



CITY OF STANLEY

## City Council Workshop Agenda

March 3, 2026 @ 5 pm

Stanley Community Center, 510 Eva Falls Stanley, ID 83278

APPROVED  
ORIGINAL IN RED

**Call to Order:** (Mayor Botti) 5:05 pm

**Roll Call:** Councilmember Cardoso – Present; Councilmember Hernandez – Present; Councilmember Thompson – Present; Councilmember Cron – Present; Mayor Botti – Present

Also present – Treasurer Pedersen, Clerk Fake

**Agenda Amendments:** None

**Mayor/Council Comments:**

- Councilmember Thompson wanted to provide some clarification on a previous meeting’s discussion with John Vance regarding the square footage change between this plan and the last. John Vance, in a follow up email to the Clerk, had stated that Thompson had noted that the square footage of the building was reduced by 40% and the construction cost was reduced by only 7% which was using different data points. Thompson admitted he was incorrect and stated that Vance provided the correction is 15% reduction. Thompson wanted to make a further correction of John Vace and stated that it was a 32% reduction overall square footage of the building. Thompson had used slightly different info previously. Thompson stated this change impact his decision making on this project. He stated that 3 bedroom units were reduced by 24%, rent was reduced by 4%. The 2-bedroom space cut 25% with a 10% reduction of rent plus reduction of 2 car to 1 car. Thompson stated that John Vance’s correction was off by 17%.
  - Mayor Botti said we can follow up on this with John Vance. Clerk will follow up and Thompson stated he didn’t need further information but wanted to set the record straight.

**Presentations/Citizen Participation:** none

**Workshop Topic:**

### **Naming the Workforce Housing Project**

Action Item

- Councilmember Cardoso stated that he doesn’t like any of the names and that they are poor word choices that have no local relevance and he was hoping to get another round of names from the community. He also suggested a list of names.
  - Mayor Botti stated that it was up to the council if they wanted to go back to community or act on the options they have in front of them.
  - Councilmember Cron asked what Cardoso didn’t like about confluence and he responded that if you broke the word up it became con, like con man, and influence, like a conman had influence on the project. Cardoso also stated issues with other names.
  - Clerk stated that she would open the google survey form up from Wednesday to Sunday night, would compile the names on Monday, and send out on Tuesday.
  - Michael Powel questioned if all Council is in agreement of taking more names.
    - The Council said yes.

### **Workforce Housing**

- Mayor - We asked John McDevitt how to structure the lease and what would go in other agreements in order to move forward with the project. What you see here is based upon his recommendations of the different documents and what goes in them.
- The Clerk described the document provided by McDevitt and how it was structured. The Clerk broke out the items in each document into things that have been discussed previously and generally have

been agreed upon, and then other items that may not have been discussed in as much detail. The Clerk will provide the council's requests to John McDevitt to include in the agreement.

### *Ground Lease*

- The Clerk explained the first item: as described in the RFQ and the Option to Lease the City will lease the 4 acres to NWRECC. All the development/performance conditions that are specified in the various agreements must be satisfied for the lease to remain in effect as to Phase 2. Which means if Northwest doesn't perform as expected we are not bound to Northwest for phase 2.
- Councilmember Hernandez clarified that this would be assuming that he has the lease for 4 acres?
  - Clerk – Yes, John McDevitt stated this would make sense, so the City is not bound if something doesn't work out.
- Mayor – John McDevitt asked to pass on his recommendation of what the Clerk stated. It is standard, it is in the interest of efficiency and gives incentive to the developer to continue on with Phase 2. This makes more sense than any other option to him.
- Thompson – What are 2 good reasons to extend phase 2 to Northwest, because I have a lot of reasons not to give phase 2 to Northwest. Is this because we are supposed to show a complete build out to the Department of Ag?
  - Mayor - We will need to show a conceptual plan if we think there will be a phase 2. We have started that with HUD, defining the wetlands, and building footprint. We have to provide the building footprint to other entities as well.
- Thompson – I want to discuss potential for some local opportunity to put for summer and seasonal housing. I think it is realistic to put a lot of campers down there and we should put in a bathhouse and laundromats to support summer surge of employees. If we can't build down there beyond the 20 units, why would we want to leave in the hands of developer?
- Councilmember Cron – The land is not in the hand of the developer, it is City land. We are trying to decide if Northwest has the first right to do phase 2 unless we aren't satisfied with their work. I think Northwest wants to do phase 2 and if they prove phase 1 is what the community likes then why shouldn't they be able to continue with phase 2?
  - Cardoso – Why would you build all the infrastructure if it will never happen? The original congressional act only lets us build up to 20 units so we would still have to get that changed.
  - Cron – Right, and Steve didn't think that would be an issue.
  - Cardoso – I disagree, a congressional act might take a bit.
- Thompson - If they had a plan for phase 2 it should be in the plan now. Why would we entangle them from the first ground lease? It doesn't mean they can't come back and talk to us.
  - Hernandez – We would not lease Northwest the whole 4 acres. They only need half the property now.
  - Cron – I think we need to lease the whole the 4 acres.
- Mayor – When we put out the RFQ it mentioned the property which was described as the whole 4 acres as did the option to lease. That doesn't mean we can't come up with a lease with conditions and if those conditions aren't met, we don't have to continue with the same developer for phase 2.
  - Thompson asked what the conditions were.
  - Mayor – Due diligence, schedules, are they performing as described in all these agreements. If they don't meet these requirements, the City has an out to say they aren't performing to our satisfaction and so the City isn't obligated to continue with Northwest.
  - Thompson and Hernandez stated they thought it should be left out from the beginning.
  - Mayor – It would have to be resurveyed. John McDevitt said it is not as efficient and that if we had multiple developers on the property that would be a major administrative burden on the City. If it was restricted and we had to move the location of buildings on to an area that was not part of the lease it would complicate things. John McDevitt says it is more efficient and less complicated to put conditions on it.

- Thompson – I think we should have multiple developments going on at the same time.
  - Mayor – I think that is a very bad idea.
  - Thompson stated that we haven't talked about the capital we are putting towards this project yet and that he thought we could put in some services for seasonals. He stated that if we assign those acres to him our brainstorming is done without any negotiating. I want to move as fast as possible and make it as feasible as possible.
  - Cron – They are not assigned to him, until we decided to assign from him in phase 2. We don't want to get away from phase 1. We need to stay focused on phase 1
- Hernandez – Why are we assuming, when they haven't done anything yet, that it would be fine for them to do phase 2?
  - Cron - We will see what they do and then we will have an easy out if we are not happy with it. If we get away from what the focus is, then we are wasting time and money.
- Cardoso – Is this a right of first refusal?
  - Mayor – In effect you could call it that. John McDevitt said is it is our right of first refusal. We are not guaranteeing Northwest the property if we don't like the work they have done.
- Clerk provided background to the reason the council decided to phase this project. We can see how the first part goes, who lives there, how it leases up, what the demand is, does it work, etc. and then we can use that information to better inform what we might need to build for phase 2. Roughly 40 units were originally proposed and the Council wanted to start smaller. Clerk also stated that this is a negotiation and is her understanding that Northwest wants to lease the 4 acres. The City is trying to meet in the middle, leasing the 4 acres but putting conditions to protect City interests.
- Cardoso – Would Northwest pull out if we split the lease?
  - Mayor - I can't answer that, it is their expectation and preference, and it makes sense to John to think about the future in the plan and build based on what we learn from phase 1.
  - Cardoso – That is my nightmare, that we never get back to seasonal workers.
  - Mayor – That is the discretion of the Council. The Council can say, even if we need more housing for permanent workers, that we will build seasonal units first.
- Liesl Scherthner – From experience growing up in a construction family: This is a pretty big project and he is going to need to use rest of the space just to build the project. He might need the space to stage materials etc. If you only lease the 2 acres it would complicate this.
  - Thompson – The City has already allowed that, so it is not a problem.
  - Liesl Scherthner – Not if you divide it and don't give him the right or if you are building other things on it.
- Thompson - The most important thing to get phase 1 done at the right price point and as efficiently as possible. But we have talked about summer help and we talked about affordable housing. If we put together a local group of business people and community members, within 2 months we could have a plan of what would satisfy some seasonal housing. It doesn't mean we could go down and start it because we are putting a lot of eggs in this basket now. John said it will take private funding. It could be leased to another business, or anyone could lease and put x sqft of housing and the City could come up with requirements. There are a lot of option and it is unknown if John wants to do anything. If we assign him all that property and for some reason Department of Ag says you can't put any more housing we could make a park and I question if Northwest would be interested in a park.
  - Clarification that the property can only be used for workforce housing and not a public park.
- Thompson – Land is the most important of asset to this City. Is the line on the map surveyed?
  - Mayor and Clerk clarified that the line on the map was just drawn there to show phase 1 and phase 2 and the only thing that had been surveyed was the property boundary.
  - Thompson – \$2,000 would fix that in a heartbeat.

- Liesl Schernthaner – Charlie, you keep stating that Northwest is controlling the property. My understanding is City controls the property. And Northwest is doing what the City tells them to do and working with them. It is not that Northwest controls, the City controls Northwest.
  - Thompson – The City controls what is done on it, but they have access to the whole property
  - Liesl Schernthaner – When you say Northwest doesn't have interest in it, they are your contractor and they are going to do what you tell them to do.
  - Thompson – I am not sure about that. They have to get approval but what if we say we want to provide service to some people and they say we don't want to do it.
  - Liesl Schernthaner – Then they are breaching your requirements.
  - Thompson – And you will have to hire a lawyer to get out of the contract.
  - Mayor – No, that is why we are putting that provision in there that the condition is not met of what we want then they lose the right to the land.
- Mayor – The Congressional act said the City would develop 20 units on the property. I had discussion with John McDevitt, a lawyer, about that, and his legal opinion is that it does not restrict the City.
  - Cardoso stated that it said “up to” which means max. Cardoso asked about the old barn and the language in the act. He stated that the act says it is required to be removed.
  - Mayor responded that the act says that the City can ask the Forest Service to remove it.
  - Laurii Gadwa stated the law says the City can require it to be removed and Cardoso disagreed.
- Thomson – What would be the reason to entangle phase 2 now? Knowing that they could step in at any time in the future.
  - Cron stated that he doesn't see this as entanglement. And Treasurer Pedersen suggested that the City put a time limit on the requirement to build phase 2 and Cardoso liked that idea.
  - Thompson did not like that idea because if we give them first right of refusal he thought we could not come up with our own ideas with the community because Northwest will be involved and wanted to be able to provide services for seasonals like laundry and showers.
- Cron stated that we could consider seasonals in phase 2 when we have worked out phase 1.
- Thompson thinks we should start planning phase 2 now and wants to see phase 2 on the plan that goes to the Dep of Agriculture.
- Mayor – I think it goes back to what John McDevitt says. It is more efficient because it gives this developer an incentive to think about how to integrate all the phases of the project including integrating the infrastructure. I don't think he will wait until we are totally done with phase 1 to start thinking about phase 2. To do both simultaneously is overwhelming. We need to figure out how to make phase 1 work before we move into phase 2.
  - Thompson – Correct. Part of that is going to be our negotiations with them. Until we get done negotiating with them, I would just as soon not entangle them in phase 2.
- Cron – We are not entangling them. We are saying we still hold the right to go into phase 2 with them if they perform. We want them to do the whole project with phase 2 in mind and size everything correctly, the sewer, the power. We will only be ‘entangled’ with them in phase 2 if we are happy with their work in phase 1.
- Cardoso asked why the information wasn't put in before and if the option to lease that Cron wanted him to sign was that a good document? He stated a week before it was signed it was deeply flawed and that an attorney hadn't looked at it.
  - Cron asked a few clarifying questions and stated that Cardoso was kind of hung up on that.
- Mayor – We always knew we would have to work out the details of the final lease. All we had was the form of the lease, a draft. We were not trying to work out the details of the lease, just give an option.
  - Cardoso – It had ground lease elements in it. It was edited to shreds by the attorney. I read through a document that was thick, and it was reduced to a page so you can't tell me what I was being asked to sign before was a legally sound, quality document for the City.
  - Clerk clarified that the attorney mainly restructured the document.

- Cron – Gabe, I think it was a really good move getting McDevitt involved and he’s going to be the guy that makes sure we are doing it correctly and cover ourselves legally and so we have something that Northwest and we like. And taking what we had, which was an option to lease, getting him to shrink that down was really beneficial. I think working through the process in good faith with Northwest is what is important now.
- Clerk reiterated that the City has a lot of options and we don’t want to pay the lawyer to come up with a legal description of every single option. We are trying to come up with basic language and make decisions on what we want included in the lease and McDevitt will include that in legal language.
- Cardoso asked why an attorney hadn’t reviewed the option to lease before?
  - Mayor stated our City attorney reviewed the lease several times. Then we hired John McDevitt to take another look at that. McDevitt thought it was better to restructure it. He said there was nothing illegal about the previous document. We could have signed it. But his legal opinion was that it was better to restructure it and take out the stuff about the rents and financial agreement and put it in separate agreements. Now we are following his advice. It is not something illegal we would have done. Legal options are from specific lawyers, and they can differ which is typical.
- Thompson – Are we going to wait to decide on is until the attorney comes? I am not going to vote for this plan if phase 2 is included. I think it entangles the City if we want to make choices in the future.
  - Cron – In the process of moving forward, what do you propose?
  - Thompson and Hernandez stated they wanted Northwest to only be involved in phase 1.
- Clerk clarified the difference is when we make the determination of splitting the property whether that is right now, or in the future down the road. There are pros and cons to both. If we do it now, it complicates things with the infrastructure. And this could be a complication down the road, it doesn’t eliminate that, but what John McDevitt is saying is this is a decision that will need to happen at some point and right now it is easier to push that decision down the road because you are planning for a bigger project. If Northwest has no security in phase two then I don’t know they would want to build out the infrastructure to fit a second phase as infrastructure will be sized for phase 1 and 2, not just 1.
  - Thompson – We only have a water right for 80 people. If we are going to put more people down there, we will have to go and get an additional water right. A well for 80 people will take care of 1. Only a portion of the infrastructure that is going to be built would be for phase 2. We are going to have to drill another well for phase 2 anyways. That argument doesn’t hold a lot of water because he is going to have to put additional infrastructure in. The most valuable thing this City holds right now is that piece of real estate, to entangle it is a mistake
  - Mayor – And we will still control it. I don’t think 80 people will live in phase 1. 80 people living on 3 acres of developable land is a lot of people. We sized the water right for what we thought would be the maximum occupancy. We can go back to the department of water resources if we need to modify the water right, but it should be enough for phase 1.
- Cardoso – Can you build the infrastructure in a way that provides options for phase 2 so it doesn’t matter if seasonal vs families live there?
  - Treasurer – Yes, it would be standard and set for general residential infrastructure. It won’t limit who can live in phase 2, just that it is ready for phase 2.
- Thompson – We are going to drill a well to serve 80 people correct? Regardless of phase 1 or phase 2?
  - Clerk – Yes, that is the plan, but it depends how deep you drill the well and how much storage you have etc. So, we can size it for 20 units, or we can size it for 30- or 40 units. That will be a choice that we will have to make and ask Northwest to fulfil.
- Christy Thompson – So you are saying John McDevitt is going to be here next week?
  - Mayor – John McDevitt offered to come, and I think it would be wise to have him here.

- Christy Thompson – I think, as a City, we need to be sure that we can get John’s advice that we are fulfilling Simpson’s and the congressional intent of the act. It said essential workers, which is great and a really big deal, but it also said other workers and seasonal workers.
- Mayor – The most essential point is that it must be for workforce housing. We can never rent it as vacation rentals or anything else. They were pretty vague about who qualifies as the workforce. They didn’t define what environs are, so we have a proposal to do that. We must fill in the blanks like they said 20 units so they expected at least that not 4 units but they didn’t say only 20 units or that it could never be more as McDevitt stated.
- Christy Thompson – Well let’s be sure of that.
- Mayor – That is McDevitt’s legal option. If we want to seek another I can go back to Simpson and have him talk to the committee if we need to clarify it further.
- Hernandez stated I think we would need to have that done just to make sure we are moving ahead in the right direction and Cardoso agreed we needed to start on that.
- Thompson stated that because we don’t know what the future will be or if we will be satisfied so he doesn’t think we should encumber Northwest in phase 2. If McDevitt can convince him that if we lease the four acres we are not encumbered in any way by Northwest.
  - Hernandez – Let the lawyer come up with the verbiage and we’ll know when it’s firmer.
  - Mayor – That is what he said, we should put development performance standards and that is our control. If he doesn’t meet them, then he doesn’t have a right to do phase 2.
  - Thompson asked why do we even have to include the provisions as he would prefer to not offer an option for phase 2. The Mayor stated for the reasons that McDevitt explained, efficiency and integrated planning. Thompson stated he disagreed with those reasons.
- Cardoso stated the City should consult with McDevitt, build the infrastructure for all phases and go back to congress. Cardoso is concerned about planning for phase 2 without approval from Congress.
- Cron stated that no one has told us this building more units is illegal. Cardoso said it was illegal and he had read the original act and language. Cron clarified that no professional told us it was illegal and the Clerk stated that there is the act and then there is the legal interpretation of it, and the City hasn’t received a legal interpretation of the act that says it’s illegal.
- Christy Thompson – Isn’t that what John would be able to help us with?
  - Mayor replied yes, he already has rendered a legal option on it because that was one of our main questions. We hired him because he has expertise with lots of housing developers.
- No decision on the land area included in the ground lease.
- Clerk –The next question is how should ground rent be structured. In the past we have discussed a fixed annual amount. NWRECC will pay a fixed rate of \$100 per year with the first 20 years paid in advance. This is reasonably standard in other agreements.
  - Cron & Hernandez had questions about how the payments worked overtime vs upfront. The Clerk answered that Northwest will pay for the entirety of the lease but will pay the first 20 years up front. At 21 years they will pay us \$100, at 22 years they will pay us \$100 and so on.
- Cardoso asked if it was standard and always a low figure. The clerk stated yes.
- Clerk asked if this makes sense and is it something we can move on with and Hernandez replied yes.

#### *Regulatory Agreement*

- Clerk – This is an agreement between the City and NWRECC that contains the occupancy/eligibility restrictions for the workforce housing units. The first question we are looking to answer is what rent limits will apply? Rent limits will be set to start as described in the table. Any annual rent increases will be based on the Consumer Price Index (the national inflation indicator). Any increases above 4%, even if based on the CPI, must be approved by the City. If the net profit exceeds 130% of all expenses, including loan payments, and operations and maintenance costs, the rents will be reduced in the next calendar year. Any adjusted rental rate will be reflected in the unit lease for the next year.

- Thompson – What is McDevitt wanting us to decide on, like this proposal with rent for the size of them right now? What are you asking us?
- Clerk clarified that there is a ton of language that will just be standard in the agreement and there are some key policy decisions that the City needs decide. And that is what the rents start at and how they increase because this isn't standard and will vary from project to project. We are trying to give guidance to McDevitt of what language to put in the lease agreement. These rents are what John Vance proposed and are what we would be starting at.
  - Thompson – Weren't we going to have him talk to his architects and get some bids so we have a better idea of what the prices will be? Will we be able to look at the plans again?
  - Clerk – We have about 5-10 different tracks we are working on right now to get this project to completion. One of those tracks is saying this is the base rent and this is how we want it to increase in the future. At the same time, he will be working on getting quotes. If something changes drastically at any point, we will come back and reevaluate.
- Cardoso – The only things I care about are getting that project manager and keeping on schedule with the army corps, congress if we need to. I just want a project manager.
  - Clerk – That is one of those tracks we are work on.
- Clerk –I understand we don't have 100% of the information but based upon the information we have, we need to make a decision. If things change in the future we can reevaluate.
- Mayor – Charlie was right about John Vance said. Vance and McDevitt agree that we need to get this lease signed sooner than later. John Vance can't spend a lot of money until we get some documents signed. The other agreements will follow and will depend on refining the numbers.
  - Thompson thought John was doing that work now and that is why option to lease was signed.
  - Mayor – I am sure he is doing some of it, but he isn't going to pour tons of money into this project until there is more security.
- Cardoso – The ground lease is a whole other demon. If the option to lease was that flawed, the ground lease is going to be something else. I don't want to move forward without a project manager telling me what is business standard.
  - Clerk – That is why we have John McDevitt. He is essentially the project manager for these agreements. He is the one we have hired to give advice.
  - Cron – We need to keep these big things going. Nailing the operating agreements is crucial for the City. I don't think this is the project manager's job. This is us making sure the agreement with Northwest is rock solid.
  - Cardoso – I feel like they are moving the goal posts. I was told that the option to lease would give them a year and they'd be fine until we got more understanding, numbers, project managers. We don't even know what the sewer board has to say about this yet.
- Thompson - I talked to Jefferey Hall about getting some expert help for us. All the things we are discussing this person could advise us on. I went down and talked to Full Circle and I would like to discuss them right now. I would like to employ them as they would supply us with most of the answers that we are struggling with now.
  - Mayor – Hannah has been working on that part of the project.
  - Clerk sent out an email earlier regarding my meeting with Jade Riley from Ketchum. He had suggested the City get someone to help and oversee and act in a variety of different rolls. We discussed what the City might need and he suggested names/firms. He offered to reach out and initiate connections and provide sample documents and the clerk has been following up. Jade Riley suggested a municipal planner cover most of what we are looking for because they can look at the project from a higher level, they will have experience reading plans, looking at engineering and likely have experience in housing development or workforce housing. He stated that we might want to look for an independent contractor rather than someone with a big firm because they will have lower overheads. Another way to manage expenses would be to

have someone more local be the field inspector so the project planner did not have to travel as far. They would be able to look at the overview and planning and permitting as well as during construction completing building inspections.

- Cardoso – Was there a price quote for independent vs firm?
  - Clerk – No, I did get a rough estimate that phase one of project overview planning, entitlement etc. he didn't think would exceed \$25-30,000 and later phases like construction inspection would be lower maybe \$20-25,000. In talking with Savannah, we were estimating 75-80k for the whole project.
- Cardoso – What about funding for phase 2, is that something they could help us with?
  - Clerk – Potentially. If they have worked in municipal governments or similar fields, it is likely they would be familiar with various state or federal funding mechanisms. Overall, Jade suggested having someone senior level with a broad overview rather than someone very specific like an engineer. If they need specific expertise, they generally have those contacts.
  - Hernandez asked if he had some names and the Clerk replied yes but not on hand.
- Mayor – We need to define a scope of work. We need to solicit interest. We can use people like Jade Riley to help us come up with the essential scope of work for what we need specifically for this project. We don't want to pay for work that we don't need which is what I heard from other developers. If you let a project manager, come up with the scope of work, you are going to pay a lot more money because they will come up with a lot more things they need to do. The developer I talked to had seen that happen in many projects.
  - Cardoso asked if Jade would help us define that scope of work, not let the project manager define their own job and how quickly we could get that done. The Mayor replied that was correct and the Clerk was working on it as fast as possible.
- Cron - Do you think it is a good idea to have stipulations on how rent gets paid. Is that something we should define? We should have something that requires a reasonable rental agreement.
  - Clerk – I would assume Northwest has pretty standard procedures for that but if the City wants something very specific you could specify. If the City is okay with the general run of the mill procedures then we don't need to specify. The things listed here that we are discussing have been highlighted by John McDevitt.
  - Hernandez – As far as deposits and stuff that should all be managed by them.
  - Clerk – If we get more nitpicky with all the details, I think it would be harder in the end for the City to manage. Northwest is used to managing housing, we don't need to mess with certain aspects. But raising the rent has been a big concern of the community so let's be specific on that. Does what was proposed make sense?
  - Cardoso – Yes. I would rather not 4 percent but if it is above that, it is a crazy year.

#### *Regulatory Overlay*

- Clerk – The Regulatory Overlay which is all requirements as stated in the grant agreement will be included in this agreement so Northwest will have to adhere to all the grant requirements. The grant agreement will be an addendum.
- Thompson – What are we agreeing to now, is the bedrooms, rents, sizes?
  - Hernandez – Yes for now. Not a vote, not a done deal now.
  - Clerk – This will be penciled into the lease. The time that everything that gets fully approved will be when you vote on the regulatory agreement. Right now, the council is deciding to move on to the next step with the information we have now.
- Clerk – Next is the priority schedule which I have shared before. Some minor edits were made since the last time I sent it. This was mostly to clarify details. I more clearly specified the sections on roommates and the difference between local worker roommates and a non-local roommate. Lease lengths were added and 3-bedroom units would be prioritized for families within their tier.

- Cardoso – I think this is exactly what the community is looking for. Would this be for anyone in Custer County?
- Clerk – I drew a bubble for a map that would define Stanley and its Environs so any business that is based in that area would be allowed. We will work with John McDevitt to review the legality of this. These are all priorities.
- Thompson – What happens if I work online and am a coder and I get a business license in Stanley, I could rent that space?
  - Clerk stated that she would figure out how to deal with remote employees that might change their location to Stanley. There was discussion about how to deal with this issue including removing self-employed employees but that was not liked after further discussion.
  - Cardoso – What about river companies that moved to Salmon? What about redbfish?
  - Clerk – No, their business is not based in Stanley. The definition of local employer helps cover this. Redfish is included.
- Mayor – There are many nuances like what if someone owns a home but wants to move into the housing and rent their other place. We have prevented that but that gets into what is an appropriate commuting distance. What if someone lives in Smiley Creek but wants to work in Stanley?
  - After a brief discussion, the council determined it would be best not to include Smiley Creek and keep the area within Custer County.
- Clerk – The other thing we need to further define is defining how to qualify as a first responder. If you sign up for a volunteer and then never participate, how do you deal with that. With jobs it's easy to set a number of hours. We want to ensure there is housing because they are important to the community, but we also don't want people to just play the system, We can reach out to the first responders.
  - Cardoso – Supervisor signs off? I think it could be their call.
  - Mayor – They could use this as leverage to get participation.
  - Clerk – We will continue to flesh this out and clear it with attorneys.
- Clerk - What is the minimum occupancy/lease term? Tenants (local workers) will have a 1-year lease with NWRECC. Shorter leases may be requested by the Tennant with NWRECC. If a worker leaves their job near the end of their 1-year lease, a 30-60 day extension of the lease may be granted by NWRECC. For example, if a teacher wants to take another job or leave but their lease doesn't go through the end of the school year. They could have the option to extend their lease to finish their job and then leave. This would only be able to be initiated by the tenant.
- Clerk asked if all these items make sense and are okay to move forward with. Hernandez said great and other councilmembers nodded.

#### *Development Agreement*

- Clerk – The Development Agreement is an agreement between the City and Northwest that outlines how the Property will be developed. John Vance has discussed this before. How will the contingency be used? The contingency budget will be used for any cost overages that are necessary to continue the project. The contingency budget will not be used for elective changes to the project without City approval. This is something there have been a lot of concerns about so we thought we would try to include something in there. This is a very rough outline, and the benchmarks/numbers still need to be figured out. What happens if there are cost overruns? If there are cost overruns during estimates and/or during construction there will be two thresholds that will trigger 2 different responses. Level 1 - Some overruns (over 10% of total budget or total line item) the City will be notified and review the overruns. Level 2 – Major cost overruns (level to be established) the project will pause and the City and NWRECC will work to determine next steps, required modifications and/or feasibility. Does this make sense and are there any questions?
  - Thompson – If there is a cost overrun proposed, are they not going to go back and redesign the project? Are we going to sign a contract before they do something?

- Clerk – Yes, at some point the council will need to sign a contract prior to having all the details. When it's time to sign, we'll probably have more information than right now.
- Thompson – So how do we adjust it before they start construction if it's beyond the budget? Is what we got on the 10<sup>th</sup> the proposed budget?
  - Treasurer – That is what we are trying to say here. If you are way over, you need to come back to the City and we need to look at the plans and see what is over etc. Yes, that is the proposed budget but it may change when they get actual bids. If it looks like it won't be within 10% of the budget, then it would trigger a discussion.
- Thompson – I want to have some people here to guide us.
  - Clerk – Yes, I am asking if this structure look okay, we will need to get the exact numbers and fine tune the details.
- Clerk - What are the minimum development requirements (e.g., unit count, parking, infrastructure, sustainability standards)? I have listed for Infrastructure: Well & water system, public water system if required by the State. Well sizing will be specified based on total potential build out. Water storage capacity of 20,000 gallons for fire response & drinking water. Connection to the Stanley Sewer and all required permitting/capacity studies etc.
  - Hernandez – Is this for the just the 20 units.
  - Clerk – Yes, we are looking at 20 units but want to make sure infrastructure could serve more. The Clerk read the points listed in the decision point document.
- Cardoso asked if there was parking for visitors as well and the Clerk stated that would be added.
- Hernandez – Are we still pursuing geothermal?
  - Mayor – I haven't given up on it. The Geothermal engineers think it is possible. We are looking for grants. But at some point, but John Vance will need a go or no go. Roy Mink thinks the most promising way to include it would be geothermal heat pump. Not direct heat. Direct means much deeper well. There are many examples of heat pump systems. Cascade just put in a big geothermal system, and I have talked with engineer who did it and knows all the engineering details. We still need some additional funding but way less if we had to drill 1000ft etc to get direct heating. It is still possible.
- The basics of geothermal systems were questioned and described as a direct heat system where very hot water was piped from the ground throughout the units, a heat pump system where hot water is used for heat the air to go through the housing. Heat pumps can obtain heat from a lot of piping in a shallow system or one deep pipe that is more like a well. Each unit would have their own thermostat but the heating systems might be centralized.
  - The Treasurer asked if the system could be retrofitted and the Mayor replied that it could but would be more expensive. The mayor stated the engineers thought the cost of the well would be 100k so it could be fit within a budget and we will need to have that discussion soon.
- Cron – Do you think we should have something in the agreements on utilities?
  - Clerk – My understanding is everything included in the rent price except for electric because you want accountability for electric use, especially if it is heating so people don't keep the thermostat set at 80 with the windows open. If we did a heat pump system with geothermal, tenants would be required to pay into a fund that would be shared with the City and Northwest so that there would be funding to manage and eventually replace the system in the long term.
- Cardoso – Do heat pump systems fail overnight or is this something we can predict?
  - Savannah – I'm guessing when it gets old, there would start to be issues.

#### *HUD Grant Subrecipient Agreement*

- Clerk read the description of the HUD Grant Subrecipient Agreement as well as the questions and answers provided in the decision points document and the description of the LOT agreement as described in the decision point document. The City would commit 1.265 million in saved option tax to be paid over 22 years. We have had this plan for some time now.

- Thompson – I would like to discuss this further. A few months ago we had several different proposed financial options. The last one had an annual option payment listed. Is that indefinite?
  - Clerk replied no, that is just for year 1. The paper we handed out today explains the breakdown of payments. The Treasurer added nothing has changed and clarified if Northwest was to request the maximum amount, payments would stop at year 11 as we have a max contribution.
  - Cardoso – Why would they request the max?
  - Treasurer – It could be for contingency, to help upfront payments, or during low revenue.
- Thompson – Can we consider giving him just 1 million? He decreased the space by 25% but it went down 4% and garages by 64%
  - Treasurer – It would change the rents. And he worked hard to get the rents down, I don't think we want to have them go back up a lot. The garages are unfinished empty space. That doesn't give a lot of cost savings. I think you are trying to correlate but space decrease does not equal dollar decreases, it isn't a direct 1:1 ratio.
  - Thompson - He decreased the budget by \$620,000. If we brought our contribution down to 1 million we could save \$265,000. We could start looking forward to working on phase 2. He would have parameters to work with. Everything is in flux, the size of them the number of units. He dramatically cut back; he cut back the rents didn't go down accordingly.
  - Mayor – The rents did go down, especially for the 1 bedroom.
  - Clerk – We went down in rent and up in units so a direct correlation is very difficult to determine. The cheapest things decreased and the most expensive parts increased. Charlie, it seems that you don't like the correlation between the size decrease and the rent decrease.
  - Thompson – Correct. We could be more conservative and take out some LOT. We can always put it back in but there is no taking it out. There are things we can do like make them smaller.
  - Clerk – If we reduce funding the rent will go up. We've reduced size to reduce rent.
  - Thompson - The three bedroom was 1774 sq ft and was reduced 24% and the 2 car garage was reduced to a 1 car and it was a 4% reduction. The update is \$50 a month on the 1 bedrooms.
- Cardoso leaves the meeting.
  - Treasurer – You argued heavily that you didn't like the rent costs and we brought them down. But now you want to take away \$265,000 and that will affect the rents in the end. Either the City is carrying the cost, or you have to pass that cost on to the local renter.
  - Thompson – Or he has to be more creative.
  - Mayor - The original proposal was \$1,350. He got it down to \$1,000. Because that is what the community focused on. For single people essentially.
  - Hernandez – Right, it was too expensive for the community.
  - Cron – So the rent decreased by about \$300 and the sq ft decreased by a couple hundred sq ft. Those will be great 1-bedroom units, affordable. I think it is the wrong approach to think you can decrease by percentage. We should look at this to see if it is reasonable, it is reasonable rent, square footage and I think the community agrees with this. I don't think it benefits us having this conversation again and again.
- Hernandez – Why can't we save a little bit of money for phase 2 to take care of the seasonal workers.
  - Treasurer – Even at the end of 22 years and even if the City put nothing else in, there would be money in this fund.
  - Hernandez – I'd hope we could have something before 22 years.
  - Treasurer – Yes, this account will never be fully drained. The Council can suggest to future Councils that option tax should be saved each year for a phase 2 project. The more money in that account, the more interest.
  - Mayor – We have banked money in the past and we can continue to do that. The City cannot legally obligate future option tax revenues to this project but we could bank it for phase 2.

- Cron – I think it is a good point asking why we aren't allocating some of this money to phase two but I think we have to give phase 1 the best chance of these being affordable for people in the community and not increase rents. The more money we take from phase 1, the more those rents will go up. We want to have the best chance to get phase 1 right and don't think we should sabotage the rents or projects by holding back money.
- Treasurer – That surplus/profit will offset the required option tax payments. So, it is very likely we will put in a lot less than we are projecting now.
- Hernandez asked if the profit would go right back into the payments and the Clerk replied yes.
- Thompson – We haven't finished this discussion yet because the only way this will be approved is when the council votes on it. I would encourage all council members to look hard at this. I understand this is what presented and we can still put that \$265,000 down the road.
  - Clerk – For John Vance to come up with the final budget and structure of the rents he needs to know our contribution. Yes, this won't be final until you vote on it, but it is at a point where the council needs to move forward with a plan. We have to have a number to provide to Northwest to keep moving forward.
  - Cron – I think if we withhold option tax money and the rents go up, the community is going to be upset. We have worked hard to get rent down. If now we say we are going to withhold some of that money, so rents go up, we have done a disservice.
  - Mayor – If we do that people might assume that the rents are going to go up more. We are trying to give the community that assurance rents won't keep going up, but if we back up now, they might think we will keep doing that.
- Thompson – Who came up with the dollar amount? Because the council has to approve it.
  - Savannah – This is what we are proposing, and this is what John Vance has based his numbers on. This is money we have in the bank and won't affect our daily finances.
  - Thompson – The strategy is good but let's only give 1 million and keep the \$265,000.
- Clerk – My estimate is that rent would go up about \$50 per unit for every unit. Does the council want to ask John to try and rework the finances?
  - Cron – I am not comfortable raising the rents to withhold \$265,000. It doesn't make sense to hold that back for the next phase when it we have gone to the community and come up with a plan people are happy with.
  - Mayor – I don't think that the community will like that.
  - Clerk asked treasurer about setting aside future funds to build up to 265,000 after current projects wrap up and the Treasurer corrected the Clerk that she had her numbers off and that wouldn't work. It would take longer than a few years.
  - Thompson – How hard would it be for him to give him an estimate. We are both just throwing numbers up in the air.
  - Cron – I disagree these aren't numbers up in the air. We have been working on this for a long time. There has been a lot of work to get these numbers. They aren't numbers in the air we have narrowed these down until now it seems like it works for them and us. If we want to haggle over \$250,000 for a 10-million-dollar project is peanuts but we will have to raise rents.
- Hernandez – If he could just come up with something other than a guessing game for us.
  - Cron asked Hernandez what are we guessing at? Hernandez replied it's a guessing game.
- Savannah – I think we asked before what the correlation for how much rent would change depending on what the City contributed. He gave us an estimate. He told us that for every \$500,000 contributed it reduces the rents by \$100.
  - Clerk stated that number was for upfront contribution and since we are planning payments it would likely have a greater impact on the rents. The Treasurer stated that we decided not to do an upfront payment because it didn't make financial sense for the City.

- Mayor – The bottom line is, I don't want to see us lose the goodwill of the community because Northwest worked hard to get the rents down, especially for the 1-bedroom units. There are still people saying \$1000 is tight but that is better. There are people who like to see them at \$700 and if they see them going back up that sends a bad message to the community. We asked how all these aspects could work together, and we got this.
- Clerk asked if we should request John to come up with another proforma and Thompson replied yes.
- Thompson stated every time at one of these meetings its John this and John that. They have different interests than we do. Hernandez agreed and stated it's all up in the air.
- Cron – What is their interest that is different than ours? It seems, as a non profit, their mission statement is aligned with our project.
  - Thompson – They built up 100 million dollars in assets, is that aligned with everyone else? They are in the process of building up more assets.
  - Treasurer stated it is buildings not liquid assets and that is how a business works. They don't just have 100 million dollars sitting in the bank.
  - Cron – They are a nonprofit, they are not trying to build up a lot of profit.
  - Thompson – You should look at their tax forms and see what they paid each of their executives. I appreciate your faith in them.
- Thompson – Kim and I went down, on Jeffery's suggestion, and talked to Full Circle Consulting
  - Hernandez – We need to get all the rest of the names that Jade is brining.
  - Thompson – I would like to get these people up here.
  - Cron – We need to make a job description before we start. And if these people want to apply for it, we will look at them. We need to decide on the scope and we want to be driving that. We don't want a developer to come in and say this is what the City wants.
  - Thompson – I want to get this person up here before we sign all of this. Full Circle has done multiple projects. They haven't looked and reviewed them like we are reviewing them now or like the folks over the hill review but they have actually built dozens of projects around the state. They seem reputable and I would like to get them up next week and interview them.
  - Cron – Yes, we are also looking at several other people that also have vast experience.
  - Clerk stated the process we are working through. The City needs to create a scope of work with an RFQ, then send it out. It will be sent to Full Circle and to other groups that we have researched. We will get all the proposals together and review them. Clerk asked if this process made sense and Thompson said if it could happen quickly. The Clerk replied that we are working as fast as we can on it but we must also give people time to respond.
  - Hernandez – And McDevitt has to get this together. Until we get a project manager I am not going to agree to what they bring forth.
- Clerk reiterated that the council doesn't need to take a final vote now but needs to keep moving forward and it would be helpful for whoever we hire to have a close to finished document to review rather than a bare bones and still have a lot of work to do. There was no decision on financial plan. The Clerk will ask John Vance what happens to rent if we reduce \$265,000 of the City's contribution. The next question is regarding what Northwest must do to receive payment. We said they must meet all the agreements. John stated Northwest wouldn't request the LOT payments until the project is done and they start paying loans. The last question is will the City receive any profit from the project? As previously discussed, the City would get 50%. This would first go towards the LOT payments and left over would be paid directly to the City.
- Thompson – So you say he is a nonprofit but there is a profit.
  - Savannah – It says in the agreement if they are over 130% then they must lower the rent. If they are profiting a lot, they must lower rent. They are not trying to make a lot of money.
  - Hernandez – Yes, that is good, they can't profit otherwise they would be a for profit. They just pay the executives more.

- Clerk – The reason why that profit margin exists is that the bank requires a certain amount over the operating cost because if there is a low year you have to be able to show there is some wiggle room. That profit likely won't exceed \$40,000 for Northwest any year. That is not much. And if it does, the rent will go down. Is that okay and clear?
- Council agreed with nods and yeses.
- Thompson – As we go through this process. Like when we cut that second bathroom out of the upstairs, are we going to get these third parties to review the design?
  - Clerk – Yes, whoever we hire will review the design and the City will as all that information also has to be part of the building permit.
- Cron stated that maintenance and repairs need to be addressed. We need to protect ourselves and I would like to see something in that contract that talks about repairs and maintenance. Hernandez agrees that we need to make sure its not in poor condition when handed over.
  - Clerk stated that some of those standards are already included in the lease. We can have the project manager and John McDevitt review it and we can get more specific if needed..
- Mayor – Those are things that John McDevitt calls development performance conditions that we should specify as part of the lease itself. And if Northwest doesn't perform then we don't have to continue into phase 2 with them. As for some of these other things, bathrooms, islands in the kitchen etc, those are subjective things not a performance issue. John took things out to lower rents. A project manager isn't going to say you need to put those things back in.
- Cron – We don't want a project manager competing with our developer. Should we have something in there that defines what is in the contingency? What if we are over budget?
  - Hernandez – That is a good probability.
  - Treasurer – That is where that 10% comes in. If things look over budget they have to come back to us to see so hopefully, we don't just blow through the contingency.
  - Clerk – That financial plan will also be included in one of these agreements, so we have a baseline to go off. This isn't an exhaustive list of what we need to decide on, there are more things that will come up. Things like the financial plan and construction schedule will be included in these agreements because we need something concrete to hold to.
- Thompson – A large portion of the cost of the project is the finish. How do we determine what the finish is going to be in the house? Do we hire someone to review the finish? Has Jade or anyone given suggestions on that.
  - Clerk – Not that specifically, but in concept yes. Northwest is building something; they are going to have design specifications because they have to provide that to contractors. He will have the level of detail that you have on a house because the contractor needs to know what he will need to buy and so can bid appropriately.
  - Hernandez – You are checked on it twice. The contractor isn't going to put on a bid unless they know what they are doing. And the project manager will review it too.
  - Clerk – John has said if the council wants something higher end like granite counter tops, they will need to decide and see how it affects contingency. As John has said, if you are a private development firm and want to sell off the project in 3 years, you only need to put in finishes that look nice for 3 years; that's all they care about. Northwest is going to have this project for 65 years so they will be thinking much more long term about the materials.
  - Hernandez – He doesn't have a choice because the contract says it has to be in good useable condition when it is turned over.

Adjourn – 7:42

  
 Steve Botti Mayor

  
 ATTEST: Hannah Fake- City Clerk