

ORIGINAL IN RED



CITY OF STANLEY

APPROVED

City Council Workshop Minutes

August 10, 2026 @ 9:00 am

Stanley Community Center, 510 Eva Falls Stanley, ID 83278

Call to Order: (Mayor Botti) 9:18 am

Roll Call: Councilmember Cardoso – Present, Councilmember Hernandez – Present, Councilmember Thompson – Not Present ; Councilmember Cron – Present; Mayor Botti – Present

Also present: Hannah Menzel – City Clerk, John McDevitt (online), Megan Carter (online), Brad Cramer, Ryan Singleton, John Vance (online), Christy Thompson, BZ Waite, Emily Brooks, Lisa Muscavage, Kimberly Peters – Operations, Kevin Kitz

Agenda Amendments: none

Mayor/Council Comments: none

Presentations/Citizen Participation:

- BZ Waite shared a letter with the Councilmembers (included in the minutes) and said she was concerned about occupants for the workforce housing project. She asked several questions about the status of infrastructure. She stated that she didn't think the contract was effective and was too restrictive on the City and would bankrupt the City. She expressed concerns that she didn't think there was need for 20 units for employees as most year-round employees already have housing.
- Councilmember Thompson arrived at 9:20 am.
- BZ Waite continued to share that Stanley didn't have areas to expand businesses, and so housing should be scaled down. She added that she didn't think long-term residents could afford the rent and that the City didn't have the infrastructure.
- The Mayor acknowledged BZ Waite's comments and said many of her questions would be addressed in the conversation today.

Topics: Workforce Housing

- John McDevitt, the City's housing attorney, explained the background of the agreements. The general structure is there is a ground lease by City as lessor to Northwest as developer (lessee). The developer constructs housing project on property, subject to requirements in ground lease. It is currently structured so that the whole parcel is leased to the developer on the condition that Phase I is completed with certain milestones, and then the developer can continue with Phase II if certain milestones are met. If they are not met, the developer has no interest in that second parcel, and it goes back to the City. The regulatory agreement provides for occupancy restrictions income restrictions, preferences, then separately there is LOT agreement that provides for a contribution of local option tax on ongoing basis. That contribution is on an annual basis and scales down over 25 years. Then separately there is the HUD subrecipient agreement that the City subgrants to Northwest with all the same restrictions. The plan is to have a bank to provide remaining portion of cost of the project. In these agreements, the City is obligated to provide through lease access to the land and contribute funds, up to a max 1.265 mil and the HUD grant. If the project isn't occupied, the City is not on the hook for those deficiencies, they are covered by the developer. The developer has the legal risk and financial risk to own and operate this project and make sure it's feasible. If it was not feasible for any reason, the maximum the City would provide, there is an annual maximum and a total maximum.
- Councilmember Thompson asked after we sign the agreement, what control of the project and what input does the City have?

- John McDevitt responded with respect to construction of Phase I, it must be constructed pursuant to the site plan, the design plans, and there will be a construction budget, all that is addressed in the development agreement. The development agreement is the oversight of how the project is built. As specified in the ground lease, if Phase 1 doesn't satisfy the commencement date or completion date then developer will lose interest in Phase 2. The City has control and oversight in approving the plans and to make sure it is built as planned. If the project is not built to the plans Northwest won't meet conditions of the agreements.
 - Ryan Singleton, who is part of the City's project management team, said that the City will have control in construction phase as we can implement quality control metrics, and inspections that must be passed before they receive a Certificate of Occupancy (CO). We will follow through with those requirements of oversight throughout the project.
- Councilmember Cardoso asked if there are ever restrictions or additional clauses in case of bankruptcy to let the City have more control over any entity that would purchase the project?
 - John McDevitt responded that during course of construction, if things go sideways, the ultimate goal would be to get the project built. The bank would take over the project and the City will provide the same oversight there and make sure it is built according to the plans. As long as the project is being built to the plans, the City won't have a lot of oversight in who the bank appoints to complete the project. Once it is built the City will have the right to approve who manages it and approve any change in management. This is laid out in the ground lease.
- Cardoso asked if there would still be a Phase II still if this happened? Would the developer be required to continue with Phase II?
 - John McDevitt responded if there is a default during course of construction Phase II would not be encumbered by ground lease. Under the ground lease if the developer meets milestone with respect to Phase I, the developer can proceed subject to design approval by the City. If Phase I was completed and the project was transferred to a new owner, that transfer would be subject to City approval and the City could determine to approve the transfer with conditions and intentions in respect to Phase II. The city council can still put requirements on a new developer if Northwest doesn't do it. There are lot of development decisions for Phase II. The ground lease does not obligate the developer to construct Phase II, it just provides them with the right to.
- Cardoso asked if the Regulatory agreement would apply to Phase II.
 - John McDevitt said it wouldn't. Someone could come in and charge more, or less, rent for Phase II. There are a lot of decisions that will need to be made in regard to Phase II.
- Ryan Singleton said we have been talking about worst case scenarios but there are some very good things here too. If you are having problems with Phase I it is good not to be tied to Phase II. If Phase I happens as required by the City the City can then deal with phase II exactly as they want. If we try to make decisions that bind a council 6 years from now it will limit their ability to make decisions that meet the need of that time. We need to respond to conditions of our current time and trust a future council will make the best decisions for that time
- Cardoso - We have a current need for seasonals and now we are kicking that down the road. We tried low-income housing and it turned into a gentrification process. There are still high rents, and it isn't gentrification, but it is close to it.
 - Singleton responded that the current project, with the current legal structure, is the best way to get Phase II. It will lead directly into Phase II as long as key performance metrics are met. Singleton likes that the project is geared to Tier 1 employees but that does not mean that it is only for Tier 1 employees. This I will provide essential employees housing but it will likely also be able to house seasonal workers or other business employees.
- BZ asked if the contract can say Phase 1 can be for seasonals not just for full-time employees.
 - Mayor responded that the contract includes seasonal workers.

- BZ said right now the regulatory agreement requires a year lease, which for seasonal workers doesn't work. Can year lease be negotiated to accommodate seasonal workers and the prices accommodate them as well?
 - o John Vance replied they could work on making it more approachable for seasonal workers but likely the financing would have a minimum term and he doesn't know if it is 1 year yet or if it could be 3 or 6 months but unit turnover is hard for rental properties. His first goal is to have long term residents; they would also allow roommates.
 - o John McDevitt stated that the Regulatory agreement could be adjusted in 3.2 to not require 1-year leases.
- Thompson suggested that we change the language to 1 unit per business versus 1 employee per business. This will be worked in.
- Thompson said that the addition to the school doubled in price, and asked what is the plan if there are substantial cost overruns or is John just very comfortable with his numbers?
 - o John Vance replied that he was confident in his builder and they had recently done a project in Teton County which came under budget in the build out. There has been a steadying of construction costs. Part of the benefit of using a private developer is they aren't as constrained or have as many requirements/restrictions in construction as government entities have. We will have a project budget determined with 95% of the cost outlined once the building plans and specifications are further defined. So far in other projects the estimates for the other 5% of things have been really accurate. If we know of any cost increases before signing the ground lease we will discuss that and if it comes up after the ground lease is signed, that will be on Northwest to figure out.
- Cardoso asked if we were still good for Sept 15th.
 - o John Vance said that he wants to get the lease signed by September 30 so they can start on October 1. The Sewer Board thinks they will have a will-server letter by the end of the month, but he is hoping for it earlier. Vance reviewed that he is submitting a permit to disturb wetlands to expedite the process, but this permit does not accept the determination that the wetlands are jurisdictional, and we still hope to get a jurisdictional designation.
- Thompson asked when the well drilling results were expected.
 - o John Vance replied that there should be some preliminary results right after they finish drilling but should receive a full report in 2 weeks.
- Cardoso asked when the drop-dead date for building this year was.
 - o John Vance replied that starting in October is close, much later than that and it probably isn't worth it, but it depends how much manpower the contractors will have. He hopes to get foundations and civil work done.
- Mayor asked if there is a process for amending documents?
 - o John McDevitt said all the documents can be amended even if there isn't an explicit provision. Both parties must agree to the amendment, and it must be in writing.
- Ryan Singleton shared with the council what needs to happen during the construction process and what the council should expect. The first priority, and what is most important, is to execute all the documents and agreements. The next order of business is to issue a general construction permit. The council would review this and make sure it fits with code. Under the general construction permit the developer can do all initial grading and infrastructure work. The general site plan will provide an overview of the project, but it doesn't go into detail on specifics of the water or sewer. We can give a conditional approval with the understanding that when the final designs are done they will need to have a successful review by city staff and their consultants.
- Singleton reiterated the importance of signing and executing the ground lease this year to keep the project going and engage with the developer.

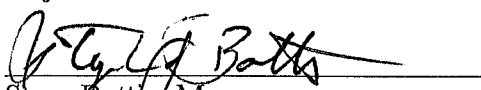
- John Vance said that by executing the ground lease they can line up all the contractors and pricing this fall and winter so it will be guaranteed. It will also lock in the bank to ensure the project has financing moving forward.
- Thompson asked about the status with the Bank.
 - o John Vance said that we are getting a commitment letter and are in the process of getting the bonds and hope to have an answer from the bank and IHFA by the end of the month.
- Thompson asked if the project managers have reviewed the floor plans to make sure that minimum standards have at least been met.
 - o Singleton replied that the architect on this project specializes in multifamily housing and knows what they are doing. They have given the best product within the budget provided. We haven't proposed 6 units because the cost of building them would be so high as you must build at a minimum density to keep the project affordable. We have the bare minimum unit count, the minimum square footage that meets standards, and that meets as best as possible the national standard for affordable rent while maximizing livability. This is the best we can do with the confines of our project. S&A engineers are doing their best to be efficient and economical. We could always change a million little things but looking at it wholistically it looks great.
 - o John Vance added that this project is different as it is a design build. When suggestions are made both the contractor and architect look at those suggestions at the same time to make sure suggestions are feasible from both sides. You can design and build anything but sometimes it isn't the best way forward or the most economical.
- Mayor stated that there are many moving parts, we have a tight budget, and we are doing the best we can with what we have with our team.
 - o Singleton said that it is not often that you find a developer that can operate at a deficit for 10 years but that is because he is in the project for the long run. Singleton thinks that the City is getting a very good deal on what is planned to be built. He is confident that this is what Stanley needs, when Stanley needs it.
 - o Vance said they are working to develop the project so that Phase I sets up Phase II in the best way possible. Phase I will subsidize some of the infrastructure costs for the second phase, and when Phase II comes along it will also hopefully help mitigate costs when there is a full build out.
- Cardoso asked what the plan is for funding Phase II for seasonal workers if the bank wants to see year-round leases.
 - o Vance responded that having local businesses lease year-round and sublease to seasonal renters would be one way this could work. The other way could be to make very basic units. They could be small studios, or dormitory style, or the rent could be structured to capture money during the summer season to make it work.
- Cardoso asked since Phase I isn't low income or seasonal workers, what if you did not use the Local Option Tax 1.265 million, how would that affect Phase I rents and what if that was used to fund housing for seasonal workers.
 - o Vance reminded the council that likely not all of that LOT funding would be used because there is cost sharing of the profits at the end of each year. He will calculate how rents will change.
- Thompson stated that the City needs to start from square 1 for Phase II once Phase I is on its way. Any ideas that have previously been discussed or discarded should be on the table again.
 - o Singleton said this is going to be governed by how bad the need is for seasonal workers and the budget. We will look at what funding we must work with and evaluate what the biggest bang for our buck is. But we need to see how Phase I works first.

- Cardoso said that Phase II is going to be harder to fund so we should put the HUD money there since essential workers can easily afford these rents. He thinks the development is in the wrong order.
- The Mayor stated that we heard a lot of feedback from the community that rents needed to be lowered for essential workers to make Phase I feasible and we did that.
- Singleton added that one of the things that makes this financial decision feasible for Glacier Bank is that the City is putting money into the project. If we lower the City's support, it may lower the bank's willingness to support the project.
- Emily Brooks suggested that the Council look at the code and funds can be used and consider a tax levy if they are concerned about funding the project or to look at how LOT is spent.
- Vance said most likely occupancy is looking like it would be early in 2028. There may be some units in late 2027 but that is less likely. There are options to work through the winter, but it generally is not as productive and it is possible to do vertical construction and civil at the same time but that can come with other complications.
- Thompson asked Vance about where the contractors would stay
 - o Vance responded that CSDI has workforce in the Wood River Valley so those folks could come here. Some people have mobile housing like RVs, it would be expensive to house locally in Stanley, but that could be an option.
 - o Thompson said the City should consider how its code might allow or need to be changed to allow the workers to stay on site.
- Mayor said he thought there was a good chance the City would be able to make additional financial contributions to Phase II. The City is generating interest on investments and it is likely that all the proposed LOT payments will not need to be used.
- Singleton said that having a successful Phase I greatly increases the viability of Phase II.
- Brad Cramer said that with any of these projects there needs to be a subsidy or contribution. The City will need to contribute in Phase 1 to make it successful and will likely need to in Phase II as well. It will be especially helpful if you have businesses that can commit to a 12 month lease.
- Mayor said that looking through the City's finances it isn't hopeless. He thinks that we are generating money that can be saved for Phase II.
- There was a brief discussion about LOT tax for housing on short term rentals.
- Brad Cramer said the proforma assumes a certain vacancy rate and there is strong possibility the vacancy rate is lower so less of the allocated LOT would be needed. If everything goes well, the rent could go down. The priority is to keep rents down, even for Phase I as we have heard that repeatedly.
- Cardoso is concerned that it will reset the rental market. People are paying \$400 per month and then might be paying \$800 for a rundown place.
- Singleton said that the City picked a good partner. This type of work is what Northwest specializes in. We are finding creative ways to make the project pencil. The best way to get Phase II is to build a strong Phase I and piggyback off that.
- Cardoso asked if we would be risking Phase 1 if we were to use it on Phase II?
 - o John Vance responded that the projects would be run independently of each other but would ideally have the same team to manage them. We would not risk Phase 1 to pay for Phase II.
 - o Vance responded to the previous question of how much rent would increase if the City did not contribute the proposed 1.265 million of LOT savings. The rents would increase approximately \$994 per month per unit.
- Thompson asked where the 10% vacancy came from?
 - o Vance replied that the industry standard for affordable housing is 3-7% vacancy. The Market Study showed that low-income housing wasn't feasible here and suggested a 10% vacancy factor. The first year will probably have more vacancies and we have built that

into our budget. It also depends on when it is completed because it may be harder to find people to move in in January. He added that Northwest isn't opposed to having 6-month leases if needed but would prefer to have a 1-year lease.

- Thompson asked if the housing would sustain itself without city contribution if it was fully occupied. And if it was 60% occupied for 5 years would the project be above water?
 - o Vance responded that in the beginning the project needs some city funding. At 60% occupancy the project would be underwater, and it would be bad news for Northwest and he would call the Mayor. It would not mean anything financially for the City but they would be having meeting to figure out how to make the project more successful. He continued that we wouldn't know exactly how it would play out because there hasn't been a development this size that wasn't for a business' own workers. The data shows that the housing will be filled and 20 units is a reasonable target, but we won't know for sure until it is built.
- The Clerk asked Ryan Singleton to explain what the City needed lined up now, and what would be okay to get figured out down the road after the agreements were signed.
 - o Singleton responded that we have a site plan, which is needed. The specifics of all the different parts of it like water and geothermal can be figured out later and reviewed later. For example we don't have the specifics of a well house but we have the general idea of where it will be and how it will be operated. We will need a will serve letter or a clear acknowledgement of what must be accomplished to get it. John Vance said that they may have some of the MEP plans by the end of the month. Singleton said that we will either need assurance things are moving in the right direction or be clear that the approval is conditional based on having further review and approval. Singleton will provide a list.
- 11:40 Councilmember Cron leaves the meeting.
- Cardoso asked if it was common to have last-minute things and not everything lined out perfectly.
 - o Singleton said yes, it happens all the time. We have done things the day of sometimes. We will make sure all requirements have been met before giving the CO.
- 12:43 John Vance leaves the meeting.
- Thompson asked for a risk assessment from the project managers. What is the risk to the City in terms of cost overruns, if the units aren't filled, and if we are fairly treated on the cost of administration by Northwest. He also wants a detailed review of the proforma. What if the project is a failure because the rents are too high for people to rent? Thompson said that Cron had said that most of the businesses have seasonal housing already. Thompson wants to know the risk to the City.
 - o The Mayor said we have done surveys that show businesses are not housing all their employees.
 - o Cardoso wanted other risks looked at too. What if it doesn't fill up, what if we have to manage it, what are other nightmare scenarios.
 - o Ryan Singleton responded that the financial risk to the city is what you have agreed to. At the end of the day this is John's project and he is responsible for it. The City will never be obligated to pay more than is stated in the agreements. He doesn't think Northwest would enter into a project where there is a likelihood that the project won't be successful but it is still good to think about worst case scenarios.
- Cardoso brought up that he doesn't want more airbnb's in town.

Adjourn: 11:53 am


Steve Botti - Mayor


ATTEST: Hannah Menzel - City Clerk