



REGULAR MEETING OF THE KETCHUM
URBAN RENEWAL AGENCY
JUNE 16, 2014

Recorded

Commissioners present: Chairman Mark Eshman (by phone)
Commissioner Anne Corrock
Commissioner Tim Eagan
Commissioner Baird Gourlay
Commissioner Gary Lipton
Vice-Chair Trish Wilson
Commissioner Jim Slanetz

Also present: Interim Executive Director Ramon Silver
Secretary/Treasurer Sandra E. Cady
Administrator Clerk Katie Carnduff
Ketchum Urban Renewal Agency Attorney Paul Fitzer
Minutes written by Ketchum Recording Secretary Sunny Grant

1. This meeting of the Ketchum Urban Renewal Agency was called to order by Commissioner Baird Gourlay at 3:30p.m. at City Hall, Ketchum, Idaho.

2. **COMMUNICATIONS FROM THE BOARD OF COMMISSIONERS.**

No communications at this time. (Commissioner Baird Gourlay had a communication later in the meeting.)

3. **COMMUNICATIONS FROM STAFF**

Presentation of the Proposed Budget for Fiscal Year 2014-15 – Ray Silver, Interim Executive Director.

Interim Executive Director Ray Silver presented the budget at this meeting. There are two recommendations in the revised budget:

- Reduced salary and benefits cost for the agency from \$77,412 to \$61,972.
- Reduced professional services by about \$5,000. As of July 1, Ketchum will take over property management of the Visitors Center building.
- Staff requests that \$25,000 of the \$40,000 Professional Services be used to update a previously-prepared space use study for Ketchum City Hall/Police/Fire facility. The KURA's original plan, adopted years ago, included a new City Hall in its project list; and the City has made this one of its FY2015 priorities. The study is to determine what kind of building square footage is needed in order to determine the lot size for building, parking, setback and landscape requirements, etc. Ketchum is asking the KURA to consider this base use study update. 3:38:25 pm

Commissioner Wilson said the URA doesn't have a lot of money and she would prefer to spend \$25,000 on an actual project instead of a study. Interim Executive Director Ray Silver said the study would be done for the KURA, and the KURA would have total control over it.

KURA Secretary/Treasurer Sandy Cady projects about \$2.8 in FY2015 revenue, a 2.3% increment increase over FY13-14 revenue. Interim Executive Director Silver said this would increase funding from \$306,552 to FY2015 of \$478,195.

Commissioner Eagan asked if they could stipulate that the City reimburse the survey expense when the City has more money. Interim Executive Director Silver said that was the KURA Board's prerogative.

Cady will provide the KURA Board with a detailed explanation of all expenses. She answered specific questions:

- Miscellaneous \$30,000 is common area for Sun Valley Marketing Alliance.
- Rent is the basic fee, which includes utilities for the common area, which is not a set amount. The utilities that each renter pays are under Utilities.
- 3:46:53 pm The FY2014 Utilities were originally estimated at \$10,000 when the budget was adopted, but later estimated at \$30,000 when figures for FY2013 were available. Actual utilities expense was not available for previous years.
- The Board can budget for Capital Projects in FY2014-15, or leave it at 0 and amend the budget during the year if a project turns up. The FY2013-14 budget included \$145,000 for Capital Projects, which is unlikely to be spent this year.
- Administrative Expense is overhead expenses that the City of Ketchum incurs for work done by Ketchum employees or departments that indirectly benefit the KURA. Administrative expenses that are specifically and totally for the KURA are their own line item. For FY2015, Administrative Expense is 5% for operating expenses, materials and services in the administrative part of the General Fund.
- Telephone and communications is basically for Sentinel Security at the 491 Sun Valley Road building. The higher cost in FY11-12 was to Syringa Network for wifi.

- KURA revenue includes tax on new development at the levy rate.
- The debt service includes a \$1,500 fee for the paying agent for the bond.

4. COMMUNICATIONS FROM THE PUBLIC.

Ketchum Community Development Corporation presentation for funding for FY2014-15 – Jon Duval, KCDC Executive Director.

Also Present: GMD Development President Greg Dunfield

GMD Development President Greg Dunfield has partnered with KCDC for a number of years. Dunfield has been a full-time Ketchum residence since the early 1990s; and involved in affordable housing on a national level. Dunfield has worked on over 40 transactions in 10 states; and has seen Ketchum try to deal with the issue. In the late 90s, a professional housing planner was hired, but early initiatives were crushed due to lack of political support. In the early 2000s, strong political leadership and civic-minded volunteers finally got a housing infrastructure in place. In the mid 2000s, Ketchum updated its Comp Plan and zoning changes, created the KCDC and KURA, and saw the Blaine County Housing Authority come into being, all of which provided important infrastructure. In 2008-09, Ketchum saw its first affordable housing project, Northwood Place, which was the culmination of hard work by a lot of people over a long time. Affordable housing solves one of Ketchum's biggest needs for year-round residents, but also the Valley's need for less traffic and the resort economy's need for people who live and work here year-round.

Going forward, the City of Ketchum and KURA need local contributions of land, waivers and money. Federal programs are decreasing. Ketchum needs a local mission-based entity that is funded and focused on these projects on a long-term committed basis. The KCDC has partnered in Northwood Place and stewards that asset. The KCDC needs to continue its work, particularly now that the real estate market is returning, and hopes the KURA will partner with it.

KCDC Executive Director Jon Duval said the Downtown Master Plan, which was done with public input, partnered the City, the KURA and KCDC to get projects done.

Northwood Place was a huge collaboration that returned about \$1 million to Ketchum and provides a tax increment of about \$20,000 to the KURA every year. The City gave the KURA funding of about \$100,000, and provided the land, and the KCDC provided volunteers.

Other projects, managed by the KCDC, include:

- Walkable Ketchum was done with KURA funding and a huge volunteer effort.
- Town Square is on Ketchum and URA property. The project was done with Ketchum funding and fund-raising of \$150,000 and volunteer support to design the project.
- Ketchum Arts Commission.
- Washington Place has been a long-term project with many frustrating hurdles, but worth the effort.
- Northwood Place was fully rented shortly after completion, and has been 97%-100% occupied since 2010. A FOR LEASE sign keeps the waiting list up-to-date, so there is always someone waiting for an available unit. Commissioner Wilson said the perception was that they were always looking for tenants and it wasn't successful. Dunfield said it is standard management practice for an apartment community to always have a FOR RENT sign up.
- Fourth Street Heritage Corridor was done with City property, KURA funding and KCDC volunteers.
- Cover art on utility boxes. Duval is on the Ketchum Arts Commission.
- Ketchum Innovation Center is a business resource that is doing very well. Its location is not in the Urban Renewal Area. There are currently six companies, including the KCDC, with a total 16 employees. The Mentor and Advisor program is exploding.
- Northwood Exercise Park. There isn't a lot of information on this yet; but it will increase surrounding property values, which results in increased revenue for Ketchum.

Duval suggested the City of Ketchum, the KCDC and the KURA should meet together and put forth a unified vision of what they want to see. The KCDC leverages every dollar it gets to benefit Ketchum.

Answers to Commissioner questions and comments:

- The KURA has never asked the KCDC for overhead expenses. The KCDC has funded specific projects: the Fourth Street Heritage Corridor and Walkability. The City has provided other funding to the KCDC to date, but the plan was always for the City to be the policy maker, the KCDC to be project management and the KURA to be funding mechanism.
- The KCDC has allocated \$80,000 for affordable housing for FY2015. If a project doesn't actually happen, there are operating costs to put forth an application. However, there won't be the cost of an architect and engineer, etc.

KCDC President Neil Bradshaw said Ketchum Council needs to determine its priorities, discuss those priorities with the KCDC, and then decide how to fund them. Bradshaw said he thought affordable housing was still a City priority. If it is, they need to figure out how to fund it.

Interim Executive Director Ray Silver confirmed that the original intent for the KURA was to fund projects like affordable housing. The City of Ketchum has been funding them, but cannot continue to do so. If the KURA doesn't implement the plan to fund this kind of project, 4:27:33 pm including Ketchum City Hall and a police facility, the projects are not going to get done. The KURA is the more competent body, with a knowledge of capital projects, to do this kind of project. Commissioner Gourlay said the concept of a URA was first proposed to then Mayor Randy Hall and himself as a funding mechanism for a number of projects, including affordable housing. The City of Ketchum has been financially able to fund the KCDC since then, but can no longer do so, primarily due to the Beaver Creek Fire. Commissioner Gourlay said it was always his understanding that the KURA would be the KCDC's financial partner.

KCDC Executive Director Jon Duval said the KCDC has been very vocal and communicating with the City of Ketchum and KURA Chairman Eshman to try to get over recent project hurdles. The KCDC wants to move forward while there's still time before the housing market turns around and rentals are back up to 2006 rates.

Commissioner comments:

- Commissioner Corrock said the KCDC and KURA were created at a time when they thought they'd have a lot of money for development. The KURA and KCDC now need to do some strategic planning to decide what direction they want to take. Duval agreed that they should be working together to determine their direction.
- Commissioner Slanetz said the KCDC is the arm that gets the job done. It is important that they are funded to a reasonable amount. Next year is questionable as far as affordable housing, and he questioned if a traffic study was needed next year or could be put off. Interim Executive Director Silver said capital project costs could be put under Capital Outlay and, if approved by the Board, specify what the money is for. Interim Executive Director Silver said Revenue is projected to exceed Expenses for FY2015 by about \$171,000.
- Commissioner Corrock said the KURA could perhaps direct the KCDC to work on City Hall for FY2015. 4:37:57 pm
- Commissioner Lipton said the KURA should consider affordable housing, but the KCDC is tight on money, too.
- Commissioner Eagan said he didn't have any indication that the KCDC had anything to do with the KURA, and no contractual obligation to the KCDC. He questioned what the KURA was getting for its staffing dollars. He said there is nothing signed between Ketchum Council, the KCDC and the KURA, and he is totally opposed to this proposal.
- Commissioner Corrock said she understood that, from the beginning, the City needed to do capital projects by encouraging private development through the KURA, but she also didn't agree with funding administrative costs.
- Commissioner Lipton said the KURA members who weren't on Council didn't see this coming. Commissioner Gourlay said he suggested to KURA Chairman Eshman that Council members recuse themselves from the discussion, 4:43:14 pm but that Chairman Eshman said the Councilmembers are part of the KURA Board and, although conflicted, need to vote on matters like this with the City's interest in mind.
- Chairman Eshman said the KCDC has been a terrific partner in doing the work that the KURA doesn't have time or staff to do; but that he is concerned about fiduciary conflict with Ketchum Councilmembers on the KURA Board. Chairman Eshman suggested Councilmembers voice their opinion, but not vote on the proposed KCDC budget. Chairman Eshman added that he would like to find a way to help the KCDC, especially on affordable housing.

KURA Attorney Paul Fitzer said the legal definition of Conflict of Interest in this case 4:45:42 pm is if there is an economic benefit or something to be derived by virtue of voting on the Commission. There is not. The Attorney General reviewed the question for another Idaho county, and there was not deemed to be a conflict of office.

Interim Executive Director Silver questioned Commissioner Eagan's figure of \$200,000+ for staff. Interim Executive Director Silver said the budget proposed \$61,972 for salary and benefits for staff, and additional money for Materials and Services, some of which may be money used by staff to carry out their job; but Professional Services is for outsourcing to someone else to do a job.

Interim Executive Director Silver said the KURA is a subsidiary of the City, set up under laws that allow the KURA to 4:47:48 pm fund and finance things differently from the City. The KURA is not a separate corporation that sits in Ketchum Council Chambers, but is an organization meant to achieve the ends of the City of Ketchum. The City has given up the Growth and Property Tax from projects done by the City that would have gone into its Property Tax General Fund, to the KURA to allow the KURA to do what it's doing. The plan was for the KURA, once on its own feet, to pay for its own projects.

Commissioner Slanetz supported this statement. The KURA bylaws state the reason why the KURA Board includes three Ketchum Councilmembers. He said the KCDC needs to be accountable to the KURA if they receive funding from the KURA. Commissioner Corrock said the KURA needs to decide which projects they want to do with the money they have for FY2015, and decide if the KCDC can do the work for them.

Commissioner Wilson said the knowledge of City Council members on the KURA Board has been valuable to her. She feels that affordable housing is a priority of the KURA.

Chairman Eshman said the KCDC is, in concept, a reasonable proposal; but he feels the KURA Board needs to have consensus on what their priorities are. This should be discussed in Executive Session, because it involves land acquisition. Chairman Eshman reiterated that he thinks it's a breach of fiduciary responsibility for the Councilmembers to vote on the proposal since they are serving in a fiduciary role on two separate corporations.

KCDC President Neil Bradshaw said KCDC bylaws, as stipulated by the City, direct that there be two City Councilmembers on their Board, to increase communication and coordination on how the organizations should align on projects, in order to use and leverage their money as best as possible.

Commissioner Gourlay clarified that the administrative cost are the \$61,972 benefits/salary and the \$64,000 in the KCDC proposal is \$125,000, not \$200,000+.

Commissioner Gourlay said none of the Councilmembers on the KURA Board brought the KCDC proposed budget before the KURA. Council told the KCDC there would not be enough money to fund the KCDC. The KCDC and KURA Interim Executive Director Silver suggested the KCDC present their budget to the KURA. Commissioner Gourlay said he had been a City Councilman for 14 years, and had always felt the KURA had not paid its fair share of City expenses. It's time for the KURA to start paying its fair share, particularly for affordable housing.

Commissioner Gourlay said the KURA has had a relationship with the KCDC since its inception. The KCDC is an outside contract and the contract is coming from the KCDC and Gourlay feels the entire KURA Board should vote on financial issues that the KURA is responsible for. 4:59:28 pm

Commissioner Corrock said she would vote on a proposal solely based on whether she liked the project.

5. COMMUNICATION FROM THE BOARD OF COMMISSIONERS.

Commissioner Gourlay said he'd received an email about fixing some sidewalks in front of Sushi on Second. Sidewalks are a task that the KURA is responsible for, although the only sidewalk project to date is Fourth Street. Commissioner Corrock said this was part of the Walkability project, and in the KURA Capital Improvements Plan. The Walkability Plan will be put on a future agenda.

6. RESOLUTIONS

Resolution Number 14-URA1 changing the time of the regularly scheduled Ketchum Urban Renewal Agency Meetings – Ray Silver, Interim Executive Director.

Commissioner Trish Wilson moved to change the time of the regularly scheduled Ketchum Urban Renewal Agency meeting, seconded by Commissioner Gary Lipton. Motion passed unanimously.

7. CONSENT CALENDAR.

- a. Approval of minutes from the May 19, 2014 URA Board Meeting.
- b. Recommendation to approve current bills.

Commissioner Tim Eagan moved to approve the Consent Calendar for May 19, 2014, seconded by Commissioner Jim Slanetz. Motion passed unanimously.

8. EXECUTIVE SESSION to discuss:

- a. Land acquisition pursuant to Idaho Code §§67-2345 1(f).
- b. Personnel pursuant to Idaho Code §§67-2345 1(b).

Commissioner Baird Gourlay moved to go into Executive Session, pursuant to I.C. 67-2345 1(f) land acquisition and 67-2345 1(b), personnel. Motion seconded by Commissioner Jim Slanetz. Roll call: Chairman Mark Eshman (by phone) yes, Commissioner Anne Corrock yes, Commissioner Tim Eagan yes, Commissioner Baird Gourlay yes, Commissioner Gary Lipton yes, Commissioner Trish Wilson yes, and Commissioner Jim Slanetz yes. Motion passed unanimously.

9. ADJOURNMENT

Commissioner Baird Gourlay moved to adjourn at 5:35 p.m. Motion seconded by Commissioner Jim Slanetz, and passed unanimously.



TRISH WILSON,
Vice Chairman

ATTEST:



SANDRA E. CADY, CMC
Secretary/Treasurer