

**LEWISTON CITY COUNCIL
JOINT LEWISTON CITY COUNCIL/NEZ PERCE COUNTY
COMMISSIONERS SPECIAL MEETING MINUTES**

MARCH 23, 2020 – 3:00 PM

Lewiston City Library, Upstairs, 411 D Street, Lewiston, Idaho 83501

COUNCIL MEMBERS PRESENT: Mayor Collins; Mayor Pro Tem Schroeder; Councilor Blakey; Councilor Bradbury; Councilor Kelly; Councilor Pernsteiner

COUNCIL MEMBERS EXCUSED: Councilor Miller

NEZ PERCE COUNTY COMMISSIONERS PRESENT: Beck; Havens; Zenner.

STAFF MEMBERS PRESENT: Alan Nygaard; Jana Gómez

I. CALL TO ORDER

Mayor Collins called the meeting to order at 4:00 PM

II. PLEDGE OF ALLEGIANCE

Mayor Collins led the Pledge of Allegiance.

III. SPECIAL MEETING ITEMS

A. AIRPORT AUTHORITY UPDATE

It was reported that the Airport is very fortunate to have new Airport Director Michael Isaacs and Administrative Assistant Polly Nielson on board. He noted that Mr. Isaacs started on February 15th and spent the first ten days learning the ropes with previous Manager Bill McKown. The Airport Authority had a great meeting last week wherein they approved new rates and a fee policy, approved a master lease and signed on two new businesses at the airport. With regard to south side development, Mr. Peters indicated that one hangar has now turned into five, with the first three being the largest on the entire airport. He said he can't think of a better place to put economic development funds. Mr. Peters thanked everyone involved in the permitting process.

Airport Manager Isaacs reported there are a lot of changes happening at the airport. Construction on the runway began today, staff is busy keeping everything wiped down in all public areas and air scrubbers have been installed. Staff have been meeting weekly with TSA and reaching out to consultants twice a day with regard to costs associated with and the impact of Covid-19 and the receipt of potential federal funding. Lewiston's airport is creating \$67 million in annual revenue, with 459 jobs

within the community related to it. Mr. Isaacs said these numbers bring home what it means to have an airport in this community.

B. NEZ PERCE COUNTY COURTHOUSE DISCUSSION

It was reported by Commission Chair Beck that the NPC Courthouse Committee has been working hard to move forward with plans for the new courthouse. The group met last week with property owners on Main Street to discuss parking, fire and sanitation issues. There is currently an architect on board and discussions have been held with Zions Bank. Mr. Beck said he hopes to get the Vacation of right-of-way finished up with the City and has some questions that need answered with regard to storm sewer.

Councilor Bradbury said, speaking as a private citizen rather than as a councilmember, that he believes it would be less expensive to build then to refurbish the old court house. He stressed the need to get the public involved by allowing them to vote as to whether or not they would like to move forward. Commission Chair Beck replied that the Commission will have open meetings with the public to discuss financing. Mr. Bradbury added that he is neither for or against remodeling versus new construction, but believes the citizens have a right to weigh in on the decision.

Commissioner Havens reported he believes it is important to get the public on the same page and to listen to what the City of Lewiston are saying. He noted that the Commissioners have definitely talked about the courthouse going to the citizens for a vote and have asked the Prosecutor's Office to begin putting some language together for the ballot.

Commission Chair Beck indicated that the County has taken some real steps in the past few years to budget very well and has been putting money away in an effort to help finance the new courthouse. He said every avenue will be reviewed in order to make construction possible.

With regard to the street/alley/land vacation, Commissioner Havens questioned where this is in the process and asked about the time table. City Manager Nygaard replied that the City is waiting to know the specific need and hopes to receive some information from the architects. He expressed the need to know a more formal decision regarding the footprint of the building before moving forward as there are consequences to vacating the street. Mr. Nygaard stated he understands the application has been presented, but again, it cannot move ahead without more detailed information. Commissioner Havens expressed his support for a different footprint, stating he would like the County to utilize the entire block and see the Police Department moved closer to the high school. What is currently being proposed is not his first choice.

Councilor Blakey said he heard Councilor Bradbury indicated that he would take the County to court if they choose to use a specific funding mechanism, while a Commissioner indicated they may use an advisory vote. Mr. Blakey said his concern is that there is a lot of work being done, but it may be possible that the citizens say “no” on the November ballot. He stated it may be helpful if the Commissioners agree to an advisory vote at this time. Mr. Beck responded that the Commissioners have until June to get the issue on the November ballot. There is a lot of preliminary work that has to be done and they are trying to get through each of those steps.

City Manager Nygaard said the effort the City puts forward will be necessary in order for the Commissioners to move their project forward. Staff is not trying to not move forward, but want to ensure they proceed correctly.

C. URBAN RENEWAL AGENCY FUNDING

Community Development Director Von Tersch explained that in January she prepared a fact sheet for the URA and the most important point made was that the Agency would be able to pay off the bond on March 1st. Therefore, the Agency no longer has any bond payments and has revenue coming in that can be redirected to other projects. Ms. Von Tersch noted that this requires a Settlement Agreement to be renegotiated which would allow the URA to assist with parking, landscaping, etc., in support of the Courthouse. The increment that could be produced for the County over the next two years is \$2 million. It is a proven revenue stream that could be bonded against and this would be an ideal time to look for bond financing.

Councilor Bradbury noted there are seven members on the URA, three of which are elected officials. Community Development Director Von Tersch confirmed that the Board is made up of one councilor, one commissioner, one Port member, a representative from Valley Vision, the City’s Chief Financial Officer and two at-large members. Mr. Bradbury asked how much money the URA has received since its inception. Administrative Services Director Marsh replied that staff began working on this question today. First established in 1999, there are 20 years of summaries to calculate and upon conclusion, will be provided to the Council. Councilor Bradbury said his rough calculation is approximately \$12 million. The City contributes 60 percent of those funds and the County contributes between 30 and 35 percent.

Councilor Bradbury then questioned the amount of long-term debt that has been committed since the URA has been in existence. Mr. Marsh noted that there was only about \$1.9 million in debt that was paid off seven to ten years early and comprised about six projects. Councilor Bradbury expressed concern as it seems the URA is a device used to bypass the requirement of the citizens to vote on debt issuance. Three elected officials have chosen to utilize taxpayer money to incur debt without any vote of the citizens. Mr. Marsh explained there are very few tools in the State of Idaho that allow for financing projects to stimulate the economy. He said he is firm believer of the URA, noting that it has returned about \$12 for every \$1 invested.

Councilor Blakey indicated that every progressive City within the State of Idaho has a URA. If this were not legitimate, he said it seems the legislators would have addressed this a long time ago. The funding is used to promote construction development. Further, the URA does not get to spend the money as it merely serves as the bank. All projects presented to the URA go to Community Development, Engineering and Finance for review and the City Council is the group that ultimately approves or disapproves the project.

Councilor Bradbury stated that under the Idaho State Constitution, any debt incurred for more than a year has to be voted on by the public. He expressed his belief that the Urban Renewal Agency is a scam.

City Manager Nygaard emphasized that the question presented was if there was an interest in renegotiating Area #3 in an effort to help with downtown infrastructure needs, as well as infrastructure for the Courthouse. He noted that it would take the action of both the City Council and the Commissioners to reopen the agreement.

Commissioner Havens said that closure is not stated within the current settlement agreement for Area 3. Rather, it says that the base is reset once the current bond is paid off. Therefore, if another project is to be started, Area 3 is not closed. Additionally, Mr. Havens stated that both parties have agreed that bond payments shall be paid from continuing tax increment revenue until paid in full and the revenues collected up to the new valuation would then go to the taxing entities. He noted that it was his understanding that the proposal is to amend the settlement agreement, continue to collect money off the 2005 base in amounts that were previously discussed, and those funds would then be used to construct downtown infrastructure projects. Mr. Havens asked if this project is required for the County to build a courthouse in the downtown area or if construction could proceed without touching that infrastructure. City Manager Nygaard replied that it would depend on what is being constructed. Once the magnitude of the courthouse construction is realized, the impact to the utilities could be determined. The water line on Main Street is about 104 years old. If construction is going to be done in this area, this line would most likely need to be replaced.

Commissioner Havens expressed concern that the County may be on the hook for replacing lines that are insufficient due to their size. He asked if more water, sanitation, stormwater, etc., would be required with a new County building or if it is just time for the City to upgrade the lines. In response, Public Works Director Davies explained that the specifics for any new development, no matter where it is located, are always necessary in order to determine the impact to the existing infrastructure. If the County plans to change the footprint to take a part of the existing right-of-way, it will be important for the City to know that. Developers are typically required to move all lines and must meet all City codes. In the case of the courthouse, the demand

on the water system may require larger pipes which would be the responsibility of the County.

Commissioner Havens said he thinks that the County may lose control of the money if URA funding is used for their project. He added that he has yet to hear any good argument as to why the settlement agreement should be renegotiated. Further, Mr. Havens stated he believes the City is missing the boat with regard to promoting economic development if it is waiting for developers to step up with deep pockets to pay for all of the infrastructure needs for their potential projects.

Administrative Services Director Marsh said he thinks Mr. Havens' example is exactly why the Commissioners should entertain the use of URA funding. If there is no consensus to reset the base, tax revenues could continue to flow and justify a \$6 to \$8 million bond. However, if the base is reset, those increments would go away.

In the proposal being discussed, Councilor Pernsteiner asked if staff is suggesting that the URA would only pay for improvements of the water lines in Main Street or if they would also cover the costs that would be incurred by the new courthouse, to include the vacation of 12th and moving the utilities. Mr. Nygaard explained there is not a specific cost determined at this point so it is unclear as to how far the funding would go. He stressed the importance of looking at the most efficient way to move forward with the utilities downtown. Being able to provide a water flow that would help provide sufficient fire protection for businesses would be extremely helpful.

Councilor Pernsteiner said this isn't just about paying for a new water line but also ensuring that it helps to reduce costs for the courthouse. Mayor Pro Tem Schroeder said she is in favor of keeping Area 3 open. She suggested the City and County work through this project together.

Councilor Blakey said that using URA funding would promote economic development by means of a new project, reduce costs, promote further development of the city's water line down Main Street and would benefit future and current businesses.

Commissioner Havens stated that selling points of the URA were that projects would be completed, they would be paid off, the bases would be reset, and the taxpayers would then enjoy some tax relief. He said he has yet to experience this with any of the projects. He noted that he is still not convinced that this would be a benefit to the County as they would lose control of \$2 million. Mr. Havens asked why it would be better to give authority of this revenue to a majority of unelected folks on the Board rather than to have the County determine its own destiny of the money that would be coming in. He said he was told that the bond was paid off in Area 3 so revenues would be coming in on the next big tax receipt. Mr. Havens asked how this revenue is being handled. Ms. Von Tersch explained that the State Tax Commission

directs that the Nez Perce County Clerk provide tax checks to the City's Finance Department and then they are deposited in the bank. The Urban Renewal Agency has its own bank accounts, its own bookkeeping and its own financial audit.

Community Development Director Von Tersch explained that staff is not discussing the closure of the district. They are, however, trying to decide if the contract should be renegotiated to entertain a big, impactful project that would help to bring downtown back to life.

City Manager Nygaard said he understands there are questions. If there is not an agreement today to renegotiate, at least there is a better understanding. He offered to answer any questions the Commissioners may have and to identify the benefits of utilizing URA funds. The door could be left open at this time so if there is a favorable decision to both parties, the County could agree to renegotiate the settlement agreement. Mr. Nygaard said he wants this to be of value to both parties, as well as the community.

City Manager Nygaard said it would be helpful to know if the Commissioners are interested in moving forward. If the City can provide additional information so that all parties involved can see the benefits and understand the project in detail, then knowing that would also assist City staff.

Commissioner Havens said he does not want the County to lose control of the revenue that should be coming back to them. He said he is not convinced that what is being offered by the City is a benefit to the County, and isn't even sure if the Commissioners have yet selected the right location for a new courthouse. Although he believes in the spirit of the settlement, Commissioner Havens said that he is not in favor of renegotiating that settlement.

Commissioner Zenner stated he believes the legislature will answer the question as to how much budgets are going to be. It makes sense to broaden the tax base to give taxpayers property tax relief. Mr. Zenner said he is not interested in renegotiating as the Council will need money for its budget and for the citizens. Further, it is not known what the airport will need from the County in the future.

Commission Chair Beck reported he also has concerns about what the legislature is going to do. He too said he is against renegotiating with the City.

Mayor Collins noted that even if that is the final decision of the Commissioners, he would still like to see a new courthouse and would like for the City to do whatever it can to assist.

IV. ADJOURNMENT

There being no further business to come before the Lewiston City Council and Nez Perce County Commissioners, the March 23, 2020, Special Meeting adjourned at 5:35 p.m.