

2013 ANNUAL REPORT



IFRA
Idaho Falls Redevelopment Agency

EXECUTIVE SUMMARY

In 2013, the Idaho Falls Redevelopment Agency accomplished the following:

- Entered into an agreement with Ball Ventures and Martek/MT Power Falls LLC to assure Scientech/Curtiss Wright Flow Corporation remained in Idaho Falls. This project retained 200 jobs, created 148 jobs at an average wage rate of \$21 per hour, and enticed an investment of nine million dollars. The Agency agreed to provide \$670,000 for assistance to construct streets and public utilities to serve the new buildings constructed on the site of a former construction landfill and gravel pit.
- Agreed to assist Bandon River LLC in the construction of Lochsa Drive which will serve 48 senior housing units. \$365,000 in Agency assistance provided towards the costs of the drive will be financed by the developer.
- Worked with the Woodbury Corporation to assure eighteen parking spaces next to the Greenbelt were earmarked for public use in the parking lot of the Marriott Inn. The designation of public spaces and a public access easement were the benefit received for \$298,915 in assistance from the Agency.
- Completed payments for the cost of the reconstruction of Memorial Drive. In 2013, the Agency made the final payment of \$101,732.72 for the seal coat of the new street. The Agency paid a total of \$2,415,301 towards the engineering design and reconstruction of Memorial Drive. The City of Idaho Falls also participated in this project.
- Participated in the construction of the 93 parking spaces on the Union Pacific Railroad south of Elm Street and east of Yellowstone Highway. The Agency paid \$200,000 towards the construction costs of this new parking lot built to serve downtown and the Museum of Idaho. The City of Idaho Falls paid for remaining cost of the parking lot.
- Reimbursed the Idaho Falls Parks and Recreation Division for completing improvements on four hundred feet of Greenbelt north of Pancheri Bridge and allocated an additional \$10,000 for installation of more trees, completion of sod, and placement of boulders to protect the new landscaping.
- Worked with D&A Commercial Warehousing to construct Simplot Circle from Utah Avenue to Porter Canal, including a bridge over the canal.

To strengthen the tax base and promote the successful growth and development of the City of Idaho Falls by using, when necessary, tax increment financing to facilitate the construction of publicly owned infrastructure, giving due consideration to that which promotes and enhances the Snake River Greenbelt and encourages desirable land uses near that Greenbelt.

Mission Statement, Idaho Falls Redevelopment Agency

ORGANIZATION AND MISSION

The Idaho Falls Redevelopment Agency, originally created on July 6, 1966, was re-established by the Idaho Falls Mayor and Council on October 20, 1988. More than twenty years after its re-establishment, the Agency is charged with implementing three urban renewal plans: Snake River Urban Renewal Project Plan, River Commons Urban Renewal Plan, and Pancheri-Yellowstone Urban Renewal Plan. These three urban renewal districts encompass 688 acres in central Idaho Falls or approximately 5% of the city.

In the year 2013, the following individuals served on Board of Commissioners:

Lee Radford, Chair
Terri Gazdik, Secretary-Treasurer
Thomas Hally
Robert Barnes, Vice-Chair
Linda Martin
Lee Staker
Brent Thompson

Ryan Armbruster of Elam and Burke serves as legal counsel to the Agency. Thane Sparks is the treasurer for the Agency, and Renee Magee is the executive director. For the past several years, Harlan Mann was a consultant to the Agency and prepared the financial projections for the Agency.

In late 2012, Robert Barnes, while serving as chair, nominated Lee Radford to serve as the chair of the Agency. Mr. Barnes had served as chair for almost thirteen years and led the Agency through the reconstruction of the area south of Broadway and the creation of two new urban renewal districts. During this time, agreements were completed with Renaissance Partners, Taylor Crossing on the River, Ball Ventures, and Hotel Developers. Robert Barnes resigned from the Board in December, 2013.

THE YEAR 2013

River Commons Urban Renewal District

River Commons Urban Renewal District, a former gravel pit for Monroc, Inc., sits immediately south of Pancheri Drive and borders the Snake River. The district encompasses 211 acres and was created in 2004 at the request of the new owner of the property, Ball Ventures. The Agency entered into an owner participation agreement with Ball Ventures in March, 2005, and agreed to participate in the construction of Snake River Parkway and Pier View Drive, reconstruction of Milligan Road, power line and utility improvements, storm drainage and landscape improvements, and Greenbelt improvements with the exception of the pier. In January, 2009, the Agency entered into the Amended and Restated Limited Recourse Promissory Note for the principal amount of \$8,812,602. In addition, the Agency paid Ball Ventures \$40,000 in cash. The Urban Renewal Plan, Attachment 5C-1, for this district anticipates \$10,552,602 in assistance to the developers within the district.

In 2013, the Agency entered into an amended agreement with BV Lending, LLC, for an additional \$670,000 in assistance, of which \$170,000 will be paid to the developer when the buildings to be occupied by Curtiss Wright Flow Corporation (Scientech) and the streets and utilities serving these buildings are completed. A note from the Agency to the developer will finance the remaining assistance, and the developer will be repaid from the taxes generated by the project. The estimated value of the project is \$9 million. The project will occupy lands which were a gravel pit operated by Monroc. The site of the new buildings was a landfill for construction waste. This project, while eliminating slum and blight in the center of the city, retains 200 jobs in Idaho Falls and creates 148 new positions with an average wage rate of \$21 per hour.

The Agency also agreed to assist Bandon River LLC with \$365,000 for the construction of Lochsa Drive to provide access to 48 new senior apartment units. The assistance will be in the form of a note to the developer to be repaid from the taxes generated by the development. With these two commitments made in 2013, the remaining assistance envisioned in the 2004 urban renewal plan is approximately \$660,000.

Pancheri-Yellowstone Urban Renewal District

The Pancheri-Yellowstone urban renewal district, with a term of 12 years, was created by the Mayor and Council of Idaho Falls in December, 2007. This area of 33 acres sandwiched between the Snake River and Yellowstone Highway and south of Pancheri Drive includes a former manufacturing facility, a lumber yard, and oil distribution businesses as well as open storage and vacant land. It has no public road system and is served by utilities which do not meet today's standards. In early 2008, the Agency entered into an owner participation agreement with Hotel Developers - Snake River LLC in which the Agency agreed to participate in Greenbelt improvements, utility relocation and trenching, and demolition. In late 2009, the Agency executed notes totaling \$129,289 for such work completed on the site of Candlewood Suites and the adjacent Greenbelt. As of June, 2013, the total incremental value of this newest district was \$6,949,900, the majority of which was due to the construction and opening of Candlewood Suites by Hotel Developers - Snake River LLC. In November, 2013, the Agency had cash and receivables of \$334,893 in this district.

Snake River Urban Renewal District

The Snake River Urban Renewal District is the City's oldest existing urban renewal district. It was created in 1988 and encompassed the area bounded on the north by State Highway 20, I-15 and Utah Avenue south of Broadway on the west, the Snake River on the east and Pancheri Drive on the south. In 1988, the revenue allocation area did not encompass the entire district. In 1992, both the district and revenue allocation area were expanded. The 1992 amended boundary for both was State Highway 20 on the north, I-15 on the west, approximately Pancheri Drive on the south, and the Snake River on the east. In 2006, the area of the district was expanded to include the downtown area east of the Snake River. The district will close on December 31, 2018.

There are two active owner participation agreements within the Snake River Urban Renewal District. Through these agreements, a developer finances the costs of public improvements, generally off-site improvements, for a new development. He is repaid the cost of these public improvements with a portion of the taxes generated by the new development. In lieu of the Agency seeking a bond or a loan to pay for public improvements, the developer finances the costs of these improvements.

The oldest active agreement is with Renaissance Partners, LLP, and was executed in March, 2004. This agreement covers the expenses in relocating and demolishing Tiffany Metals (a salvage yard), United Parcel Service, American Fabrication, and Broadway Properties. Today, Wal-Mart, the Olive Garden, Famous Dave's Barbecue, Fairfield Inn, Wendy's, Arctic Circle, and two retail commercial strip centers occupy this area. The agreement also covered relocating a power line and improving Wardell Street, including the railroad crossing. In December, 2004, the Agency entered into a note with Renaissance Partners for the amount of \$4,042,000.

The second active owner participation agreement is with Taylor Crossing on the River, LLC. This agreement provides for notes to a maximum of \$6,335,204 to improve the Greenbelt from Broadway to Pancheri, construct Riverwalk Drive to connect Broadway to Pancheri east of Porter Canal, relocate ABF, reconstruct Simplot Circle, demolish the former Army Surplus building (where the Marriott Residence Inn now sits), provide the necessary public utilities and remove any rock as necessary for development. To date, Taylor Crossing has entered into two notes with the Agency, both of which have been repaid from a portion of the tax increment generated by the Taylor Crossing development. The first note was for \$600,000 to relocate ABF and the second was \$200,000 to demolish the Army Surplus building. Recent payments to Taylor Crossing for Greenbelt improvements made under the agreement have been financed by the tax increment generated to date. The total paid under the agreement through December, 2013, is \$1,517,402.

Taylor Crossing on the River

In 2010, the Agency reimbursed Taylor Crossing \$286,954 for relocation of a portion of the Greenbelt path north of Pancheri Drive Bridge. The majority of the reimbursement covered the costs of removing brush and debris from the area, terracing the bank, and installing stone walls.

The Agency committed \$100,000 towards the irrigation system and placement of sod in late 2011. Idaho Falls Division of Parks and Recreation contributed the labor to install the sprinkler system. In 2012, the Parks and Recreation Division completed the irrigation system, installed the sod, and planted many of the trees and shrubs. This work and the payment of \$67,573 to Taylor Crossing for bank stabilization and installation of an electrical system completed the commitment made by the Agency to improve the Greenbelt north of Pancheri Bridge. The Agency reimbursed the City Parks and Recreation Division \$33,959 in 2013 for its work on this portion of the Greenbelt and committed another \$10,000 to move in boulders, plant additional trees, and complete the sod.

In 2011, Woodbury Corporation, a Salt Lake City based commercial real estate company, purchased the majority share of the unfinished Marriott Residence Inn on West Broadway near the Snake River. Woodbury Corporation completed the Marriott Inn in late summer of 2012 and the Certificate of Occupancy was issued in September, 2012. In 2013, the Woodbury Corporation acting as Bienvendios LLC, with Taylor Crossing, entered into an agreement with the Agency to set aside eighteen parking spaces, including the handicapped spaces, for public use. These spaces are adjacent to the Greenbelt and replica of the Taylor Bridge. Public vehicular and pedestrian access east of the Inn was also secured. For this commitment to public use, the Agency provided \$298,915 to Bienvendios for public improvements and site preparation costs.

Downtown Idaho Falls

After investigating the development of a parking structure with a private property owner in early 2010 and later an underground structure with Bonneville County, the Agency decided to construct a public parking lot mid-2010. The Agency acquired the property on the southwest corner of D Street and Park Avenue, demolished the two structures on the property, and financed the construction of a public parking lot on the parcel. In late 2011, the Agency deeded the lot to the City of Idaho Falls. The Agency also assisted Bonneville County with curb, gutter and sidewalk replacement in connection with the County's construction of a new parking lot north of the Court House.

In 2012, the dream of reconstructing Memorial Drive was realized. From about 1915 or earlier until the late 1950's or early 1960's, Memorial Drive had a landscaped median in the center of its eighty foot right-of-way. Due to the need for parking to serve the downtown merchants, the median was removed and parking was placed in the center of the right-of-way. Not only did the parking which backed into traffic pose a safety issue but, by the late 1990's, Memorial Drive was in need of reconstruction. The crown was too high. Curbs and gutters, which move water to storm drains, were missing along much of Memorial Drive. The asphalt was rutting and shoving due to the number of overlays on the street.

During 2009, community leaders, including representatives of the City Council, County Commissioners, and Idaho Falls Downtown Development Corporation met with Pierson Land Works, a landscape architectural firm, to develop concepts for Memorial Drive. In August, the concept accepted by this group of community leaders was the subject of open houses at Community Night Out, Idaho Falls Public Library, and University Place. The comments from these open houses spurred the construction, leasing, and designation of additional long-term parking downtown. A bus turn-out and careful attention to the needs of the disabled in the design of the round-about were addressed in response to comments at these open houses.

In 2010, the Agency contracted with the City of Idaho Falls to design Memorial Drive. The engineering department held additional open houses on a design in November, 2011, and completed the design in early 2012. After the cost estimates were prepared, representatives of the Agency and City met to allocate the costs of Memorial Drive. In the spring of 2012, the Agency and City executed an agreement for construction management and the Agency pledged to spend approximately \$2.7 million to reconstruct Memorial Drive. The construction on Memorial Drive began on July 9, 2012, after the July 4th celebration was held on the Greenbelt in the Memorial Drive area. The project, except for seal-coating, was completed in mid-November, 2012.

Today, Memorial Drive is a two lane street with parking on the east side. All modes of transportation have been recognized in its new design. It was constructed as a sharrow, a lane to be shared by motor vehicles and bicycles. Turn-outs are provided in each direction to accommodate buses. The pedestrian facilities have been improved by signage and narrowing the intersections to reduce the crossing distance. The lighting on the street matches the downtown lighting, creating a tie into the downtown. Electrical outlets have been provided to accommodate vendors and others using the Greenbelt for community events. As a result of narrowing the paved travel way, the Greenbelt has been widened to provide additional space for community events.

In 2013, the artists' market moved from Snake River Landing to downtown creating a summer market from the Key Bank parking lot south of Broadway north to the intersection of B Street and Memorial Drive. The arts festival and the Roaring Youth Jam expanded into the additional park area and vendor space created by the reconstruction of Memorial Drive. The Agency made its final payment of \$101,732.72 in November, 2013, bringing the Agency's contribution to the reconstruction project, not including the costs for the concept development by Pierson Land Works, to \$2,515,301. This amount includes \$100,000 for the engineering design.

SUMMARY OF PROJECTS AND STUDIES COMPLETED BY AGENCY

The following table summarizes the projects and studies completed by the Agency through 2010.

| Description of Project | Monies Spent |
|---|---------------------|
| Lindsay-Utah Avenue (street and utilities) | \$2,111,648 |
| South Utah Avenue (street) | \$687,435 |
| Wardell-Mercury improvements (street and utilities) | \$969,374 |
| John Hole's pedestrian safety improvements | \$90,000 |
| Snake River walkway improvements | \$41,360 |
| South Utah construction and utilities | \$1,194,000 |
| Pancheri-Utah Avenue intersection improvements (1/2 cost) | \$298,000 |
| Relocation of power lines | \$1,388,614 |
| Bridgeport Drive (Milligan Road) and utility improvements | \$395,615 |
| Storm water facilities, landscaping, and demolition | \$297,200 |
| Utility improvements | \$409,473 |
| Days Inn demolition reimbursement | \$293,000 |
| Yellowstone: installation median with trees in downtown | \$235,414 |
| Snake River Parkway (north of Pancheri, south of Wal-Mart) | \$200,455 |
| I-15 entrance welcome sign and landscaping including demolition | \$82,527 |
| Downtown parking study completed by Carl Walker, Inc. | \$47,050 |
| Reimbursement to Bonneville County for land on Legion Drive | \$150,000 |
| Concept of Memorial Drive completed by Pierson Land Works | \$20,362 |
| Terracing, landscaping on Snake River, Taylor Crossing | \$418,487 |
| Purchase and completion of public parking lot on D Street | \$1,192,800 |
| Memorial Drive Reconstruction | \$2,515,301 |
| TOTAL PROJECTS | \$13,038,115 |

The above public improvements were financed by bond proceeds, loans, or cash reserves.

SUMMARY OF ‘INCREMENT VALUE”, IDAHO FALLS URBAN RENEWAL DISTRICTS, JUNE, 2013¹

The following table shows the “increment value” or increase in assessed value generated through urban renewal.

| District | Net Taxable | Base | Increment Value |
|----------------------|---------------|--------------|-----------------|
| Snake River Amended | \$202,415,494 | \$61,190,841 | \$141,224,653 |
| River Commons | \$50,741,562 | \$350,098 | \$50,391,464 |
| Pancheri-Yellowstone | \$11,828,843 | \$4,878,943 | \$6,949,900 |

LEGAL REQUIREMENTS AND ADDITIONAL DOCUMENTATION

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement is limited to a report through the end of the Agency’s fiscal year.

The Agency received a report on February 20, 2014, of its audited financial statements from Rudd and Company. This report identifies the Agency’s assets, liabilities, income and expenses through September 30, 2013. A copy of the report is attached as an exhibit.

Beginning with the annual report for activities during 2012, the Agency will take public outreach measures soliciting public comment on the annual report. To solicit comment, the Agency will:

- Publish a display advertisement.
 - Publish a legal advertisement.
 - Post the annual report and the meeting announcement on its page on the city website.
- For the 2013 annual report, the Agency did all of the above measures and will convene its board meeting on March 20, 2014 to consider public comment on its 2013 annual report.

The Agency is also required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its Fiscal Year 2014 budget on August 15, 2013. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Idaho Falls. For 2014, the Agency anticipated revenues and set total

¹Information provided by Bonneville County Assessor’s Office and Data Processing.

expenditures for the Snake River Allocation Fund at \$1,978,350; River Commons Revenue Allocation Fund, \$1,642,000; and Pancheri-Yellowstone Revenue Allocation Fund, \$5,250. Copies of the budget are available through the Agency's offices or the City Clerk.

GOVERNING STATUTES

Urban renewal agencies and revenue allocation areas are governed under Idaho law Chapter 20, Urban Renewal Law, and Chapter 29, Local Economic Development Act, of Title 50, Municipal Corporations. Chapter 20 provides authority to city councils to find areas within the municipality are deteriorated and deteriorating and, as a result of such deterioration, such areas create a liability upon the municipality, decrease the tax base, and impair the sound growth of the community. To correct these issues, the council is authorized to adopt an urban renewal plan. The plan is prepared by the urban renewal agency and submitted to the planning commission for its review and recommendation to the council. Prior to the adoption of the plan, the council shall hold a public hearing after notice of the public hearing and general nature of the plan is advertised. Once adopted, the urban renewal agency is empowered to undertake the projects outlined within the plan, to construct or reconstruct public improvements, to acquire property and to renovate or prepare such property for development, and to borrow funds, including bonding, to implement the plan.

Chapter 29, Local Economic Development Act, provides a revenue source to finance the economic growth and development of urban renewal areas. A portion of the property taxes levied in a revenue allocation area (all or a portion of an urban renewal area) are allocated to the agency to finance the urban renewal plan. The tax levies are not increased, and an agency has no authority to levy taxes. The revenue allocation area is created by council as part of an urban renewal plan. New revenue allocation areas are limited to a life of twenty years and, therefore, any bonding or notes are limited to a life of twenty years or less.