

MINUTES OF A CONTINUED MEETING OF THE CITY
COUNCIL OF THE CITY OF COEUR D'ALENE, IDAHO,
HELD IN THE COMMUNITY ROOM, COEUR D'ALENE PUBLIC LIBRARY
September 13, 2017

The Mayor and Council of the City of Coeur d'Alene met in a continued session of said Council at the Coeur d'Alene City Library Community Room September 13, 2017 at 1:30 p.m., there being present upon roll call the following members:

Steve Widmyer, Mayor

Dan Gookin) Members of Council Present
Kiki Miller)
Dan English)
Woody McEvers)
Loren Ron Edinger)
Amy Evans)

MEMBERS OF EXECUTIVE TEAM PRESENT: Jim Hammond, City Administrator; Troy Tymesen, Finance Director; Mike Gridley City Attorney; Bill Greenwood, Parks & Recreation Director; Hilary Anderson, Community Planning Director; Terry Pickel, Water Superintendent; and Kenny Gabriel, Fire Chief.

GUEST PRESENT: ignite cda Legal Counsel Danielle Quade; ignite cda Executive Director Tony Berns, Welch Comer President Phil Boyd; and DEQ Brownfields Specialist Steve Gill.

CALL TO ORDER: Mayor Widmyer called the meeting to order.

ATLAS MILL SITE ACQUISITION– City Attorney Mike Gridley noted that Steve Gill, the Brownfields Specialist at the Department of Environmental Quality, was in attendance and would be available to answer questions. Mr. Gridley reviewed the Phase I environmental information performed by Tetra Tech, Inc. The Phase I process includes a historical review of the site and determines if there is potential for any environmental concerns based on prior uses. He presented a map of the property that was included in Phase I. They have narrowed the parameters of any unknowns based on the review and determined there is nothing on site that they are aware of that gives environmental concern. Mr. Gridley noted that there is a large mound of debris that is referred to as “Mount Hink” that has had previous material & density testing, but it did not include an analysis of what the chemical compounds located within the mound. Mr. Gridley noted that the site is very large, and has not been reviewed with a fine-tooth comb. However, once a decision is made regarding the specific uses of the parcel, then it might require additional levels of testing. Mr. Gill noted that Phase I is a discovery document. They have determined that the historical use since the late 1800’s has been lumber processing with a variety of railroads running through the site. He reviewed a site map outlining the main structures within the site over the years, noted large demolitions and removals over the years, and clarified that if there was nothing that is above state regulatory limits, then there is no report required to be submitted to DEQ. The underground storage tanks received a “no further action”

letter upon their removal. Since the proposed development includes residential uses, DEQ would want to review for chemical findings, and hope any findings are below the threshold that would require anything actionable. Mr. Gill expressed a desire to continue the brownfields portion of the project to clear for the City or any future developer.

DISCUSSION: Councilmember English asked if the City were to move forward with the environmental review how long it would take to complete. Mr. Gill felt that it would take approximately 6 months to gather samples and receive lab results for a Phase II review, which would include a risk evaluation. Mayor Widmyer asked if DEQ has completed a Phase II review of other mill sites. Mr. Gill confirmed they had and noted that in Sandpoint they had samples that included metals in the soil, so they had a covenant included with the land that clarified no wells would be allowed, which wasn't an issue for them. Councilmember McEvers asked how much did it cost for the environmental reviews. Mr. Gill noted that the Phase I has cost approximately \$45,000, and the Phase II would cost approximately \$100,000, which falls under their grant so those costs are not passed on to the City. He noted that DEQ also has the ability to bring in clean up funding to governmental entities or quasi-governmental (such as urban renewal districts and school districts), if needed.

Ignite cda Executive Director Tony Berns reviewed the project proposal that included the desire to keep the waterfront property in public hands and no multi-family (i.e. higher density) development within the project site. As they moved forward with financing models, they kept those public desires in mind. He reviewed two property-phasing concepts for the entire 48-acre Bad Axe site and outlined the costs associated with making the areas developable. Ignite cda brought in a private consultant who recommended that it is too risky for the district to pay for the proposed remediation, as well as pay the city back the \$8 Million purchase price. The option that utilized the "Mount Hink" area as parkland, rather than developable lots, was the most economical option, but still risky at a cost of \$16.5 Million. Some of the issues the ignite cda board expressed in their review of the proposals was that it is risky for them to be the primary funder coupled with the constraints of no waterfront development and no higher density development. They reviewed the option of including additional partners in the project including a G.O. Bond, and DEQ clean-up grants. Mr. Berns noted the next available time for a G.O. Bond would be May 2018 and said that if a new district were formed, the base value would be set as of January 1 of the year the district was formed. He noted that the ignite board does not predict any large movement of development within the area, so they did not see a problem with waiting for the new district creation until 2018. He reiterated that the ignite cda board feels they need more time to review and work on financing models for this project. Councilmember English asked if the financing models included the cost of improvements of the greenspace/parkland included within development. Mr. Berns clarified that the urban renewal agency would be leveling the area and make it green, but did not include funding for development. Councilmember McEvers asked if the consultant reviewed the estimated price of the residential lots and the estimated value of the lots once they are developed. Mr. Berns noted that they reviewed both numbers and explained that the district looks toward payback from the sale of the property plus tax increment once it is developed. He clarified that the River District closes in ten years, and they are proposing a 20-year time horizon for the Atlas project. Residential lots are estimated to be sold for \$200,000 per parcel; however, if they were waterfront lots they could be sold for \$600,000, so leaving the waterfront as green space as seen

as an opportunity cost. Mr. Berns clarified that a bond could be structured to cover both development and acquisition costs.

Mr. Tymesen explained that the City's potential funding source for the \$8 Million purchase price would be the wastewater utility and the financial feasibility study does demonstrate that the payback to the city would be twice as long as earlier discussed. This partnership is with ignite cda and with them being uncomfortable with signing a promissory note, it would put the City at substantial risk. Mr. Tymesen noted that the financial feasibility model does not include the pay back for the \$1 Million in the railroad right-of-way acquisition costs. He would recommend additional financial partners in this project. Mayor Widmyer explained that the G.O. bond would take a 2/3 vote of the citizens, and there appears to be local support for the project, and running a G.O. Bond would take the risk away. Mr. Tymesen noted that the bond is a tool and becomes that future equity partner. Councilmember Evans asked if the City went forward with a bond, when the bond language would be due. Ignite cda legal counsel Daniel Quade noted that Idaho code requires the bond language to be in place 60 days in advance of the election, which would be March 16, 2018.

Councilmember Gookin noted that the reason there are areas to be developed in the parcel is to bring in income to ignite cda to pay for infrastructure improvements, so if the city received a G.O. Bond could the developable area be lessened. Mr. Berns noted that the developable areas would provide increases to the tax rolls in the future and could all change depending on bond amount. The Mayor reiterated the concepts presented were developed solely to gather financing numbers, and if the City moves forward with the acquisition, a fully planned process would occur. Councilmember Miller noted that within this model the City could revamp the amount of commercial and residential development lots and could include in costs for the development of parkland within the bond. She asked what the current liability to the City is for purchasing the property. Mr. Tymesen explained that the City has \$100,000 earnest money down for the option to buy the site, with the determination due date of this Friday. Councilmember Edinger asked if this area could be expanded into the River district, which expires in 10 years. Mr. Berns explained that the discussion included the expansion of the River District and creation of an Atlas District.

EXECUTIVE SESSION: Motion by Edinger, seconded by English to enter into Executive Session pursuant to Idaho Code 74-206 (c) to acquire an interest in real property, which is not owned by a public agency.

ROLL CALL: Gookin Aye; English Aye; Evans Aye; Edinger Aye; Miller Aye; McEvers Aye.
Motion carried.

The City Council entered into Executive Session at 2:21 p.m. Those present were the Mayor, City Council, City Administrator, Finance Director, City Attorney, and ignite cda's Legal Counsel and Executive Director. Council returned to regular session at 2:40 p.m.

MOTION: Motion by Miller, seconded by Edinger to agree to purchase the Atlas Mill property, subject to the Seller accepting a May 16, 2018 closing date. **Motion Carried.**

ADJOURN: Motion by McEvers, seconded by Miller that there being no further business, this meeting of the City Council is adjourned. **Motion carried.**
The meeting adjourned at 2:43 p.m.

Steve Widmyer, Mayor

ATTEST:

Renata McLeod, City Clerk