

POCATELLO DEVELOPMENT AUTHORITY
Special Meeting February 26, 2002

Members present: Terry Brower, Steve Brown, Roger Chase, J. O. Cotant, Darsi Johnson, Harry Neuhardt, John Ricks, Dave Sanna, and Dan Schroeder

Staff present: D. Tranmer, City Attorney; R. Burstedt and C. DeWall, Bannock Development

1. Call to order. The meeting was called to order by Chairman Neuhardt at 11:05 a.m. Audience members were acknowledged and the Chair asked for the Project Hope representative to make preliminary comments on behalf of the committee before Board discussion began.

2. Project Hope. John Ney reiterated that the request before the Board was for a commitment for \$6 million in funding, regardless of how much additional money was raised for the improvement of the area. The remainder of the projected improvements would be pursued over the course of several years—pedestrian malls, additional facilities to be built by School District and/or City, etc.—but the ice rink center would be the core and could provide incentive for additional downtown development.

Board consensus was to limit discussion to the ice rink facility itself and the request for PDA's funding. The \$6 million dollars requested will be used as follows: \$4.8 million to construct the facility complete with seating, ice rink, basketball floor, concession area, lights, etc., but no office equipment or furnishings, for a 49,640 square foot building. An additional million dollars will be set aside for an endowment fund to be used towards operating expenses, and the remainder will be used towards property acquisition.

At this point, County Commissioner Jim Guthrie asked to address the Board. He expressed the belief that TIF's were a useful tool, but thought that they were over-used in Pocatello, that with the economic downturn there would be difficulty in finding matching funds, and that he was concerned that the facility would not increase the tax base nor generate any tax money, and that it was not part of the original Plan. He believes that the District should be allowed to close as soon as possible and not be extended. The County records show that taxes could be lowered by 9.7% for Pocatello citizens if the District were closed, and by 11% for County residents (assuming that valuations stay the same). He would like for the Board to consider having County citizens allowed to vote on the matter, also.

D. Tranmer responded to some of the concerns: The legislature provided a wide variety of powers for development authorities and a broad range of projects which were allowed. All PDA projects including this proposal are within that range and Pocatello does not use TIF's more extensively than other cities; we are well below the 10% maximum (of total property valuation) imposed by the legislature. The PDA has no authority to hold elections; the City can do so only for citizens in its jurisdiction. R. Chase noted that he would be willing to work with the County in regard to having a joint ballot.

After further discussion, **it was MSC (Chase, Brower); Brown, Johnson, Neuhardt voting no** to "set aside" \$6 million if authorized by Council to be used for the facility, provided that the outcome of the advisory ballot is positive, with the added provision that at least \$1 million more be raised by project HOPE by June of 2003. **It was MSC (Chase,**

Sanna) to make a request to the Council to authorize the additional expenditure from District receipts and amend the city ordinance appropriately.

3. Stormwater Project. A letter was received from David Schiess via fax machine earlier this morning explaining that a prior commitment prevented his attendance at the meeting to explain the Schiess and Associates' request for additional construction oversight funds. Noting that without his presence there was little to support the claim, Brown moved, seconded by Chase, to deny the request. The motion and second were withdrawn after the following discussion:

The request appears to be based on a contention that the maximum number of hours of work have been exceeded under the contract and that the additional money would be needed to pay for additional hours required. PDA members reiterated that the contract was not for a maximum number of hours, but for an "amount not to exceed" a maximum amount of money, regardless of hours, and that an incorrect estimate of hours by the engineer (upon which the maximum figure was based) was not sufficient reason to alter the agreed-upon maximum under the contract. Members also, based on the current estimate of time required, began to question whether the amount of time had been inflated or overestimated from the beginning.

Board members queried the City's Public Works Director as to whether the City or another engineering firm could take over if the dispute could not be resolved satisfactorily and whether they could do so for less. G. Lanning stated that the items listed in the estimate were standard items for construction oversight and "finishing" of a project. The City and/or another engineering firm would have difficulty picking up and completing the required tasks, specifically because an engineer would be required to certify that the project had been completed to specifications. Another firm would not be able to do so very easily since they would have had no one on the job to view it as it progressed, as-built drawings could be difficult, if not impossible to prepare accurately, etc.

Query to Dean Tranmer: Is it arguable that, if PDA turns down this request for additional funds and the engineer declines to perform any further services, the failure to do so would constitute breach of the contract? And if so, how does PDA proceed under the terms of the contract? Response: we would need something in writing from them declining to complete the project and then would have to in turn serve notice on them that PDA considered them to be in breach of the contract and give them a specific date to cure the breach.

It was MSC (Chase, Cotant) for Dean to send a letter to the engineering firm noting the Board's dissatisfaction with the request for additional fees and the failure of the head of the firm to appear at the special meeting set to discuss the request, and asking for a statement in writing as to the firm's intentions if the request for additional money were to be denied. The letter was to specify that attendance at the March meeting was expected in order for PDA to consider the request and its options.

3. Adjournment. There being no further business, the meeting was adjourned at 12:50 p.m.

