result of some proposed new improvement projects within that 1.461 acre annexation that we are talking about. So, that's an amendment in 2-301 and also Attachment Five. And what we have done -- so, the original Union District plan had an economic feasibility study that was premised on a certain number of assumptions. What has been done is an update of that, recognizing existing conditions and perhaps changing some of the assumptions from -- that were underlying that original, but also forecasting from here forward and identifying what new growth and development is anticipated to occur in that annexation area and adding that into the calculation. So, there is that supplement to the economic feasibility study, which we are referring to as Attachment 5-A. The fiscal impact statement -- there has just been a few minor tweaks to that to recognize updated certified levy rate analysis and assumptions moving forward on that front and, then, you know, finally, I think it's important to note that this first amendment does not extend the duration of the plan. That plan is still 20 years from the adoption of the Union District project area. This amendment does not make it go longer. All right. Next slide, Cameron. So, for this particular project area

the Union District area plan was adopted post July 1, 2019, which means that a new statutory provision is now in play, which, essentially, stands for the proposition that you can't amend a post July 1, 2016, plan without risk of resetting the base and when you reset the base, obviously, you eliminate your revenue stream going forward. There are four exceptions in that statutory provision that are not considered a modification of the plan under that statute and one of them is the annexation of area pursuant to another statutory reference 50-2033. 50-2033 says that you have a one-time opportunity to take in up to ten percent of the geographic area of -- the existing revenue allocation area. So, the Union District project was originally 16 acres. Ten percent of that is 1.6. Well, we are contemplating an annexation size of just 1.461 acres. So, it's a very small annexation. Similar to the Northern Gateway effort, there have been communications -- or the project list was derived, essentially, from looking at the city's Comprehensive Plan, Destination Downtown, conversations with city and MDC staff, as well as property owners and developers in that project area. Vitruvian did not conduct a planning study in this area, but that is -- that's okay, because we are only taking in a portion of the right of way on Idaho and some of that analysis is contained within your city planning documents and within the knowledge of city staff, so that's -- that's why they are not related to this project area. So, the next two slides will jump into Phil's Attachment 5-A.

Kushlan: Thank you, Meghan. Again, on this one we kind of had to launch off of the adopted plan for the Union District that the Council adopted last year and so what we did was we basically restated the elements of the plan that were there and, then, kind of added the -- the new addition, which is basically is only 11 tax parcels, which is very very small and so we updated that by basically bringing forward the -- the assumptions that I described in the Northern Gateway and bringing those into this plan as well, so that the two plans are basically being driven by the same assumptions. We basically forecast what the union block -- original union block people said they were going to do and, then, added some level of taxable investment for the new block as well and so with that machination we came up with about a total of 28 million dollars to spend over the -- the remaining 19 years now of the district and so one of the major components, if you recall in your district was participation in the potential civic center on the civic block site. So, that was in the plan and so we left that there and, then, we added a substantial component for parking and then, provided resources for open space, property acquisition, environmental remediation, so forth, again, under the theory that you wanted to provide a checklist of areas that you might want to be called upon to invest in during the 20 year life of the project. So, that is what we have done. The other question that might come up is given the -- the small nature of the project, is this likely to take 20 years to do and maybe, maybe not, and -- but as Meghan indicated, now through legislative change you have a maximum 20 year life on your project and in the good old days you might be able to go amend the plan and extend the termination date, which can't do that anymore and so also you have to be specific in terms of what you are going to do in the plan and so that goes back into first the list of projects that we have here. If at some point at ten or 15 years into the process you have basically exhausted your list of activities and you can't add anymore, then, basically, what you are facing to do is an early termination of the district. Since you have the ability to terminate early, but you don't have the ability to extend, we have basically brought forth the position that you should adopt it to the full

length of the authority and, then, recognizing that at some point in the future you may find yourself in a situation where you would want to pursue an early termination. So, that's kind of how we dealt with that 20 year issue and -- and is there really enough work there to last 20 years and maybe, maybe not, but that will be a discretionary act on the part of the agency of the Council. So, with that I will be happy to answer any questions that you might have.

Strader: Mr. Mayor?

Simison: Council Woman Strader.

Strader: Yeah. That was my main question or concern previously was if for some reason that community center didn't happen or some of these improvements did not happen, what would happen with the length of the term of the URD. I guess my only follow-up question on that would be -- you just said it's discretionary. Does it happen automatically? Does MDC recognize that that has taken place and, then, notifies the city and we shorten it or how does that -- how does that mechanism actually work to end one early?

Kushlan: Pardon my predilection to give legal advice. I will defer to Counsel.

Conrad: No. Thank you, Council Woman Strader. That -- that's a great question and, you know, the statute addresses a lot of components, but it doesn't address -- address every scenario, but there are some limited provisions in the statute that address the termination process and that termination process is commenced by the agency board. They would have to adopt a resolution of intent to terminate. I do think, because the impact of going out of a district are so significant, if we are nearing that time period oftentimes you will find a city council and -- and agency boards working very closely together to kind of make that determination as to what works best for both.

Strader: And, then, I guess my only other question -- I did see the city contribution, which I guess is an assumption, because we have not approved any kind of budgetary spending or a community center, but I did see the 3.8 million dollars and, then, on the previous slide I saw a six million dollar figure, so I was just curious -- curious what the delta was there, community center construction 6.4 million -- I guess to that -- and, then, there is our contribution. Net project group -- anyway, maybe just a follow up.

Kushlan: I think the -- the issue was -- and this got a little complicated, because of the city's contribution coming into that in terms of the financial model. We wanted to recognize -- at least, again, going back to the original adoption -- that contribution was recognized in that plan and so if we are going to -- to amend the plan, we wanted to make sure that we kept as much of the plan whole as we could. We were advised there was some conversation about the contribution expanding from three to three-eighth, but the -- the expenditure side of what's the -- it's really going to cost was where that other number came from. So, it's a -- basically a money in, money out kind of situation and, again, we put the -- the city's contribution not in the assured column, because until the actual agreement is signed or resources are provided, it's one of those speculative issues that

we wanted to make sure, back to our specificity requirement, has got as much including in that listing as we could. So, I don't think there is anybody suggesting this is an obligation on your part, but it's a pathway to recognize the -- at least the preliminary conversations that had occurred.

Strader: Thank you.

Simison: Is there more presentation? I know we kind of stopped -- we are good? Okay. Any further questions or comments?

Conrad: Mr. Mayor?

Simison: Yes, Meghan.

Conrad: One more slide. Similar to the Northern Gateway, we have to also address the ACHD agreement only with regard to the annexation piece. So, there does not have to be an ACHD agreement concerning the Union District, but there would need to be one concerning the annexation area and that's the final point.

Simison: Thank you. Council, any additional questions or comments? MDC Board? Then do I have a motion? Or final comments from staff?

Arial: Maybe just really quickly, Mr. Mayor and Members of the Board, it's been really good to be in front of you --

Johnson: Cameron, we can't hear you. If you could grab the mic.

Arial: It's been really good to be in front of you. I don't want to belabor this, but just really appreciate the opportunity. You know, there is a lot going into these things. We are working fast and furious, but we feel that these are really moving forward on good footing and we are making good progress with property owners and others to -- to really make these steps forward in our downtown. So, really appreciate the opportunity today.

Simison: Thank you. With that do I have a motion?

Bernt: Mr. Mayor?

Simison: Councilman Bernt.

Bernt: I move that we adjourn the meeting.

Cavener: Second the motion.

Simison: Motion and second the adjourn the meeting. All in favor signify by saying aye. Opposed nay. The ayes have it. We are adjourned.

MOTION CARRIED: FOUR AYES. ONE ABSENT.

MEETING ADJOURNED AT 5:25 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

MAYOR ROBERT SIMISON

_____/_____/_____
DATE APPROVED

ATTEST:

CHRIS JOHNSON - CITY CLERK