

RECORD OF PROCEEDINGS

SPECIAL MEETING MIDDLETON CITY COUNCIL SEPTEMBER 23, 2015

The special meeting of the Middleton City Council on September 23, 2015 was called to order by Mayor Taylor at 6:30 p.m. Mayor Taylor introduced the following City officials in attendance: City Attorney Chris Yorgason of Yorgason Law and Deputy City Clerk Kandice Cotterell.

Roll Call: Council Members Carrie Huggins, Rob Kiser, Beverlee Furner and Council President Lenny Riccio were all present. Mayor Taylor declared a quorum of Council Members present, and proceeded with Council business.

Mayor Taylor requested to add the Idaho Gem Grant application to the agenda as item k.

Motion: Motion by Council President Riccio to accept the amended agenda with the added item as posted was seconded by Council Member Furner and carried unanimously.

2) Consider approving a request by Premiere Industrial, LLC to annex approximately 81 acres into City limits, zone the property light-industrial, and to approve a development agreement. The subject property is located approximately three-quarters of a mile south of Highway 44 (and three-quarters of a mile north of Lincoln Rd.) on the east and west sides of S. Middleton Rd., including Bass Lane and a portion of S. Middleton Rd.

Mayor Taylor declared the public hearing open, presented the item and answered Council's questions. City Attorney Yorgason reviewed the proposed annexation agreement and answered Council's questions. Steve Peel of Premiere Industrial LLC and Greg Burkhart both stated that they understood the agreement and agree to its terms.

Mayor Taylor asked if there was anyone in the audience that would like to comment on the item:

Jim Taylor thanked Mayor and Council for a copy of the draft annexation agreement but believes that if this was a real estate agreement it would be the first low ball offer. He believes that this agreement is not fair, by waiving connection fees for an industrial development and not a residential development is unfair.

Jim Taylor asked if future lift stations are required and will they be built at the City's expense. Mayor Taylor answered that the City does not anticipate any additional lift station expense even though there will be at least one more lift station near KCID Road if and when the property owned by the Nampa Paving people is developed.

Jim Taylor said that paying contractors immediately to loop the City's water system does not seem right, a loop system would take care of the water or you can open up Middleton Road and bore across it half at a time and put the system there to create the loop. He asked if it is correct that the City will be installing water lines in Bass Lane to the west end of the applicant's property. Mayor Taylor responded that was incorrect, the City will extend water and sewer to the east boundary of Premier's property at Middleton Road and then the applicant will extend water

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to the west property boundary and extend a gravity sewer line west to the western existing building on Premier's property.

Jim Taylor then asked if another well will be constructed to provide water or if boring under the Boise River will be done. Mayor Taylor responded the City does not anticipate another well on the south side of the Boise River and that Well #7 is permitted and operating on the south side of the river already. He added that the water system loop will be either across the bridge, if the structure can carry it and hangers are in place, or boring is another option. The City's water system north of the river needs to be connected to the City's water system south of the river using one of those two ways.

Jim Taylor stated that it is obvious to him that this is an unfair agreement that should be sent back to the applicant for re-appraisal and re-evaluation. He does not blame the applicants for making such a draft but if the Council has any respect for the citizens, residents and tax payers of Middleton and a little backbone he encourages them to vote no.

Council Member Kiser said that he is looking at this agreement long term. When looking at that part of the agreement, Jim Taylor is concerned about building a house, which is not going to increase jobs long term in our community. Jim Taylor disagreed and said that the people who live in the house will do commerce in the City of Middleton. Council Member Kiser replied that the majority of Middleton residents and future residents do not work in Middleton, they work in Boise and Caldwell and they typically stop at the store in Boise or Caldwell on their way home. He added that Rule Steel will bring in a number of jobs that will benefit Middleton for years.

Jim Taylor said that he just doesn't believe the agreement is fair, to waive connection fees for this applicant and not for residential developers, he cannot see the long term. Mayor Taylor clarified that the waiver of fees discussed in the proposed annexation agreement are only for buildings that these applicants build, and the applicants are not in the residential building business. Jim Taylor replied that all they would need to do would be to come to City Council and ask for a re-zone which they would probably get because he believes that the land is being under-utilized. Mayor Taylor said that is different than what the proposed agreement states and different than the owner's request. Rule Steel is in the business of building large steel-beam structures. Jim Taylor reiterated that he believes the agreement is unfair and hopes Council has the backbone to say no to it.

Tyson Sparrow thanked Mayor and Council for providing him a copy of the draft agreement, and he has some of the same concerns as Jim Taylor. To clarify on the loop expansion, he asked if \$400,000 for the project was the estimate received from the engineering firm, and Mayor Taylor answered that yes, it was the verbal estimate from the when the Mayor, City Engineer, and Cathy Cooper from SPF Water Engineering met and considered this subject.

Mr. Sparrow said that he would be more apt to have the applicant pay the building fees and grant them a waiver on their property taxes, that way it entices them to build and develop here in Middleton. The thing that he doesn't like is that this sounds like a marriage agreement and he believes we are still in the dating period where we say if you want to come here we'll agree to this but we want in writing that you're going to bring your property here. He added that if the applicant will put it in writing in the agreement that they will move all of their property here then absolutely we want their business here. He added that if he was the applicant, he would get the property zoned residential and build spec homes because they own the LLC, wouldn't have to pay anything to build the houses and would make a ton of money doing it. He then told the applicants to go for it and build a bunch of homes. He added that without a commitment from

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the applicant to come to Middleton with a development agreement in place as to what they want to bring here, he thinks that the agreement is a draft and the City should continue to negotiate. As drafted now, he would not support it because it doesn't seem fair to the community as a whole.

Council Member Furner asked Mr. Sparrow, if there was writing in the agreement stating that the parties would not build over a maximum number of spec homes, would that appease his potential concern. Mayor Taylor stated Paragraph 3.5 of the agreement reads that the applicant intends to divide the property into an industrial subdivision, which would prohibit residential subdivisions. Mr. Sparrow followed that is only 31 acres of the 80 acres being annexed, and Mayor Taylor answered that the subject property has existing structures on it and therefore if they were to build anywhere on the other 31 acres, they would have to build between the existing structures, making it highly unlikely that the City would zone it residential.

Mayor Taylor clarified that part of the business of Rule Steel is out of state and that is the part the applicant is contemplating moving here. It not properties being moved to Middleton, is business operations. Mr. Sparrow replied that if the applicant agreed in a development to bring that part of the business here, then he would be for the agreement. He is also concerned the applicant does not have an agreement for what they want to do with the 31 acres of vacant ground that they own. Mayor Taylor responded that the application and a proposed development agreement will come at the time if and when the applicant chooses to develop the vacant 31 acres.

Council Member Huggins would like a little detail on the subject of when you recuperate the cost of the waived fees. As buildings go up, each time a connection fee is waived, taxes collected the following year will also go up; and if buildings don't go up, then the City doesn't waive any fees. Therefore she doesn't follow the thought process brought up by Mr. Sparrow that the City will waive \$100,000 worth of fees and the property tax revenue stays at the anticipated \$18,000 per year. It seems to her that connection fees will be waived and taxes to the City will go up. It doesn't seem to be as clear cut as the City forfeits \$100,000 and only recuperates \$18,000. If Premiere Industrial chooses to build on its 31 acres, yes connections will be waived, but the next year taxes collected will go up. Council Member Huggins asked Mr. Sparrow if he agrees with that assessment, and Mr. Sparrow said that he did.

Mr. Sparrow reiterated that he would much rather the applicant pay cost up front and the City waive their property taxes down the road for a set amount of time, which is what happened when the new Ridley's was built; the Urban Renewal District (URD) did some tax waiving for them. Mayor Taylor responded that, according to state law, the City does not have ability to waive taxes, only counties can. Council Member Huggins responded that she sits on the URD Board and they did not waive any taxes for Ridley's. Ridley's paid for some improvements and URD entered into an agreement to pay Ridley's back a percentage of the annual tax revenue URD received.

Jennica Reynolds agreed with Council Member Kiser, she believes that the proposed annexation agreement will bring many jobs to Middleton residents. As a resident, she is not so concerned about the fees being waived because she looks at the long term good the annexation and increased jobs will bring. She added that you cannot look at this the same way you look at a residential subdivision and development agreement; it's not the same thing at all.

Mayor Taylor closed the public-comment portion of the hearing.

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Motion: Motion by Council President Riccio to approve a request by Premiere Industrial, LLC to annex approximately 81 acres into City limits, zone the property light-industrial, and to approve the proposed annexation agreement was seconded by Council Member Kiser and carried unanimously by roll call vote.

Discussion: Council President Riccio said to Jim Taylor since he is running for Mayor, should he be elected, indicating that this Council has no backbone if they vote in favor of this agreement is not a positive way to move a persuasive argument forward.

In the past, the City has brought forward terms that the City agreed to out of appreciation for Perfection Tire's business and investment in the City. Therefore, this item is not unique; it has happened before and been successful. What is unique with this item is that Rule Steel is already here. All that is changing is the zoning and the City automatically receives \$18,000 in property taxes.

Mayor Taylor stated that the only impact fee that the City has is the city park impact fee, which is charged each time a residential building permit is picked up. Impact fees are not charged for business or industrial building permits since employees do not use city parks the same way residents would. Impact fees are not applicable to this item or discussion.

Motion: Motion by Council President Riccio motion to read ordinance 565 by title only was seconded by Council Member Kiser and carried unanimously.

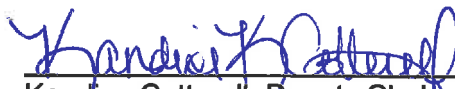
Motion: Motion by Council President Riccio to approve the annexation, annexation agreement, and Ordinance 565, and waive the three reading rule was seconded by Council Member Kiser. Motion carried unanimously.

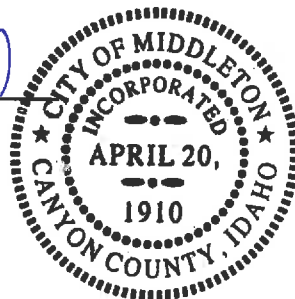
Mayor Taylor asked if there was any further business to come before the Council. Hearing none,

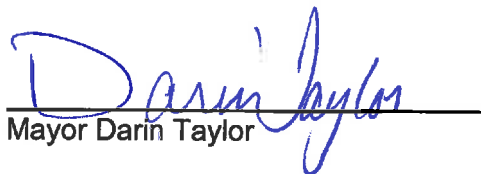
Motion: Motion by Council President Riccio to adjourn was seconded by Council Member Furner and carried unanimously.

Mayor Taylor declared the meeting adjourned at 7:46 p.m.

ATTEST:


Kandice Cotterell, Deputy Clerk
Approved: October 7, 2015





Mayor Darin Taylor