

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

February 19, 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, Linda Martin, Thomas Hally

Members Absent: Lee Staker, Brent Thompson

Also Present: Ryan Armbruster, Legal Counsel (telephonic); Renee Magee, Executive Director; Thayne Sparks, Agency Treasurer; Mayor Rebecca Casper; Council member Ed Marohn; Brad Cramer, Planning and Building Director; Tahri Malifua and Eric Isom, Ball Ventures.

Modifications to Agenda: **Thomas Hally moved to add the ratification of January actions to the agenda, Linda Martin seconded the motion, and it passed unanimously. This issue surfaced since the agenda has been posted.**

Ratification of Actions Taken at January, 2015, Meeting: Ryan Armbruster stated, pursuant to the by-laws and the statutes, members are appointed for terms not to exceed five years. However, the by-laws and statutes may be interpreted to say a member remains on the board until a replacement has been appointed. The terms of Lee Radford, Lee Staker, and Tom Hally expired the end of December, 2014. All three members were reappointed and confirmed by the City Council on February 11, 2015. Due to the fact Lee Staker and Lee Radford had technically not been reappointed by January 15, it is wise to ratify the actions taken by the Board on January 15, 2015. **Thomas Hally moved to ratify the actions taken at the January 15, 2015 meeting of the Idaho Falls Redevelopment Agency, Linda Martin seconded the motion and it passed unanimously.**

Approval of Minutes: **Linda Martin moved to approve the minutes of the January 15, 2015, meeting, Terri Gazdik seconded the motion and it passed unanimously.**

Approval of Bills: Lee Radford presented the finance report dated February 19, 2015. The following bills were presented to be paid from the Snake River revenue allocation fund: Kevin Machen, \$20.00 for snow removal; Rebecca Thompson, \$90.00 for transcription services; and Rudd and Company, \$1,000.00 for accounting fees. The following bill was paid from River Commons revenue allocation fund: Rudd and Company, \$1,500.00 for accounting services. The following bill was paid from the Pancheri-Yellowstone Avenue allocation fund: Rudd and Company, \$750.00 for accounting services. The bills to be ratified were, from the Snake River allocation fund, the reimbursement under the OPA for Renaissance Partners, \$183,824.05, and, from the River Commons revenue allocation fund, payment to TFSS (Ball Ventures), \$241,286.26. **Thomas Hally moved to approve the finance report, Linda Martin seconded the motion and it passed unanimously.**

Request from Ball Ventures, River Commons Urban Renewal District: Eric Isom, Ball Ventures, stated Ball Ventures has been working on a project to develop multi-family housing units on the southwest corner of Whitewater Drive and White Sand Creek Way. The property is approximately a 9.5 acre parcel. The preliminary studies completed by the developer of the apartments indicates the area has

excessive lava rock and the estimates received to remove and develop through the lava rock bed may be as high as \$1,000,000. There are funds in sum of \$665,000 remaining in the OPA for the River Commons Urban Renewal District. Ball Ventures is requesting the remaining \$665,000 to pay towards the remediation cost of the lava rock in the area. The developer plans to develop 230 higher-end one to three bedroom apartments with rents ranging from \$800 to \$1,100. In response to a question from Hally, Isom replied the plan is to build the complex all at once and the valuation will be approximately 230 units at \$100 per square foot for 800 square foot units. After Martin asked if there were other projects needing such funds, Isom responded the future may hold projects, but this project is the one Ball Ventures feels confident in pushing forward and using the remaining funds available. Magee explained the request from Ball Ventures for \$665,000 is the amount remaining under the River Commons urban renewal plan. The plan anticipated \$10,552,602 in public investments. This amount has been committed with the exception of \$665,000. If the Board moves forward with this commitment, there will need to be an amended Owner Participation Agreement: the current OPA does not allocate the \$665,000. There is a provision under the urban renewal plan for removing excessive lava rock and, under the existing OPA, the Agency can assist with lava rock removal. **Linda Martin moved to approve an amendment to the OPA to allocate an amount not to exceed \$665,000 to be used for lava rock removal. Thomas Hally seconded the motion and it passed unanimously.**

Housing Market Analysis: Magee stated, when the Agency was looking at one specific property, the need for a housing market analysis was brought up by the potential developer. Since that time other developers have looked at other properties in the downtown area, including the Roger's Hotel and the Savings Center property. In response to this interest, Magee reported Brent Thompson contacted ECONorthwest and Leland Consulting Group about preparing a market analysis for downtown housing. The cost quoted by Leland consulting is \$12,000: ECONorthwest, \$8,000. Brent Thompson has reviewed both proposals and his recommendation is Leland Consulting due to the quantitative nature of the work of Leland Consulting. Leland Consulting is also doing an analysis in Twin Falls. Magee stated she was concerned Leland Consulting's quote did not include a downtown housing strategy or, possibly, owner occupied housing. The housing market analysis is similar in purpose to the parking study down for the downtown area, i.e., provide information to potential developers. The parking study cost \$47,000 and has been used frequently. Ryan Armbruster stated, based upon the process Commissioner Thompson used in soliciting the proposals, the Agency is free to select either company. If the Board chooses a company, the next step is to authorize staff to prepare a consulting agreement with the selected company and bring the agreement to the Agency for approval or authorize the Chair to sign on a consultant agreement. Magee stated it would be good to discuss with the selected company expanding their study to include condominiums and not just rental property. Martin commented she agrees with adding condominiums to the study. Radford stated he wishes to move forward as there is demand right now for these studies. Radford indicated he defers to the preference of Brent Thomson and his recommendation of which company to use. **Thomas Hally moved to use Leland Consulting Group to prepare a housing market study for the downtown Idaho Falls area and to authorize the chair to sign an appropriate consulting agreement. Terri Gazdik seconded the motion and it passed unanimously.**

Review of 2014 Annual Report: Magee reported, at the meeting in March, the draft of the 2014 Annual Report will be presented, including the audit prepared by Rudd and Company, for public comment. The changes in the draft annual report are summarized in the executive summary. Magee briefly reviewed

each urban renewal district and projects reported in this draft. The draft of the annual report will be available on the City website.

Update on RAI Activities/Legislative Initiatives: Ryan Armbruster reported a study group, with representatives from the Legislature, cities, redevelopment agencies, and interested parties, has been working on urban renewal modernization. Speaker Bedke publicly stated he wanted a comprehensive legislative proposal by March 1. With this goal, the study group has been meeting weekly to consider and discuss urban renewal and tax increment issues. The group has expanded and includes some very anti-urban renewal members. The discussion has turned into just reform with no modernization. Among the topics discussed have been limitations on using tax increment funds for public buildings, changing the governing structure of the board, requiring more elected officials on the board, and sharing tax increment funds with the taxing entities through the term of the urban renewal plans. Additionally there have been four bills which affect urban renewal and are sponsored by those outside of the working group. These include HB18 which eliminates the use of eminent domain, HB19 which requires the Agency to get City Council approval for any long term debt, SB1044 which prohibits eminent domain for greenbelts and walkways, and HB76 which eliminates emergency levies of the school district from the tax increment sent to the agencies. The discussions have turned very anti-city and anti-local government. The RAI Board has decided the best way to participate in the working group as well as track and defend legislation is to ask the members of the Redevelopment Association to increase their contributions. Idaho Falls has received an invoice from the Redevelopment Association asking for an increase of an additional \$8,500. Magee stated one of the issues that may affect Idaho Falls is the board composition. The Board is currently two elected officials and board members with certain areas of expertise, including accounting, commercial banking, commercial appraisal, law, and economic development. Hally asked, if eminent domain is eliminated, does that make bonding impossible. Armbruster replied, if eminent domain is eliminated or if the city council must approve any debt, it will eliminate the ability to issue tax exempt debt. The difference between a taxable and tax exempt bond can be very substantial and will increase the financing cost. Eminent domain is the only power an Idaho urban renewal agency has that the Internal Revenue Service (IRS) recognizes to allow an entity to issue tax exempt debt. Radford summarized the request is to increase payment to RAI by \$8,500 to support its efforts. Hally stated the Agency is leveraging assets over a period of time to attract additional private investment both in and outside a district. Hally added the Agency needs to defend its actions and additional funds for RAI is money well spent. Gazdik agreed with Hally. Gazdik stated it is no different than a private business allocating funds to a legal defense fund as the cost of doing business. It is the Agency's obligation to fund this to make sure the Agency is doing what is in the best interest of the public. Martin stated she considers it to be an education process to devote funds to RAI. There are a lot of legislators who do not understand urban renewal and tax increment financing, do not know how it works, and need information as to its use as a tool for economic development. There are new people in the legislature who have not heard these issues in previous sessions. Martin believes there is an obligation to inform people and Idaho Falls is the poster child on how to do it correctly within the limits of the law.

Mayor Casper stated she agreed with the comments made by the Board and would like to reiterate those comments. There is a difference between advocacy, lobbying and education. Each word has its own purpose. Paying an increased amount to advocate or educate is very important. The best defense is a good offense. For years, urban renewal agencies have only played defense to proposed bills. At this point, the urban renewal agencies need to play offense and educate. The cost of doing business is not always a fixed cost and some years will cost more to continue to do business. Mayor Casper concluded she believes the Board cannot afford to not fund the cost.

Ed Marohn stated this is a return on an investment. One needs to spend money to make money. The key issue is the returns are significant for what the initial investments are. Marohn stated we need to take a very aggressive position and educate and defend what is already in place.

Terri Gazdik stated, as a directive moving forward, this experience can be used as a learning experience for this Board and the Board can be more proactive in educating the entire State in what the Agency is doing. **Terri Gazdik moved to approve the request for an additional \$8,500 to be paid to RAI, Thomas Hally seconded the motion. Radford called for vote by roll call: Gazdik, yes; Hally, yes; Martin, yes; Radford, yes. Motion passed 4-0**

Election of Officers: Magee stated the present slate of Agency officers is Lee Radford, chair; Brent Thompson, vice-chair; and Terri Gazdik, secretary/treasurer. **Hally moved to nominate the existing officers for another term. Linda Martin seconded the motion. Radford called for vote by roll call: Gazdik, yes; Hally, yes; Martin, yes; Radford, yes. Motion passed 4-0.**

Motion to Enter Executive Session Pursuant to Idaho Code Section 67-2345(1)(c) to Conduct Deliberations Concerning Acquiring an Interest in Real Property Which is Not Owned by a Public Agency: **Linda Martin moved to enter into executive session pursuant to Idaho Code Section 67-2345(1)(c), Gazdik seconded the motion. Radford called for vote by roll call: Gazdik, yes; Hally, yes; Martin, yes; Radford, yes. Motion passed 4-0.**

Terri Gazdik moved to exit executive session, Hally seconded the motion. Radford called for vote by roll call: Gazdik, yes; Hally, yes; Martin, yes; Radford, yes. Motion passed 4-0.

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

Respectfully Submitted: Beckie Thompson