

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

October 15, 2015

Regular Meeting Minutes

Council Chambers

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

Members Present: Lee Radford, Terri Gazdik, Kirk Larsen and Lee Staker.

Members Absent: Brent Thompson, Thomas Hally, Linda Martin

Also Present: Renee Magee, Executive Director; Thayne Sparks, Agency Treasurer; Matt Parks and Meghan Conrad, Legal Counsel (via telephone); Ed Marohn, City Council Member; Brad Cramer, Community Development Services Director; Kristine Staten, Idaho Falls Downtown Development Corporation; Mayor Rebecca Casper; and Jeff Stokes, Woodbury Corporation.

Modifications to Agenda: None

Approval of Bills: Lee Radford presented the finance report dated October 15, 2015. The following bills were presented to be paid from the Snake River Allocation fund: Rebecca Thompson, \$40.00 for transcription of minutes; Leland Consulting, \$1,600 for the housing study; Elam and Burke, \$876.05 for legal services. The following bills were paid from River Commons Revenue Allocation fund: Elam and Burke, \$43.00 for legal services. Bills to be ratified from the Snake River Revenue Allocation Fund were: Kent and Ingrid Lott, \$50,000 for option on Bonneville Hotel; Title One, \$15,000 for escrow payment on the Kelsch property. **Kirk Larsen moved to approve the finance report, Terri Gazdik seconded the motion and it passed unanimously.**

Request for Text Amendment, City of Idaho Falls Zoning Ordinance. Magee stated the *Downtown Housing Market Analysis* recommended the present parking requirements for the downtown dwelling units be reduced from two spaces to one space due to expense. Magee reviewed other communities as to downtown parking requirements. Boise has one space or less depending on location downtown, Coeur d'Alene requires 1.5 space, Twin Falls requires one space, and Pocatello allows a maximum reduction of 30%. She previously met with the Board of the Idaho Falls Downtown Development Corporation. The Board moved to support reducing the parking requirements for residential units downtown. Brad Cramer has placed an advertisement in the *Post Register* for the Planning Commission to consider the reduction at their November meeting. Magee asked the Board to authorize the Chair to sign a letter to the Planning Commission requesting the reduction. **Lee Staker moved to authorize the Chair to sign a letter to the Planning Commission asking for a reduction in the required parking spaces for dwelling units in the downtown, Kirk Larsen seconded the motion and it passed unanimously.**

Update on River Walk Drive. Magee reported Woodbury Corporation is continuing to pursue Springhill Suites and River Walk Drive. Magee explained she and Woodbury met with Public Works staff to discuss River Walk Drive. One of the issues discussed were necessary changes in the round-about at Bridgeport Drive. The purpose of the changes is to create a safer roundabout for vehicles and pedestrians. Public Works staff volunteered to contact TRANSPO, and TRANSPO will review the existing round-about and make recommendations for changes. Those changes can be used in the improvement drawings needed for Riverwalk Drive. The cost of the review by TRANSPO is \$7,250.

Magee requested the Board authorize reimbursing the City of Idaho Falls \$7,250 for the cost of the TRANSPO study. Jeff Stokes, Woodbury Corporation, clarified the cost is only for the review, not the engineering. Magee reviewed the scope of work: TRANSPO will do a conceptual layout, but the final construction drawings will be done by others. TRANSPO will review the impacts to the property and the curb line and geometric features that need to be changed in the design. Gazdik asked about spending funds on a private road. Radford clarified the Bridgeport round-about is a public street, but Riverwalk Drive leading into it from both north and south is still private. Radford stated there may be limited overlap on private property to improve a public right-of-way. Lee Staker noted a final plat will create a public street for the final design. Magee agreed. **Lee Staker moved to approve the reimbursement of \$7,250.00 for payment to TRANSPO for review of the Bridgeport Circle Round-about, Larsen seconded the motion and it passed unanimously.**

Update on Broadway Ford. Radford explained Magee and Broadway Ford's engineer have been reviewing the costs for the public improvements on Broadway Ford. Magee explained the original commitment was \$250,000. After reviewing the invoices, she is recommending \$244,466.05 be paid. She and the engineer removed the costs for one 6" fire service main serving the building, one valve on that 6" water line, and the requests for valve boxes and curb stop removals related to the private service lines. These expenses were not eligible activities. Magee requested the Board to authorize payment after verification is received from the City Engineer that unit prices are reasonable. The developer got three bids. Radford explained the review is to assure the costs are for public improvements. The City Engineer will complete a further review to assure unit costs are reasonable.

Magee asked the Board to consider paying for review of the construction costs by Public Works. She and Brad Cramer will meet with Public Works and ask if they are willing to contract with the Agency to review the invoices received on projects, assist in determining if the activities are eligible costs, and review costs for reasonableness. Magee explained there will be a bill for the costs of staff review by Public Works but presently the Agency is paying for the costs of the planning department staff to do the task. Public Works has greater expertise and tools. **Terri Gazdik moved to approve the \$244,466.05 payment to Broadway Ford for public improvements, subject to the City Engineer's review to assure expenses are reasonably based on bids and customary costs, Kirk Larsen seconded the motion and it passed unanimously.** Radford advised Magee to proceed with Public Works on the cost to contract with the Agency.

Update of Kelsch Property and Bonneville Hotel. Magee said the Agency is now under contract with Rocky Mountain Environmental for a Phase I on both the Kelsch property and the Bonneville Hotel. The cost for each property is \$2,500 and the Phase I will be completed in early November. Jim Bell is proceeding with the title commitment for the Kelsch property. Magee provided an estimated time line as follows:

- Phase I will be completed by November 13;
- Title Commitment by end of October (Magee will check with Jim Bell for a time frame);
- Phase II (if required) will be completed by December 31 (Kelsch property);
- If an asbestos study is suggested (Bonneville Hotel), complete by the end of the year;
- Close on Kelsch property mid-January;
- Public participation in mid-January;
- Final request for proposal on January 21, 2016.

Radford confirmed the Agency is moving forward on the due diligence needed to close on the Kelsch property and to give potential developers of either property the information needed. These studies are needed prior to the RFP to provide developers with key information.

Discussion of Drafts of Requests for Proposal: Kelsch Property and Bonneville Hotel. Radford explained the draft of the Request for Proposals (RFP) was based on the template from the Legacy Crossing Project in Moscow. The RFP summarizes the project, gives the project objectives, and defines the submissions required. It also lists resources available to the developers as well as the selection criteria and the schedule for submission of proposals. Radford reviewed the submission requirements in the draft RFP.

Matt Parks, legal counsel, summarized the concept of the disposition and development agreement (DDA). Parks prepared the draft RFP for the Moscow Agency and will be working on the DDA with this Agency. It is a two part process. After the developer is selected, the Agency and developer enter into an exclusive right agreement, which states the Agency is not going to negotiate with anybody else while the Agency and developer attempt to finalize the DDA. The DDA is where the Agency, as the owner of the property, will be able to work with the developer to refine the project. The Agency will be able to have some input as to the project. Once a final design and project scope is determined, it is will be possible to determine a fair reuse value for the property. The time frame for determining the reuse value will be in the DDA. Parks summarized the DDA is the means to control what the developer will do with the property. In exchange, due to the constraints on the property, the value of the property is likely to be less than the fair market value. The process is spelled out in Idaho Code 50-2011. That statute controls how the Agency will dispose of real property and how much money the agency is statutorily required to obtain for the property. Parks stated the fair reuse value could be determined to be as low as \$0 or a negative number. The developer is not required to pay the fair reuse value. The developer may pay more but cannot pay less than the fair reuse value. Parks stated, from the selection of the developer's proposal to the time dirt is broken on the project, a time frame of six months is be very aggressive. The usual time is about one year. Parks stated the DDA will be effective to the point of selling the property, may follow a little bit after, and have some development milestones. Usually, development of the property has to begin right after closing. Hopefully, a project will be completed within one year after the project closes.

Radford asked if there is a way to secure the development milestones. Parks stated there are two ways. One is to record the DDA or a memorandum. As a condition on the property, the developer must meet the milestones. If the milestones are not met, the Agency has the recourse of getting the property back. However, once the project starts, that remedy will not work. A lender and contractors will have secured interest in the property once ground is broken. Usually a lender will require their security to be in first position ahead of the Agency.

A second approach is to refund a portion of the purchase price to the developer once the milestones have been reached. Once the project is started, if the fair market value is \$200,000.00 and fair reuse value is \$100,000, the developer pays \$200,000. At the end of the project, the Agency will reimburse the developer \$100,000 since the project milestones have been met. The \$100,000 will be held in escrow. Radford suggested a DDA draft be included in the RFP materials so developers understand the process.

Radford asked for any comments on the RFP. Larsen noted the project summary states construction of improvements must commence within 6 months of closing and be completed within 18 months. Larsen asked for clarification if that meant getting the building built and the project completed in a year. Magee stated some large buildings may be built in a year: the text is a rough draft to illustrate what an RFP looks like. Staker commented timing will on the scope and size of the project. Radford suggested leaving the numbers blank and getting more opinions.

Radford commented on the list of selection criteria. Magee explained the criteria at this stage of the draft are examples. Radford replied the anchor tenant may not be a necessary prerequisite. Magee explained

the anchor tenant may be the largest tenant in the building and one identified earlier in a downtown market analysis as the type of business needed downtown. It could complement the existing businesses, not compete with them. Radford suggested the use of contiguous public space for outdoor seating may not be necessary. Radford stated it needs to be clear parking is to be located away from Memorial and Broadway on the Kelsch property. One criteria should be the contribution of the project to the local employment and local economy. Radford asked for comments.

Radford discussed the need for a more detailed public participation plan. Brad Cramer explained public participation will ask people what kind of land uses they would like to see in downtown and what land uses would bring them downtown. The plan will reach the general public as well as specific stake holders, downtown major employers, and those groups investing in downtown. The goal is to have all of the public participation done by January 31 so it can be added to the RFP. Cramer will have a proposal to be shown to the Agency at the next meeting. Radford said it is important to understand what the public wants and have that criteria in the RFP.

Finally, Magee explained the draft RFP requests conformance to the downtown design guidelines. She briefly reviewed a comparison of the design guidelines for Idaho Falls to those used in Moscow. Radford stated the Agency will use what previously done: the downtown design guidelines, the comprehensive plan, the *Downtown Housing Market Analysis*, the zoning ordinance, and parking studies.

RAI Activities and Legislative Interim Committee. Radford explained Mayor Casper is sending a letter to the Legislative Interim Committee addressing the importance of urban renewal to Idaho Falls. Meghan Conrad, legal counsel, explained RAI had their annual membership meeting on September 15, 2015. Immediately following the meeting, there was a work session. The presentation focused on the process for termination of revenue allocation areas, financing options for public improvements in Idaho, and the processes of State Tax Commission in urban renewal districts. Conrad stated RAI wishes to provide more education for members once the interim committee and legislative session are done. The Interim Committee has met in August and September and, in both of those meetings, Committee members solicited the presentations given. For this upcoming meeting, there is an open invitation for those interested to present both for and against urban renewal. At this time, there will be eleven presenters. The City of Idaho Falls has submitted a letter and Cortney Liddiard and Eric Isom of Ball Ventures will be presenting. At the November meeting, the Committee may determine if they will address the primary areas of concern or undertake a significant and comprehensive re-write of the urban renewal laws. The Committee's scope of work has not been narrowed. Radford confirmed Snake River Landing will be providing testimony for that meeting and thanked the Mayor for drafting a letter to the Committee.

Radford commented the photos from the drone give a better perspective on the public improvements than the ground level photos. Magee requested \$350 to be applied to the cost of the drone photos. **Lee Staker moved to authorize the payment of \$350 to pay for the drone photos, Gazdik seconded the motion and it passed unanimously.** Gazdik suggested giving the Committee a copy of the annual report since it provides an overview of the Agency accomplishments. Conrad agreed to submit the annual report to the Committee.

Lee Staker moved to adjourn the meeting, Terri Gazdik seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson