

Eagle Urban Renewal Agency

Tuesday January 6th, 2015

6:00 p.m.

Eagle City Hall

660 E. Civic Lane, Eagle, Idaho

1. Call to Order: Chairman Mark Butler called the meeting to order at 6:00PM.
2. Roll Call – Present: Reynolds, Butler, McFarland, Kunz, Ridgeway. A quorum is present.
3. Pledge of Allegiance.
4. Amendments to agenda – Jeff Kunz asked for a correction on agenda item 9, Kurt Folke's last name should have an "e" at the end. Butler asked if Mr. and Mrs. Downs were present (they were not) and proposed that agenda item 11 be tabled until the EURA hears back from the sub-contractor and engineer. Kunz made the motion. Stan Ridgeway seconded the motion. All ayes – motion carries.
5. Reports by Board Members, Attorney and Secretary – Mary McFarland had noticed a lot of temporary signs around town that look junky, and instead of coming forward with a complaint, she asked if the EURA could look into temporary signs for businesses in the district. The new signs would have an upscale look that can be easily changed. She felt like the EURA would be a good resource. Butler mentioned that when the sign code was changed, it included co-op signs. Butler suggested this topic be added to the next agenda and that Planning & Zoning Administrator Bill Vaughan be present at the meeting to answer questions on the sign codes.

Butler spoke with the appraiser for the Smith property; the appraiser didn't have anything to report yet. However, Butler let him know that the EURA did sign the contract and that the Environmental Phase 1 test was being completed for the Tri-City Meats properties. In that contract, the EURA has asked the company completing the Phase 1 to acquire the information from the Idaho Department of Environmental Quality (DEQ) for both the Smith and Tri-City Meats properties. This information will be pulled forward for anyone who would like to review it.

Butler has signed the Environmental Phase 1 contract; the contractor has provided a completion date of January 31, 2015. Butler asked the contractor to move the completion date forward, if possible.

6. Public comment on matters not on the agenda. (Please limit comments to 3 minutes maximum): Rick McGraw with the McGraw Group, 408 S. Eagle Rd., Eagle, ID. McGraw represents Rick and Sandy Smith, owners of the property located at 35 W.

State St. (the old Chevron gas station site). McGraw provided an update on activities concerning the property – 31 calls have been received on the property from interested parties and brokers. The interested parties have been micro-breweries, restaurants, etc. Three offers are being put together. The current owners are cleaning up the site and washing down the building. Butler said the agency is interested in making an offer to purchase. Overall, the agency would like to see the property cleaned up and anything the agency or the city could do to help, they would. Kunz asked how many of the interested parties were interested in leasing versus purchasing the property. McGraw replied approximately two-thirds of interested parties are interested in leasing. Butler asked if the Ada County Highway District's (ACHD) plans to widen Eagle Rd. and right-of-way plans are hindering marketing efforts for the property. McGraw indicated that during the early marketing efforts, until the sellers identify a strongly interested buyer and the sellers are ready to accept an offer subject to city and/or ACHD approvals, it isn't a concern. Butler suggested McGraw obtain a copy of the Tri-City Meats lease and review its "back-out" clauses for developers. District Attorney Todd Lakey can provide a copy of the lease.

David Southers had a few questions about the Smith property, gave a brief overview of his experiences related to infill condominium developments, talked about parking requirements for the City of Eagle (one parking space required per bedroom) and his "mixed-use" vision for the corner. He summarized his recent conversation with ACHD and his concern that the site will shrink in size. He asked about the Tri-City Meats lease. Butler stated he would be willing to meet with Southers, McGraw and the Smiths. Discussion followed. Kunz noted that five different alternatives have been identified for the Eagle Rd./State St. intersection, each of which could affect site shrinkage differently. Butler asked if the board had any issues with him meeting with Southers. No issues were shared.

7. Approval of December 2, 2014 and December 17, 2014 meeting minutes: Kunz made a motion to approve the December 2, 2014 and December 17, 2014 EURA meeting minutes with one correction. On Page 6 of the December 2, 2014 meeting minutes, in the second paragraph, the word "accepted" should be changed to "acceptable." McFarland seconded the motion. Four ayes – motion carries.
8. Treasurer's report – Lindsey Pretty Weasel gave the report, no questions. The 2015 schedule will be gone over via e-mail.
9. Discussion and approval of the 2014 audit, presented by Kurt Folke – Kurt Folke with Quest CPAs gave an overview of the financial report. Pretty Weasel has done a great job with the books. Folke was happy with the audit process the EURA uses for the invoices – it is very suitable for an agency of our size. The first report states that the numbers as reported are materially accurate and can be relied on. The second report is on internal control and compliance – if anything was out of compliance, it would be addressed here. No internal control and compliance issues were found. Folke summarized the finances - the net increase was \$119,766. The

EURA has done well with staying under budget and building up funds for future projects. The FY 2014 ending fund balance was \$355,591, putting the EURA in a very strong position. Financially, Folke believes the EURA is in good shape.

Legislative Services Office registry portal requirements – Folke explained that the EURA audit will need to be uploaded to the registry portal. Kunz asked if the EURA needed to provide a link to the registry portal on its website. Folke explained the EURA is not required to provide such a link. Folke will keep in touch with Pretty Weasel to ensure the registry portal requirements are completed. The audit is on the EURA website. McFarland asked about the journal entry adjustments, all entries were normal; the books are in really good condition. McFarland made a motion to approve the audit. Jim Reynolds seconded the motion. A roll call vote was taken. Reynolds: aye; Butler: aye; McFarland: aye; Kunz: aye; Ridgeway: aye. All ayes – motion carries.

10. Consider and award bids for building demolition and tree removal on Tri-City Meats properties. Filling in for Lakey, attorney Victor Villegas (of Borton-Lakey Law Offices) gave an overview of the three bids received from Magnum Demolition, Asbestos Abatement, Inc. (AAI) and Northwest Technologies, Inc (NWTI). In reviewing the bids, Villegas noticed a discrepancy on the AAI bid – the bid amounts shown in words (i.e., “Fifty Eight Thousand Eight Hundred Fifty Eight Dollars”) and figures (i.e., “\$58,758”) are different. (According to the bid form, in cases where there is a discrepancy between the amounts shown in words and figures, the amount shown in words will govern.) Therefore, AAI’s official and correct base bid (for building demolition and tree removal on Parcels A, C and D) is \$58,858, plus an additional \$2,137 (for tree and shrub removal on Parcel C to be paid by the property owners). Kunz asked Villegas about the cashier’s check included with the bid from AAI. Villegas explained the cashier’s check represents 5% of the base bid sum. Ridgeway asked Villegas whether, in his opinion, all of the bids were equal and met the requirements. Villegas said, except for the one AAI discrepancy mentioned above, all bids met the requirements. (No bidding companies were present at the meeting.) McFarland made a motion to approve the \$47,700 bid (plus an additional \$500 for tree and shrub removal on Parcel C to be paid by the property owners) received from Magnum Demolition. Butler seconded the motion. Kunz asked if there was a reason for the cost differential between the bids received; the Magnum Demolition bid was lower than the others.

All addendums were seen by all three bidding companies. Some bidding companies asked questions about certain addendums. One question was whether the basement areas to be backfilled need to be structural fill or compacted. The answer was the basement areas to be backfilled need to be both structural fill and compacted. The second question concerned the performance period, which states the job starts on February 1, 2015. The agency’s response was that the anticipated job start date is February 1, 2015; however, the work cannot start prior to that date. A later date may be selected, as notified in writing by the agency. The third question regarded the MTI report and whether vermiculite was used as ceiling insulation for

the entire structure. The agency reported no knowledge of whether further testing for vermiculite had been conducted. Villegas noted the NWTI bid included an additional bid item and charge of \$11,825 if vermiculite ceiling insulation is required to be abated as asbestos. Kunz asked that if NWTI called out an additional bid item related to asbestos abatement (for vermiculite), is it possible other bidders may submit additional bid items or price adjustments. Butler acknowledged the concern and had a conversation with Lakey. The response to the bidders was supposed to be that if vermiculite is encountered, they would need to comply with all regulations. Butler asked if that message got back to the bidders; Villegas stated that it had. Kunz asked for confirmation that these are all firm bids; Villegas confirmed they were. Butler said that on construction projects, a bidder may request a change order. The EURA has made a concerted effort to ensure everything is covered. Ridgeway asked that the EURA send Nick Zenovich and Randy Hetrick (the Tri-City Meats property owners) the bid form or meeting minutes to let them know what is happening (i.e., informing them that the agency has approved an “extended” conceptual design plan for a public parking lot spanning both the former Tri-City Meats and former Chevron properties). Butler stated the agency cannot start construction on the Tri-City Meats property without a site-specific conditional use permit. The EURA will add an item to the next agenda to inform South Landscape Architecture to move forward with the conditional use permit. Kunz asked if the Tri-City Meats property owners had a right of review on the concept plan spanning beyond their property boundaries, and whether they provided feedback. Butler wasn’t sure if they had a right to review the concept plan, but said they did have a right to review the construction plans. Reynolds asked whether it was reasonable for a conditional use permit to be granted within the next three weeks (i.e., by the February 1, 2015 start date). Butler responded the conditional use permit would take approximately three months. A roll call vote was taken to approve the bid received from Magnum Demolition. Reynolds: aye; Butler: aye; McFarland: aye; Kunz: aye; Ridgeway: aye. All ayes – motion carries. (Butler thanked all of the bidders.)

11. Presentation and discussion for possible execution of reimbursement agreement for public improvements planned as part of a mixed-use development on the property located at the southeast corner of Idaho St. and N. 2nd St. (Walter Lindgren, Johnson Architects, 139 N. 2nd St., Eagle, ID) – Butler said that, according to an e-mail received from Vaughan, the proposed public improvements meet, and do not exceed, the City of Eagle’s minimum requirements. Some improvements go less than the minimum to save trees. Lindgren discussed the sidewalk width measurements. Lindgren has also checked to make sure that the proposed public improvements do not go above the necessary requirements. Lindgren noted the proposed project did go through design review and has been approved with minor conditions. According to Lindgren, Josh Purkiss (of the Ada County Assessor’s office) has acknowledged and seconded the formula used to project how much incremental tax revenue the proposed project might generate, and asked some questions on how the property valuations were arrived at. Discussion followed. Applicant Shawn Nickel and his business partner will fund the project and will

request reimbursement from the EURA afterward. This is different from the first request in which the applicants sought upfront funding from the EURA. Kunz summarized the internal rates of return (IRR) that the proposed project could generate under different sets of assumptions. (A project's internal rate of return (IRR) is the discount rate that makes the net present value (NPV) of all cash flows equal to zero. Generally, the higher a project's internal rate of return (IRR), the more desirable the project is.) Reynolds asked what the proposal is. Lindgren stated that the proposed public improvements would be constructed in the near-term and paid for by the applicant. Then the applicant would request reimbursement from the EURA. The actual construction of the building would not occur for a few years. Butler stated that this proposal is different from what has usually been done; Reynolds stated he was not very comfortable with it. Discussion followed. Improvements on N. 1st St. had been discussed in the past. For example, the past board thought it might be a good idea to improve the sidewalks, but rejected the project due to the fact no revenue would come back in. The current project being proposed has a similar concern regarding whether (and when) the revenue would come back in. Kunz observed that the EURA is seeing more reimbursement requests for curb, gutter and sidewalk improvements and proposed that a prioritized projects list, similar to ACHD's Capital Improvements Plan (CIP), should be developed. McFarland stated the EURA doesn't have such a plan and that this is something that needs to be worked on. Butler asked for a commitment to construct a building. Ridgeway somewhat concurred with the concerns expressed by other board members. Nickel asked if the applicants could link the project with the design review that has been approved and stated he was unsure whether the proposed project would pencil successfully without financial assistance from the EURA. Reynolds stated that the Virtual IT project didn't pencil successfully even with financial assistance from the EURA. Lindgren opined that the Virtual IT project was different from the project being proposed by the applicants. Butler asked how long the standard contract is good for. Villegas stated there must be a contractual drop dead date; otherwise, the courts will impose a reasonable date. Nickel asked for a one-year approval, after which he could apply for time extensions. Rather than accelerating the schedule, Kunz proposed leaving the proposed project on the current schedule in order to provide time for the applicants to secure investors and for the EURA to develop a prioritized projects list. Ridgeway made a motion to continue this agenda item and to have the applicants provide a status update every three months. At each status update, the EURA will re-consider the proposed project. McFarland seconded the motion. All ayes – motion carries.

12. Discussion of previously reviewed reimbursement agreement for the project at 221 S. Eagle Rd. (Downs Realty) and details of what was actually constructed as public improvements qualifying for reimbursement by the EURA and possible amendments thereto. This item was tabled until next month's meeting.
13. Adjournment. – McFarland made a motion to adjourn. Ridgeway seconded the motion. All ayes – motion carries.