

Meridian City Council Work Session

February 13, 2024.

A Meeting of the Meridian City Council was called to order at 4:30 p.m. Tuesday, February 13, 2024, by Vice-President Strader.

Members Present: Liz Strader, Luke Cavener, John Overton, Anne Little Roberts and Doug Taylor.

Members Absent: Robert Simison and Joe Borton.

ROLL-CALL ATTENDANCE

<input checked="" type="checkbox"/> Liz Strader	<input type="checkbox"/> Joe Borton
<input checked="" type="checkbox"/> Anne Little Roberts	<input checked="" type="checkbox"/> John Overton
<input checked="" type="checkbox"/> Doug Taylor	<input checked="" type="checkbox"/> Luke Cavener
<input type="checkbox"/> Mayor Robert E. Simison	

Strader: Hi, everybody. We will call this City Council work session to order. For the record it is Tuesday, February 13th, 2024, at 4:30 p.m. We will begin this meeting with roll call attendance.

ADOPTION OF AGENDA

Strader: Thank you. The next item is the adoption of the agenda.

Cavener: Madam Vice-President?

Strader: Yes, Councilman Cavener.

Cavener: I've had the chance to review the Consent Agenda and see no changes, so I move that we approve the Consent Agenda as published.

Strader: Councilman Cavener, do you move to adopt the agenda?

Cavener: Sorry. Adopt the agenda as presented. Thank you.

Strader: Fantastic. Excellent. Is there any discussion? All in favor, please, signify by saying aye. Opposed nay? The ayes have it and the agenda is adopted.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

CONSENT AGENDA [Action Item]

- 1. Final Plat for Slatestone Subdivision No. 1 (FP-2023-0028) by Ardurra, located at 2707 S. Stoddard Rd.**

- 2. Final Plat for Artisan Victory Market (FP-2023-0026, by Judy Schmidt, Bailey Engineering, located at 2820, 2910, 2960, 2990 and 3020 S. Eagle Rd.**
- 3. Lake Hazel Sewer and Water Project Agreement between Smith Brighton Inc., DWT Investments Inc., SCS Investments LLC and the City of Meridian**
- 4. Approval of Purchase Order 24-0253 with The Public Restroom Company for the purchase of two (2) prefabricated restrooms for Lakeview Golf Course for the not-to-exceed amount of \$330,542.00**
- 5. Resolution 24-2435: A resolution amending the Meridian Police Department Records Retention Schedule, authoring the Police Chief and the City Clerk to implement the schedule, and providing an effective date**

Strader: Onto the Consent Agenda.

Cavener: Madam Vice-President.

Strader: Councilman Cavener.

Cavener: Now, if it so pleases everyone, I would move that we approve the Consent Agenda as presented, for the Vice-President to sign and the Clerk to attest.

Overton: Second.

Strader: Excellent. Is there any discussion? All favor of approving the Consent Agenda, please, signify by saying aye. Opposed nay? The ayes have it and the Consent Agenda is approved.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]

DEPARTMENT / COMMISSION REPORTS

6. Urban Renewal District Discussion

Strader: With that next up we have our Department/Commission Reports. We will begin with Item 6, the Urban Renewal District discussion with the legal counsel for MDC and our Union Urban Renewal District Mr. Todd Lakey. Mr. Lakey, the floor is yours.

Lakey: Thank you, Madam Vice-President and Council Members. Appreciate the opportunity to be here tonight. I was kind of asked -- for the record Todd Lakey, legal

counsel for the Urban Renewal Agency MDC. I was asked to kind of go through Urban Renewal 101, so to speak, and I will just kind of cover some of the high points and as we go along, please, feel free to ask questions or whatever. I don't have to be a talking head the whole time. I can do that. Lawyers do that. But don't feel like I have to. I would prefer not to. So, Chris, thanks for getting the slides up. Do I hit up or down or do you take --

Johnson: The right arrow. Left arrow.

Lahey: Right arrow. Okay. Okay. Great. Okay. So, urban renewal law is contained in two places in Title 50. Same chapter as -- or same title as city law, but it's Chapters 20 and 29. One deals a little bit more with financing and one deals a little more with functionality. So, I will just kind of start with the basics. In Title 50 urban renewal traditionally has been about infrastructure and upgrading infrastructure, replacing infrastructure. So, sewer, water extensions, roads, sidewalks, all of that. And, then, traditionally it's also been a tool for removal of blight and decay. So, rundown buildings, rundown properties, again, defective infrastructure and all of that to help promote development or redevelopment of property within the city and that's kind of the historic use of it, the historic perspective and that's -- it's also been updated over time. So, the urban renewal agency has some provisions that also help promote development -- economic development and encourage private enterprise. That's one of the goals of this. So, if you kind of think of it, the old downtown, that's the original urban renewal district for the City of Meridian and it's a little bit more of the older school type, more broad, and Ten Mile is kind of a newer type and I will talk about the differences. But Ten Mile certainly was more of an urban renewal economic development type project that was focused on by the city and that's caused a little bit of contention and confusion. Some people say, well, it says blight removal, it says decay, that means not -- or that doesn't mean economic development, that means sewer, water, those kinds of things and -- and less about Ten Mile and more about downtown. But it does have both and that generates some discussion and review. There is -- there is some legislation that seems like it's always percolating in the capitol regarding that and that's part of that discussion. But as currently written it does let you do both and economic development I would say is kind of a secondary purpose in the code as it's listed, but it is appropriate and some of the things you look at from an economic development context are things like obsolete platting or diversity of ownership such that you can't really coordinate things and have a unified project or development. Deterioration of structure and improvements. But economic under development. That's another criteria that you can consider. And when I say consider, I mean you as the City Council, because you are the ones that form new districts and generate that and, then, turn that over to the agency once it's established. An area that is -- that substantially arrests sound growth and development of the municipality. So, those are some of the criteria that you can use in an economic development context as a city. The code does call out encouraging private enterprise to the maximum extent. So, that's really what urban renewal is supposed to be about, generating redevelopment that helps increase the tax base, so at the end of the day when the urban renewal agency goes away you have an enhanced tax base and that increment goes back to the taxing districts, the cities and -- and other

taxing districts that are within the boundaries. I will talk a little -- more a little bit about it as we get further, but you have two concepts to remember, you have an urban renewal agency, which is the overall umbrella and, then, underneath that you have urban renewal districts or tax increment districts that generate increment funding. Originally the downtown district and the agency were kind of all the same thing and it's easy to look at them as the same thing, but now you have multiple districts that you have formed under the umbrella of the agency, which can potentially cover the whole city if you decide to establish new districts. I went the wrong way. Okay. As I said, the city kind of drives it. Initially you establish the agency, you establish new districts as we go along. The Mayor appoints, nominates members to fill vacancies on the board and, then, the Council approves those. So, it's with the advice and consent of Council. Some of the specifics about the city -- the City Council cannot have a majority on the urban renewal agency board and they are supposed to be independent entities and I will talk a little bit more about the reasons legally for that later. But you can remove an urban renewal commissioner if they engage in inefficiency, neglect or misconduct. But you can't just go say, all right, Dave Winder, thanks, kind of had enough you. Bye. You have to have basically for cause to remove a commissioner. I have never seen that happen in 15 years, but it's possible. The Council used to be able to replace the -- the urban renewal board with itself and I saw that. Actually Eagle did that for a while. The code was changed, so you can't have a majority, but you can replace the entire board for a year if you want to, just for a big massive reset versus the -- the appointed members that you have now. The Council can also decide to make the board elected. I can't imagine anybody wanting to run for urban renewal commissioner, but I suppose it's possible, but I haven't really seen that implemented either. The vast majority of them are appointed and there is a mixture of -- usually I think that's the most effective -- a mixture of some from the city council and some from the community. So, a little bit about the legal aspects of it. So, the urban renewal agency is not supposed to be the alter ego of the city and there has been lawsuits in regard to that. Eastern Idaho, the Yick Kong case, the urban renewal agency was going to -- I think it was approve bonds to build -- I can't remember -- it was a road or something and the individual challenged that saying, no, in Idaho you have to have a vote to incur debt as a local government entity, but the court said, no, a city and a county, those -- those are local government entities. An urban renewal agency is not that, it's not a city, therefore, you can incur debt without a vote, but you have to make sure that they are separate. So, if the -- if the urban renewal agency creeps more and more to becoming the alternate funding branch for the city, then, that line starts to blur and there is more of an opportunity for a legal challenge when the urban renewal agency pursues funding on something. Okay? So, that's why I say down at the bottom there cooperation with caution. Cities and the urban renewal agency for that city always cooperate and talk and work together, but have to be very careful to make sure that they still are separate entities and not just the urban renewal agency is viewed just another way to build a public building or support city funding. Okay? Let's see. Next one. So, the powers and responsibilities. Each urban renewal district has to have a plan and that plan is ultimately adopted by both the agency and the city and if you look at some of the foundational ordinances you will see that the -- again, there is a difference here. The old plans, like the plan for the downtown area is a little broader. It's more like, you know, public infrastructure

generally, parks, public art, transportation infrastructure -- it's -- it's kind of broad. If you look at the Ten Mile plan or the Union District plan it's we are going to build this much irrigation pipe, we are going to build this many roads, we are going to put in this many sidewalks and it's very specific and that was a result of some of the legislative changes that have been made that say an urban renewal agency is supposed to be specific. You get in, you do your thing, then, you get out, close it down and move on. Okay. So, that's, again, the district. Not the agency, but the district. The funding part of it. The agency also has more flexibility to acquire and dispose of real property than the city does. So, when you want to get rid of something as a city Bill tells you, all right, you got to declare you are going to sell it, you got to have a public auction, there is a lot more process to it than the urban renewal agency has. We have to have a competitive process, but not all of the steps that you do and an urban renewal agency can also dispose of a piece of property at a loss. It doesn't have to be for fair market value. The idea being you are putting properties together to facilitate economic development, like, you know, the projects that you have seen in downtown and to do that you maybe help cover some of that gap in cost to do the project with the private entity that's going to do it by providing the property at something less than fair market value, but it does have to be fair value and that's determined by the board and what you are requiring that property owner to do with it. So, you typically don't see you just sell property as an urban renewal agency to do whatever. It's tied to some specific purpose. Any questions yet? Okay. All right. Powers again to improve and to redevelop property. The urban renewal agency has the authority to invest, to borrow, to accept grants. Again, we can issue bonds. There was a recent change. The urban renewal agency used to have eminent domain authority, but it no longer does. You have to be an elected board. So, if you were to change the urban renewal agency to elected positions, then, you would have that authority. I think that was just part of accountability for actually going in and paying somebody from their -- for their property over their objection. Let's see. So, these are, again, some of the examples of things that are called out in a plan. Demolition of buildings. Environmental remediation. Stagnant or undeveloped land. Public art. Public space. Sidewalks. Parking. All of those things are purposes that you will see in a plan. Next slide. So, we follow the same budget schedule that the city does. Same fiscal year. Similar process where we have to have a proposed budget that's published. You have a public hearing on the budget. The board ultimately adopts that budget. We are a little bit differently -- different in that as a city you have got several silos, right, that you need to keep your money within those silos. The urban renewal agency is one silo essentially. So, we have more flexibility between line items than the city may for different -- for different silos. But if we do set a budget amount and we get more money and, then, we budget it and we want to spend it, we have to amend the budget through the same process, just like you do. As you know, the -- the budget is an estimate. You don't have to spend all of it -- make that that. So, part of what we focus on for expenditure of urban renewal funds -- it has to have a primary -- primary public purpose. So, infrastructure is really easy for an urban renewal agency to spend money on, right because it's sewer, it's water, it's sidewalks, it's roads, all of that is public infrastructure, public purpose. That's the focus. When we spend money it needs to be for a public purpose. Some things that we analyze a little bit deeper and make sure that there is a public purpose are some of the facade improvement things that we

have done downtown. In looking at that the board needs to make sure the vast -- vast majority of that is for the public benefit, not for the benefit of the private property owner. So, that's something that they do. It's not your typical infrastructure type project. There is -- there is a couple of ways that we provide for reimbursement. So, I call them this. They are not really described as that in code, but a development agreement is -- is more of a straight reimbursement. So, somebody comes to us and says we need help with this sewer line and we look at that and say, okay, we are going to fund that, we have a development agreement, you have to finish the sewer line and it's X amount and we will pay you on completion and approval and acceptance by the city. So, it's a one-time reimbursement as soon as it's completed. The other way we fund things -- and usually for the larger amounts -- is over time. So, that agency has a -- an amount of money that's going to be generated from that site tax increment that can pay -- reimburse that developer over time. So, they don't get it all at once, they get it over time from the increment benefit that they generate. As I said, we can do bank loans and bonds.

Strader: Mr. Lakey?

Lakey: Yes. Go ahead.

Strader: I have a question. I will chime in and I will look around and see if other people have questions. I'm just curious. I thought -- I recollect -- maybe I'm wrong -- that our urban renewal districts can't incur debt; is that correct?

Lakey: They can.

Strader: Oh. Interesting. And so my understanding is that the ones that we are using now are using the increment and the direct reimbursement. Have we ever issued any debt?

Lakey: So, I don't believe that we have issued bonds in Meridian. We have looked at it a couple of times. We did have a bank loan back when the COMPASS, VRT building was built, part of that cost -- there was a loan -- I think it was about 400,000 when I was first legal counsel way back then. So, they can, but I would say it's not that common for urban renewal agencies around here to do it. The preference is definitely to say we have got this amount of money set aside and we will reimburse you or we will reimburse you over time and the way we do an owner participation agreement is you will get reimbursed from the money that comes in and the risk is on the developer. That's the way we do a lot of that long-term funding. We are happy to reimburse you from what you generate, but we are not going to guarantee that you are going to get paid all the way back and it's in place for the life of the district. So, that's the way we commonly do business, but they have the ability to do bonds.

Strader: Thank you. That's helpful.

Taylor: Madam Vice-President?

Strader: Councilman Taylor.

Taylor: Mr. Lakey, can you -- you touched on it a little bit, but could you maybe go into a little bit more detail? You talked about what's reimbursable and you talked about the public good or public projects for the benefit of the area. Can you just go into a little more detail that -- how you distinguish a public benefit versus enhancements for a particular property and what's reimbursable?

Lakey: So, Madam Vice-President and Council Member Taylor, the -- the easiest way -- the easiest to start is infrastructure. There is -- infrastructure and the right of way. That's really clearly public infrastructure, public benefit. You are -- you are upgrading the sewer for this project and somebody else. You are building roads and sidewalks that everybody's going to use. The other components of that -- when you get on the site demolition of an old building, that can still be -- it's called out in the code. That can be a public benefit if you have got a really crummy old building and you are knocking it down and replacing it, there is a public benefit to that. When you start to talk about like the exterior of the building, that's a little grayer and you -- and you have more conversation about is there really a public benefit? For example, here are we -- are we requiring them -- instead of whatever they want to build and whatever exterior they want to put on, you need to put something that matches the historic downtown and is more consistent and that is -- there is a public benefit to that as -- and it's something that we require that they aren't necessarily required to do if it's above and beyond whatever facade ordinance or requirements the city may have. So, it's kind of a weighing things, Council Member Taylor. It's -- it's trying to focus on what -- what you are agreeing to reimburse and really looking at is there more of a public benefit or is this just for the private entity. So, we wouldn't fund improvements to the interior of the building to make it nicer. That's really about those that are in the building and that benefit from it. Get outside the building there is a little gray on the -- on the exterior part. But the closer you get to the right of way and within the public right of way the more you are into the public benefit. Okay.

Strader: Mr. Lakey, if you want to continue. I do have one other question. Just because it piqued my interest. What guardrails does the City Council have around the ability for an urban renewal district to issue debt?

Lakey: Madam Vice-President, there really isn't. Once you establish it, then, you designate that board, the board makes the decision on whether and how to issue bonds or how to pursue that.

Strader: But at the time that the urban renewal district is created typically wouldn't that funding mechanism be identified at that time?

Lakey: So, the funding mechanism is set out in state code as to how the urban renewal agencies can approach it and they still have to operate within those confines.

Strader: Uh-huh. Interesting. Thank you. Please continue.

Lahey: So, we talked about the increment financing and the district, the revenue allocation area. Sometimes there is folks that will say an urban renewal agency is a taxing entity and increases my taxes. The urban renewal agency doesn't have any control over the revenue it receives. They can't increase the levy or decrease the levy. It's all based on the taxing districts that are within the district. So, what the city does, what the irrigation district does, what the highway district does, those things can affect the funds that the urban renewal agency receives. So, just a real basic flowchart of how the urban renewal agency gets its money and this is very basic just for terms of -- of explanation. So, you have your urban renewal agency boundaries, you have your taxpayers that are within the urban renewal district. They pay taxes into the county assessor. The -- say they started this district on January 1st, 2007. That was the base district when this was formed. So, the taxable value -- again, for simplicity, of a piece of property is 100,000 dollars and if the tax generated from that property is a thousand dollars, then, that's your base, all of that thousand dollars goes out to the city, the -- the local entities that generate that tax. Three years later if the property value is 150,000, then, that one thousand dollar base stays with the city and the 500 dollars for that increased increment goes to the urban renewal agency. So, that's the -- the simple part of how to explain it and all the taxing entities contribute to that -- that formula. But that's the basic formula. So, some of the requirements and sideboards. I said every year renewal agency has to have a plan and if -- if you go outside of that plan you are not -- well, you are not supposed to go outside the plan, you are supposed to stay within it. The old downtown has a pretty broad descriptive plan, but the new ones don't. They are -- they are pretty specific. If you go outside of that plan or you amend that plan and want to change it, that can reset your base. So, that in this case the 2007 base would get bumped up to when you amend the plan with certain exceptions. So, that nuclear picture there is kind of like you want to stay within your plan, otherwise, you blow all your increment. So, either -- you just stay with the plan. That's the rule. You don't want to amend it other than with the exceptions that you have. I will talk -- some of those exceptions -- the code provides for some exceptions. So, if it's a technical or a ministerial change to your plan it doesn't require a reset. You have the ability to do a one-time boundary adjustment. Basically a ten percent area increase. So, you can bump out one side of it a little bit without causing a reset. De-annexation. The city's done that, but like the Union District, for example, you take a piece out, that's not a -- an amendment that requires a base reset. You can also amend it to support -- and I haven't seen this argued and most people just stay in the plan -- to support growth of existing commercial, an existing commercial or industrial project, and an existing revenue allocation area. So, that might be say that Chobani or whoever locates here in Meridian and you want to go outside of the infrastructure that you have planned for that particular project, if it's -- if it's an existing one that's there you can provide some more sewer lines to it. But, again, most people just stay -- with most agencies just stay within your plan. There is also a requirement if -- some of the bad examples over time that the legislature has looked at urban renewal agencies that build new government buildings that don't really contribute to the tax base. So, a new police station or a new library or, you know, pick your -- your public building. So, there has been legislation over time to kind of address that where there has been some abuses. If it's a government building or the special when that legislation was passed that when you -- that year, a multi-

purpose sports park facility, so aka in -- three years ago when that was passed we don't want the Boise Hawks getting urban renewal money to build their whatever wherever they are going to build it. So, it kind of got generically described as that -- that was -- anyway, an overly specific thing from my mind. But that was adopted. If it's a municipal building -- so, an administration building, a city hall, a library, a courthouse, a police-fire station or a jail, if 51 percent or more of the total project cost is contributed from those public funds, then, it requires a vote. So, that's where urban renewal shouldn't be paying for public buildings without a vote as in public debt, because you are -- you are providing alternate funding for an entity that does require a vote for funding. The public funds, though, don't include federal grants, private donations and the project cost that you are evaluating doesn't include infrastructure. So, if you are building roads and public sewer and water to that public building that still benefits everybody and it doesn't get counted against you in the cost. Vice-President Strader, I know I'm getting close to time. A couple minutes? What --

Strader: I think that's fine --

Lakey: Okay.

Strader: -- Mr. Lakey. You can -- you can continue for a bit. I want to make sure you leave enough time for the next item. Don't go far.

Lakey: Okay. Thank you. So, there is a new -- new legislation that carves out the highway district levies. That was a year or two ago. Because they do infrastructure, you have to have an agreement between an urban renewal agency and the high -- the applicable highway district to use those funds on infrastructure within the district and we have -- we have had a couple of agreements with ACHD for some of the infrastructure. Work around the Union District, for example. We do have to submit information every year to a central registry regarding the plan and amendments and budgets similar to cities. Again, the agencies, the umbrella, it requires a vote to establish a new agency, but not districts under the agency. So, the city already has an agency. That doesn't have a lifespan. What has the lifespan are the specific districts that are under the agency. Sometimes people will say, well, the agency is going away in 25 years. Not really. The district that's formed may be going away in that period of time. Talked about that. Talked about that. So, we are also subject to the same open meeting laws that you all have. The same public records laws. Conflicts and ethics similar. There is a union -- or an urban renewal specific statute where an urban renewal member can't voluntarily acquire a direct or indirect personal interest in an urban renewal project and if they do that -- that can be misconduct in office subject to that removal that we talked about earlier. And same procurement laws for public works construction and bidding and those kinds of things that you have. Council Vice-President, that's my presentation. I'm happy to answer other questions if you have them.

Strader: Thank you, Mr. Lakey. Council, any further questions?

Little Roberts: Madam Vice-President?

Strader: Council Woman Little Roberts.

Little Roberts: Madam Vice President, Todd, thank you so much for your presentation. Just out of curiosity, we have done our one-time expansion, haven't we, of our downtown or have we not ever used that?

Lakey: Council Vice-president and Council Member Little Roberts, I think we have looked at it, but I don't think we have done it for the downtown. At one point we were looking at the church over there behind the -- the Masons building, but I don't think we ever did that expansion.

Strader: I think you are getting some help.

Lakey: Oh. Oh, maybe Ashley will correct me.

Strader: We will welcome --

Squyres: Hi. Ashley Squyres.

Strader: -- Administrator Squyres. Go ahead, please.

Squyres: We actually did use our one-time ten percent expansion for the Union District. It was originally established in 2020 with just the Civic Block and the Union 93 Block. In 2021 we expanded that to include half the block bounded by Idaho, 2nd, Main and Broadway.

Strader: Thank you.

Lakey: Good question. Thank you, Ashley, for correcting that.

Cavener: Madam Vice-President?

Strader: Councilman Cavener.

Cavener: Question maybe for Administrator Squyres or you, Mr. Lakey. That ten percent expansion, though, still falls into the same clock, correct, as the original downtown?.

Lakey: Vice-President and Council Member Cavener, yes. So, you get that one expansion, but it's of that existing district. So, it doesn't restart the clock, still subject to the same.

Cavener: Great. Thank you.

Strader: It looks like there are no further questions. Please stick around in case we need you for the next item. Thank you. These are informational updates and no action is required at this time.

7. Union 93 Update

Strader: We will move on to Item 7, the Union 93 update. It appears that Mr. Nary, the city attorney, is listed to kick off our discussion.

Nary: Thank you, Madam Vice-President, Members of the Council. I guess I will start this discussion mostly with what is pending in court. There is some court actions. We get a number of questions weekly regarding the property across the street that we have referred to as Union -- Union -- Union 93 and kind of what the state of that project is. So, it currently is -- there is four pending lawsuits that have now been consolidated into one -- into one case in front of the district court. It's currently assigned to Judge McDevitt, but in the scheduling order the case is set for a three week trial currently to begin September 3rd and it may get reassigned to a different judge. So, there are a number of retired judges in the state that will hear cases of this type and so depending on court schedules and other calendars of both Judge McDevitt, as well as the other judges currently in the district, it may get assigned to a senior judge. So, it's not clear yet. It hasn't been assigned as of this last order, which was a few weeks ago. But there are a number of cases. So, the original case involved -- involves Oakland Construction, which was the construction manager and financier of the project with Galena, who is the developer of the project, Lien Holdings, as the developer of the project and the original lawsuits -- there was actually two filed by Oakland against both Galena and East Broadway Investment, which is a subsidiary of Galena. They are the financing arm of that entity. So, that -- those two lawsuits have been now consolidated to one. There is a subsequent one that's been filed by both CM Company, which was the construction management company on the project, and they have filed a case against Galena and East Broadway as well, along with a construction company, Concrete Construction, which was the construction supplier for the project. So, those are all pending. These are all damage claims types of projects with the ownership of the -- or the liens on the property and the ownership of the property being part of the lawsuit. So, the issue by the parties, the plaintiffs in this case, are either for the money damages they believe they are entitled to or for the property, then, be sold for, then, the proceeds to be paid for the money damages. The fourth lawsuit is regard -- is a lawsuit in regards between the architectural firm or the project against the developer. So, there is four total. The number -- when I add up the number of damage claims for these four lawsuits, it's about 18 million dollars and so that's still pending. Again no other action. Again, there is a lot of pleadings in this case. It may or may not happen in September. That's certainly dependent on the discovery. Again, with the number of players here, because you have both the development entity, the construction builder, the project -- the construction manager of the project and as few of the project -- or a few of the lawsuits are involving subs of the projects, electrical, plumbing, some of the others that will all have liens on it for various amounts of damage claims. This can get pretty complicated and so it may or may not happen as soon as September. It could get stretched out. It really is kind of

dependent on how long the discovery process takes, but that's the basics of what's happening currently. So, the question is posed to any of the members of the Council or the Mayor or the Mayor's Office of, you know, what's happening across street. Basically we aren't -- the city is not a party of any of it. It really is an ongoing dispute between the developer of the project, as well as the -- the builders of the project. There is some damage claims that need to be settled. There is some, obviously, resolutions of the work that's been performed needs to be resolved. We aren't a part of it. So, we really just can monitor it as -- as it is right now to see how that is progressing along. But we don't have any real control or any real party to that at this point.

Strader: Fantastic. Looking around at -- Council, do you have any questions? I have a few, but I don't want to hog the microphone. Council Woman Little Roberts.

Little Roberts: Thank you, Madam Vice-President. The question I keep getting is this going to be our equivalent of the Boise black hole? I was going to -- oh, do we have any idea what's happening in the future with this, since someone started the project and it's all, obviously, stalled --

Strader: Mr. Nary.

Nary: Yeah. Madam Vice-President, Members of the Council, Council Member Little Roberts, hopefully not. I wasn't -- I had some involvement in that project as well. So, hopefully, it doesn't become that. I think Mr. Freckleton can probably answer some of those. I mean, really, on the lawsuit issue and we really don't have -- we are not a party to this. Obviously, these are claims for damages. The city doesn't really have a role in the status of the project as long as they comply with our codes and maintaining the site, maintaining the safety and maintaining the security, you know, maintaining the brightness of it, but the -- the -- it being sort of stalled, the construction phase, it's kind of why the -- in the past 20, 25 years in this area you have seen a couple of these where they get stalled and, really, the city is sort of -- sort of stuck. I mean we don't really have a mechanism to make that project move along any faster and so that's kind of why the Boise hole was like it was for many years. We had a few others like that. We are kind of in the same boat. We don't have tools to make that happen any quicker than what's happening now, other than because this lawsuit is pending that's probably going to be the biggest delay.

Little Roberts: Thank you.

Strader: Mr. Nary, do we know if -- which company is the mortgage holder or at least has a current security interest in the property besides the sub liens?

Nary: Yeah. Madam Vice-President, so the original lawsuit was filed by Oakland Construction indicates both they are the construction company, as well as the financier of the project. So, they were both.

Strader: Interesting. Thank you. Are there any other questions for Mr. Nary?

Taylor: Madam Vice-President?

Strader: Councilman Taylor.

Taylor: Bill, quick question. Do we know -- you mentioned Oakland was part of the -- as the financier of the project, but are there other entities who are financiers of this? Because I understand this is an opportunity zone and sometimes how those were pulled together there may be multiple parties. Do you have that information what other parties might be also listed?

Nary: So, Madam Vice-President, Members of the Council, Council Member Taylor, in the lawsuits they don't indicate another party that's a partnership of some sort with Oakland Construction. They list themselves as the lender in this project. So, I don't show another party. I mean the other party of the lawsuits, both Jackson Main is the architectural firm on the -- on the project and, then, CM Company is one of the other plaintiffs in that and they are -- both are either from the material work for the -- for the architect or construction management work that's been performed and, then, there is subs, as I mentioned before, between electrical, plumbing and some of the others, but there is nobody else listed as a lender of the original. The amount of money that's claimed as damages by the other parties other than Oakland were based on work performed, not -- not alone and Oakland's claim is alone and work.

Strader: Thank you, Mr. Nary. I do have a question for Administrator Squyres, if you have a moment, Ashley. Just a quick question regarding this. I'm not aware of -- or at least could you update us as to any infrastructure improvements that have taken place within the Union District to date?

Squyres: Madam Vice-President, I am unaware of the specifics. We don't typically see the laundry list of completion until they come in for their reimbursement, which doesn't happen until the end. We haven't reimbursed Union 93, the developer, in any way. First of all, we don't have any money within the district. I think we have about 4,000 dollars. But we don't see that until much later in the process.

Strader: Maybe just a quick follow-up question. If this situation were to continue it would be very unfortunate. We are all hoping that doesn't occur. But I think the district lasts until like 2040, but if for some reason this were to kind of become what Council Woman Roberts was referring to and sort of become our equivalent of like the black hole, what do we do? You know, at some point do we change directions? Do we dissolve the district? I mean what would be the types of things you would be considering at that time?

Squyres: I think a lot will depend on what we do with the Civic Block and how the other half block that's included in this district how they are redeveloped as well, which I do know there are some plans and some visioning that is happening right now regarding that half block. I think our future, hopefully soon, conversations regarding the Civic Block will help guide us in that. I also hope we can get through this legal process. I

understand it's going to be painful. We are going to have to let it play out in the courts. I can't imagine any way -- anyone coming in and trying to make everybody whole and in taking over the project as it is. I just don't think that's realistic to expect. So, I think we need to just kind of bide our time and see how it moves forward. If for some reason we can't come to an agreement on the Civic Block and we can't come to an agreement on the other half block as well, then, that is something that we certainly should consider.

Strader: Thank you. Mr. Lakey.

Lakey: So, the urban renewal district is really all carrot, no stick, so to speak. We just have incentives for reimbursement. So, we have the reimbursement agreements in place with those entities, but, as Ashley said, we haven't made any reimbursement, but they -- they bind their successors and assigns. So, somebody that steps in for them that does buy the project could pursue the reimbursement request as well. Usually there is some kind of general timelines built into those things. So, at some point we could potentially get to the point where we are going to possibly terminate those agreements, but those agreements are an incentive for somebody to come in and buy the project and finish it. So, you also want to be careful with that.

Strader: Thank you.

Cavener: Madam Vice-President?

Strader: Mr. Cavener. Councilman.

Cavener: Ms. Squyres, I know -- I know that's not the scenario that I think anybody would get excited about. Has the board had any conversations about when to reevaluate the existence of that district? Is it reassessed in a year, two years, six months? Has there been any -- if there hasn't been any conversations about it that's certainly okay. I'm just trying to get a sense about really where the MDC is kind of winding on this.

Squyres: Councilman Cavener, essentially we have just been giving updates to the board. You know, there has been these ongoing promises from the developer that moving forward or moving forward, we got cash infusion, we are -- you know. So, there has been a lot of hope on our side with the understanding that -- but the reality may not play out such as that. I think that is a conversation that we need to probably have this summer, you know, and just kind of feel out the board as to what they are thinking, that - as a longer conversation, no, we haven't.

Cavener: Thank you. I appreciate that are.

ACTION ITEMS

- 8. Fiscal Year 2024 Budget Amendment in the amount of \$339,000 for Well 26 Water Treatment Facility Construction**

Strader: All right. If there are no other questions -- so, we appreciate your time. We will move on now to our Action Items. Item No. 8, Fiscal Year 2024 Budget Amendment in the amount of 339,000 for Well 26 water treatment facility construction and we will turn this over to Warren Stewart. Thank you.

Stewart: Thank you, Madam Vice-President and Members of the Council. Have to make sure I get that right. Sorry about that.

Strader: It's a mouthful.

Stewart: I'm here to seek your approval for a budget amendment for the last phase of the Well 26 treatment project. This project is being done to improve the water quality that comes from this source. This budget amendment will cost -- cover the cost of constructing the building and the equipment that goes in that building to house the filtration equipment that will clean up the water. The treatment tank was -- the treatment vessel was purchased previously. It is being stored at the Locust Grove reservoir site until it can be incorporated into this project. The building construction phase of this project was actually bid out last year, but the bids came in significantly higher than we expected them to and we opted to not award the bid and not come to you for a budget amendment at that time, but we actually went back to our consulting engineer and went through some value engineering efforts to try and find ways that we could potentially save some costs on this project and, then, we just recently rebid the project and gratefully that worked. We were able to basically save about a million -- or 1.4 million dollars on the bid. That comes through a combination of things. I would love to say that that was all, you know, the value engineering efforts that we went forward with, but that's not reality. There was some cost savings there and the things that we learned from that effort we plan to incorporate into future well treatment projects. So, that we can save that money in the future as well. But we also benefitted by just the fact that we had a more favorable bid environment for this project. We had a lot more interest from more contractors and we had a more competitive -- competitive bid and I'm sure that contributed significantly to our ability to get a better price. Even though that bid came in quite a bit less than the previous bid did, there is still a shortfall of 339,000 dollars in order to complete this project and put it in service and so I'm here tonight asking for your approval for a budget amendment for 339,000, so that we can award the contract and complete the well treatment facility for Well 26. With that I will stand for questions.

Strader: Thank you, Mr. Stewart. Are there any questions?

Taylor: Madam Vice-President?

Strader: Councilman Taylor.

Taylor: Not necessarily a question, but I do have some comments. Would that be appropriate now or after? I do intend to make the motion to approve it.

Strader: Please proceed.

Taylor: Okay. So, spent some time discussing this with our good Director Laurelei. I spoke with her a few times including today. I think it -- we are in a position where we have to kind of move forward where we are with this project to get it done. It makes some sense. I think it's the appropriate and wise thing to do. I did want to point out a couple of things, though. I think one thing when -- I wanted to make this comment generally for the Council to consider, not just new projects within Public Works, but elsewhere within the city. We have seen an incredible amount of federal funding for projects with the ARPA money and the Cares Act money and the federal stimulus and what that did -- if you looked at Idaho, we are looking at hundreds of millions of dollars in Idaho for wastewater, drinking water and stormwater projects, enhancements and things of that nature and to the tune of hundreds of billions nationally. So, we have created this -- an artificial demand in the market, which has led to an incredible demand on the materials, the engineering, the labor and so what I think to some degree what we are looking at on this project is the result of some of that. Like the bids coming in a million dollars over what we probably projected it to be. I'm really grateful. I think we did a good job on the value engineering bringing that down. I do agree that -- I think we found a better environment, so the reason I mention that is I think it would be wise -- and I spoke with our director about this -- to -- to look at it. There are some projects that we need to move forward with now, but there might be projects where maybe it makes some sense to wait and so I would encourage all departments to look at our capital investment into projects and say like are we getting -- is this a good time to go out to bid, because prices are really really high and I think that we need to be careful about how we do that. I mean we are saving over a million dollars from the bids we got to where we are now. So, my recommendation is twofold for the city, is to look at, number one, do we need to do it now and, number two, the value engineering that went into the redo, maybe we need to be doing -- trying to look at how we can incorporate that initially and so I don't have all the answers, I just think that when looking at this -- this issue we do have a bit of a problem, because there is so much investment into infrastructure that was designed intentionally to keep things moving, but the result of it is an artificial demand in these markets where a lot of people want to buy some pipe or they wanted some engineering, they just can't help it, so there is a limit and I think over time we will see the market kind of readjust back to more normal and maybe to some degree we saw that when we went out to bid the second time, maybe things were shuffling. So, I think that as a city we should be considering some of those aspects.

Strader: Thank you, Councilman Taylor. That's an interesting comment. You know, it -- hopefully we are following our long-term financial planning and so we are, you know, doing things in a very methodical way and -- and that we do have -- I think through our procurement department also the flexibility that when we think the environment is not favorable that's when we can adjust the timing, but I think that's an excellent point. Are there any other comments or questions or motions?

Taylor: Madam Vice-Chair, for a motion?

Strader: Yes, Councilman Taylor.

Taylor: I propose that we approve the fiscal year 2024 budget amendment in the amount of 339,000 for Well 26 water treatment facility construction.

Strader: Do we have a second?

Cavener: Second.

Strader: All right. Then there is a motion and a second. All those in favor of approving Item 8 please signify by saying aye. Opposed nay? The ayes have it and the budget amendment is approved.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

9. Approval of Construction Contract to Irminger Construction, Inc. for the Well 26 Water Treatment Facility project for the Not-To-Exceed amount of \$2,295,144.00

Strader: On to Item 9. Do we have a motion there?

Taylor: Madam Vice-President?

Strader: Councilman Taylor.

Taylor: I move that we approve the construction contract to Irminger -- I hope I said that right -- Construction, Incorporated, for -- for the Well 26 water treatment facility project, not to exceed the amount of 2.295 -- 144,000 -- I said that wrong. Let me say that again. 2,295,144 dollars.

Cavener: Second.

Strader: Fantastic. We have a motion on the table and a second for approval of the construction contract to Irminger Construction for Well 26 water treatment facility project. Is there any discussion? Okay. If not, all in favor signify by saying aye. Opposed nay? The ayes have it and Item 9 is approved.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

Strader: This brings us -- thank you, Mr. Stewart. This brings us to the end of our agenda for the work session. Do I have a motion to adjourn?

Cavener: Madam Vice-President?

Strader: Councilman Cavener.

Cavener: Move we adjourn the workshop.

Strader: Fantastic. There is a motion to adjourn. All in favor signify by saying aye. We are adjourned.

MOTION CARRIED: FIVE AYES. ONE ABSENT.

MEETING ADJOURNED AT 5:22 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

_____ VICE-CHAIRMAN LIZ STRADER	_____ DATE APPROVED
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ATTEST:

CHRIS JOHNSON - CITY CLERK