IDAHO FALLS REDEVELOPMENT AGENC Y

P.O. BOX 50220

IDAHO FALLS, ID 83405

September 24, 2014 **Regular Meeting Minutes** **Council Chambers**

Call to Order: Chair Radford called the meeting to order at 12:00.

Members Present: Lee Radford, Terri Gazdik, Brent Thompson, Linda Martin, Lee Staker.

Members Absent: Thomas Hally.

Also Present: Ryan Armbruster and Meghan Conrad, Legal Counsel (via telephone); Renee Magee, Executive Director; Thane Sparks, Agency Treasurer; Kristine Staten, Idaho Falls Downtown Development; Phil Kushlan, Consultant (via telephone).

Modifications to Agenda: There were no modifications to the Agenda

Approval of Minutes: Brent Thompson moved to approve the minutes of August 21, Lee Staker seconded the motion, and it passed unanimously.

Approval of Bills: Radford presented the finance report dated September 24, 2014. The following bills were presented to be paid from the Snake River revenue allocation fund: City of Idaho Falls, $20,000.00 for reimbursement for city services to the Agency; MOB, LLC, $4,488.00 for parking lot lease; Renee Magee, $62.62 for reimbursement for recording fees and telephone calls; Post Register, $448.00 for publication of the annual budget; Elam and Burke, $1,939.80 for legal services. The following bills were to be paid from the River Commons revenue allocation fund: City of Idaho Falls, $5,000.00 for reimbursement for city services; Elam and Burke, $203.50 for legal services. The following bills were to be paid from the Pancheri Yellowstone revenue allocation fund: City of Idaho Falls, $650.00 for reimbursement for city services to Agency. **Linda Martin moved to approve the financial report, Lee Staker seconded the motion, and it passed unanimously.**

Approval of Agreement with City of Idaho Falls for Greenbelt Improvement North of Broadway and West of Snake River: Magee explained last spring the Board authorized $400,000 to finance improvements to the Greenbelt north of Broadway and south of John Holes Bridge if the City of Idaho Falls received a grant. The City has been notified they received the grant. Public Works and Parks and Recreation Divisions are ready to begin design and plan to be in construction by the summer of 2015. An agreement is needed with the City of Idaho Falls, and the Board needs to approve the resolution approving the agreement. This agreement is based on past agreements with the City. The City has not reviewed this agreement. If approved by the Board, the agreement will be submitted to Parks and Recreation and Public Works Divisions for presentation to the City Council. With this commitment, the Agency will have spent $1.3 million dollars on Greenbelt improvements.

Thompson asked if this agreement is to formalize the $400,000 maximum commitment on this project. Renee responded yes. This agreement will formalize $400,000 is the maximum amount.

Ryan Armbruster clarified this agreement takes the format used a few times with City. Essentially the City serves as project manager for project, prepares any necessary Request for Qualifications (RFQ) for architects and engineers, and prepares the bid documents for the selection of contractors. The agency will

have a role in reviewing responses and bids. Project management falls under the City of Idaho Falls. The Agency pays both the out of pocket expense for those professionals and contractors as well as payment for indirect employee expense for City Public Works department on this project..

Radford asked for further clarification that the amount is capped at $400,000.

Armbruster further explained, the Agency contribution is capped at the $400,000, unless there are cost overruns which must be approved by Agency prior to incurring those costs. No bids have been received and so this is really a "shot in the dark". If bids come in higher, the Agency will need to meet with the City and figure out what to do.

Armbruster read the title of the resolution approving the agreement. **Brent Thompson moved to approve the Resolution, Terri Gazdik seconded the motion. Radford called for vote by roll call: Gazdik, yes; Hally, absent; Martin, yes; Staker, yes; Radford, yes; Thompson, yes. The motion passed 5 to 0.**

Discussion of Draft of Urban Renewal Plan for Proposed Eagle Ridge Urban Renewal District: Ryan Armbruster reviewed the drafting comments in the proposed plan. He stated the boundaries of the proposed urban renewal district may change depending on the consent of the agricultural property owners. The plan lists primarily infrastructure improvements and is not anticipating any major public facility. The infrastructure improvements are based on the eligibility report and the deficiencies in the area: lack of curb, gutter, sidewalk and other public improvements, drainage issues, etc. The properties owned by Eagle Ridge are subject to an annexation application and it is anticipated annexation will precede the formal approval of plan. The plan contains a laundry list of activities the Agency may undertake.

Over the years there has been some real concern over how and when urban renewal agency can invoke condemnation. This plan is drafted to comply with Idaho Law. An urban renewal agency can acquire property by condemnation for public property or public use, not for private use or conveyance to a private developer, unless the property is severely blighted and deteriorated and there is concern for public health safety and welfare. The plan does not contemplate a great deal, if any, of real property acquisition but the language in the plan does allow flexibility if property owner is willing to enter into an agreement with the Agency. Having authority of eminent domain may assist a property owner deal with IRS provisions on conveyance and conversion.

In the plan, there is a recitation of particular activities the Agency may undertake including open space, parks, fire prevention activities, flood control, storm drains, and utilities. Section 312 of the plan provides flexibility to work with other public entities. In this draft, there is a provision concerning public art and performing art which may be deleted if the Board wishes. Section 412, allows, if the Agency enters into an owner participation agreement with a private developer, the Board may impose additional design controls. The plan contains a narrative delineating financing mechanisms the Agency may use, including pay as you go or by borrowing money, either from a developer or a commercial bank. The plan incorporates the statutory changes in allocation of tax levies to the Agency, including the recent property tax exemptions. The existing three districts and this district will not exceed ten percent of the overall accessed value of Idaho Falls. Armbruster will discuss the need to include the City's street construction ordinances in this plan with staff: such provisions are included in the existing plans.

Gazdik asked if this plan will be retroactive to January 1, 2014. Armbruster responded Idaho statutes state 2014 values are the base assessed values.

Phil Kuslan presented two documents to be considered sequentially. The first was the Eagle Ridge revenue allocation estimates. He used a conservative approach on anticipating revenues and initially put together a low growth, moderate and high growth scenario. He used the low growth scenario with 1% increase in land value and 2% increase in improvement values annually in the plan. Historically that is fairly conservative number. Cramer and Magee developed a list of projected amounts and schedule of building activity in proposed district. All of numbers in annual new construction value column occur in the Eagle Ridge development with the exception of the last one which is largest and would occur on the Sieh property late in the life of the district. If the properties at the south end of the proposed district are not included, there will be no impact to the projected revenues since it was assumed there would be no development on any properties south of the storage facility. The current $331,000.00 in home owners' exemption was held constant through the life of the district. The levy rate reflects the elimination of voter approved levies with the exception of the Bonneville County jail bond which is very small. Calculations on that levy over the life of the 20 year district were $66,000. Total tax increment yield forecasted is $8.3 million. The projections assumed administrative costs of 15% per year growing up to a cap of $35,000. The amount remaining for project funding is $7.7 million.

Kushland stated, after the revenues are projected, the question is whether the revenues are sufficient to fund the anticipated projects. The revenues are sufficient to fund the anticipated projects according to his projections. The project costs were estimated by the City engineering department and the developer's engineer. Kushlan used Alternative 2, Pioneer Road as a frontage road, for the projected project costs since it was the most expensive alternative. By doing so, the projections are again conservative.

Radford asks for clarification about the maps of public improvements. Kushlan explained the maps illustrate potential street projects which were segmented into Area 1 to Area 7. The segments gave the Board flexibility in selecting projects to be funded in the future. Magee explained the developers will construct Area 6 and Area 7. It is anticipated the Agency will finance the construction of Area 6 through an owner participation agreement. Area 7 is in the Snake River urban renewal district and should be financed from those district funds. The Area 1 alternative follows the existing street pattern for Pioneer Road. The Area 2 alternative proposes Pioneer Road be developed as a frontage road, and it is the more expensive alternative according the estimate prepared by City engineering. Kushlan selected Area 2 for the plan since it the most expensive of the two alternatives, Area 1 or Area 2, and is the most conservative approach.

Magee explained she asked the engineering department to prepare the cost estimates in this manner. The long range plan has been for a frontage road in this immediate area but the plans for the events center utilize the existing pattern of Pioneer Road. These estimates provide flexibility for the Agency. The cost estimates for Area 6 and 7 were prepared by the developer's engineer and will be constructed by the developer. Area 8 is a recommendation of the city engineering department since traffic studies for this area and Snake River Landing show the intersection of Pancheri and Utah will have to be improved. Area 4 is an estimate if the properties in Bonneville County south of Pioneer Way are developed or re-developed. Area 5 is an estimate if the residential subdivision is ever redeveloped. Pioneer Way is a private road which does not meet county or city standards for a public road. The maps with the segments were created to give the Board a long-range perspective and to see if all of the proposed improvements can be financed within the twenty year plan. Using the cost of Area 2 is not selecting the frontage road alternative: it merely selecting the most expensive alternative for estimating the ability of potential revenues to finance the public improvements.

Kushlan continued Areas 6 and 7 improvements were completed first to drive the development necessary to produce the revenue allocation sufficient to fund the rest of the improvements. Areas 6 and 7 were put

in early in cash flow. It was anticipated the construction will be funded through an owner participation agreement (OPA). Debt service under the OPA at an interest rate of 4.5% will bring the anticipated cost to about $2.1 million in expenses for Area 6 and 7. The schedule for repayment allowed allocation of 50% of annual revenue allocation yield to service that debt until it was paid off in about sixteen years. Fifty percent of the allocation leaves some revenues available to make the other district investments sooner than if all the revenues were consumed to pay off the note. As funds become available to do other projects, it is likely Area 4 will be funded next because it is adjacent to existing development. Area 3, the bridge across Porter Canal on Whitewater Drive, may be funded by the River Commons urban renewal district. Area 5 is the most speculative and will probably be needed last. There are sufficient anticipated revenues, to complete these public improvements, finance debt service, and repay the loan to the Snake River district made for set-up costs. There will be a small surplus of $115,000 at the end of the life of the district. Losing the properties on the south will not negatively affect the cash flow. If the Agency Board elects to move some of the projects to the adjacent districts, the financial feasibility of this district is even better. If the Board chooses not to do the Area 2 frontage road alternative in the future, then the Agency will have about $2.8 million dollar cost benefit. In generating revenue numbers, the approach was very conservative. Expenditures were estimated on the high side. Even so, the district can still stand up financially.

In response to a request from Radford, Magee explained the projections anticipate a loan from Snake River urban renewal district to fund the expenses to set up district. The projections set aside 15% for administration. In the other districts, the Board has set aside 25%, but this smaller administrative allocation allows for additional projects. The idea of creating a district began with discussions with the developers of Guns and Gear on South Utah Avenue and developers of Eagle Ridge subdivision which straddles South Utah and extends from Pioneer Way to boundary of Snake River urban renewal district on north. The projections anticipated a loan to the developer to construct Area 6. The construction of Area 7 could be financed from the revenues in the Snake River allocation area.

Radford summarized the developer will fund the construction of the road in Areas 6 and 7 and be repaid as the revenues are generated. There is no risk to the Agency. If the area develops fast enough, there will be revenues to improve Pioneer Road to the south. Magee noted the Area 8 investment is planned in 2024. Depending on the timing of new development, the Board may wish to spend money on intersection of Pancheri and Utah sooner if funds are available.

Thompson asks if it is the objective of the County or City to straighten out Pioneer road as shown on Area 2. Magee said it has been an objective in the past, but she is not sure if it is currently an objective. The event center is being planned currently with Pioneer Road in its existing location. That is why she asked for the frontage road as an alternative. Her understanding is the urban renewal plan should contain potential projects so it does not have to be amended in the future.

Kuslan stated the goal is to provide flexibility in the plan. Flexibility offers the Board an opportunity to respond more quickly in the future.

Radford asked about the impact of agricultural property owners declining to be in the district. Magee explained four property owners (Pyne, Yelman, Lofthouse, and Stosich) need to give their permission to be included in the district. The Yelmans have declined to be in the district. The Lofthouses are leaning towards being in the district and Pyne is considering it. Even if the property owners decline, Kushlan suggested a portion of Pioneer Road remain in the district to provide the Agency an opportunity to share in the costs of improvement.

Armbruster explained, when a plan is prepared, statutes allow an urban renewal agency to have a fingerling beyond adjacent properties even if it is a public right of way. There is some ability to include Pioneer Road as part of the district even though agricultural parcels immediately adjacent do not provide consent. The challenge is to figure out how much of Pioneer Road can be included and what such inclusion means in the plan. The purpose of the statutory limitation to is require permission from agricultural land owners: it does not limit the ability of the Agency to include a public right of way which extends further. Magee asked, if the Lofthouses consent to inclusion, can the district boundaries mimic a flagpole with a flag. Armbruster responded there is no contiguity requirement when preparing the plan; it exists only for amendments. The district configuration can be a flagpole. Magee confirmed the plan may contain the Pioneer Road right-of-way which is owned by the State of Idaho.

Thompson asked what if Yelman changes is mind and wishes to join the district. Magee stated the district can be expanded but only by an amount of land which is less than ten percent of the district.

Radford volunteered to speak to the landowners. Magee has told the landowners she needs an answer by October 6. Radford responded the Agency should work with the landowners. If they decline to be included, Pioneer Road may be included under Armbruster's instructions.

Martin asked if the staff has consulted with the events center as to where they wish to see Pioneer Road. Magee said no, she had not. These projections are cost estimates for preparing the plan to see if the Agency will have the opportunity to do such a project. Radford explained the developer will construct Area 6 and 7. If development occurs in a timely manner, Pioneer Road can be improved in the future. Martin was concerned the Agency will move in a direction which is not best for the events center. Magee replied discussions as to the final design should occur when the Agency has funding to improve Pioneer Road. Martin responded the events center needs to be involved.

Gazdik, asked if the estimated revenue of new construction value of $39 million includes new construction on the properties of the three agricultural land owners. Armbruster responded the projects provided by Cramer and Magee do not include any investment on the properties in question. All of the private investment, except for one, is associated with the Eagle Ridge development. The one exception is the redevelopment of the storage units.

Radford asked Armbruster to prepare the draft final for consideration next month.

Draft Agreement with Bonneville County Commissioners for Eagle Ridge Urban Renewal District: Radford asked Armbruster if this draft agreement is amending the existing agreement with Bonneville County to incorporate Eagle Ridge. Armbruster replied it is an agreement relating to Eagle Ridge development in particular and it illustrates the changes in text from the existing agreement. This draft also reflects updated statutory references. Idaho law requires the City and County enter into an agreement if a project area includes properties outside the corporate limits of City of Idaho Falls.

Armbruster asked for comments from the Board. Magee will share the draft with County and with City. The proposal is to include this agreement in the packet formally submitted for City Council consideration.

Request for Construction of River Walk Drive South of Marriott Inn to Pancheri Drive: Magee explained Taylor Crossing requested the Agency construct River Walk Drive between Bridgeport Drive and Simplot Circle. Taylor Crossing may also wish the Agency to construct River Walk Drive south to Pancheri Drive, but their first priority is Bridgeport to Simplot Circle. The question before the Board is whether the commissioners of the Board are willing to finance River Walk Drive. If all of the taxes are collected between now and the end of the district, the Agency will receive approximately $1 million

dollars. This assumes all the taxes are paid. Taylor Crossing does not have a current estimate on the cost of River Walk Drive from Bridgeport to Simplot Circle. The last estimate was $900,000 in 2010 or 2011. Magee's rough estimate is $1.3 to $1.8 million, depending on the source of the estimate, Pioneer Road or Memorial Drive. Magee asked if she should ask the Walkers to prepare a current estimate for construction, to clear title to the land, and to bring the taxes current on their property if they wish the Agency to participate. Additionally, prior to Public Works undertaking any design of River Walk Drive, there should be a final plat approved by City Council and sitting with city surveyor with all signatures. If the Agency approves the construction of River Walk Drive, the owner participation agreement will be terminated after construction.

Staker commented the Agency needs updated estimates, the right of way, and a final plat. Radford agreed the Agency needs a current estimate. Staker added bringing taxes current is also appropriate. With no taxes there is no money and delinquent properties bring ownership into question.

Radford explained the concept is to have River Walk Drive to provide access for developers who wish to build residential units next to the Snake River. This is a great location for residential uses. Residences will preserve the urban core and keep tax revenues in the downtown area..

Staker suggested, if there is demand for residences on the River, a developer may be willing to construct the road without the Agency financing the road. He does believe the outline suggested by Magee is appropriate.

Gazdik said the improvements to the Greenbelt by the Parks and Recreation Division have increased the traffic on River Walk Drive. She agreed with Magee that clear title is paramount.

Radford agreed and summarized the comments of the Board. The Board is interested in completing River Walk Drive if there is a new cost estimate which is affordable to the Agency, if title is clear, if the taxes are current, and if there is real evidence there is a private development project.

Approval of Notes for Snake River Landing Division No. 6 and No. 7: Magee informed the Board there has been no response from Snake River Landing at this point, so no action is needed. Magee proposed an interest rate of 4.5%.

Gazdik explained she spoke to the Idaho Bond Bank Authority that provides funding to municipalities for infrastructure. From their rates, she and staff determined the interest rate of 4.5%.

Radford asked if the recommendation is a 4.5% interest rate for the notes on Snake River Landing, Divisions 6 and 7.

Gadzik responded she and Magee were trying to determine a standard interest rate for owner participation agreements. One idea is one percentage point over the rate this Agency could borrow money with the State. The point was to set a policy for the interest rate the Agency pays developers. Magee will forward Gazdik's email to the Board.

Radford clarified Gazdik is recommending a rate as a bench mark in the future. Gazdik agreed.

Update on RAI Activities: Armbruster will send an email on RAI activities.

Staker moved to enter into executive session pursuant to Idaho Code Section 67-2345(1)(c) . Brent Thompson seconded motion. There was no discussion. Radford called for vote by roll call: Gadzik, yes; Martin, yes; Staker, yes; Radford, yes; Thompson, yes. The motion passed 5 to 0.

Gadzik moved to adjourn executive session. Thompson seconded motion and it passed unanimously.

Next Meeting and Work Session Prior to Regular Meeting: Next meeting will be scheduled on October 16, 2014. A work Session will be held one hour prior beginning at 11:00.

Gadzik moved to adjourn meeting. Thompson seconded motion and it passed unanimously.

Respectfully Submitted:

Beckie Thompson