

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

December 15, 2022

Regular Meeting Minutes Council Chambers

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

Members Present: Lee Radford, Brent Thompson, Terry Gazdik, Kirk Larsen.

Members Absent: Chris Harvey, Jon Walker, Tom Hally

Also Present: Brad Cramer; Meghan Conrad, Esq. (via Teams); Renee Magee (via Teams); Blake Jumper (via Teams) and interested citizens.

1. Modification to Agenda. Kirk Larsen moved to amend the Agenda to add a discussion item regarding the Executive Director, to be added after Agenda Item #3, Terri Gazdik seconded the motion, it passed unanimously.

2. Approval of Minutes October 20, 2022. Conrad had some typographical changes. **Brent Thompson moved to accept the Minutes for October 20, 2022, Kirk Larsen seconded the motion, and the motion passed unanimously.**

3. Approval of Expenditures and Finance Report. Lee Radford presented the Finance Report Dated December 15, 2022. In the River Commons Area: \$75.00 to Rebecca Thompson for transcription of minutes; \$5,252.70 to Elam and Burke for legal; \$2,600.00 to Redevelopment Association of Idaho, Inc., for dues; \$1,865.40 to Post Register for the publication of the legal notice for the Pancheri East Bank Plan.

Terri Gazdik moved to approve the Finance Report dated December 15, 2022, Brent Thompson seconded the motion and the motion passed unanimously.

4. Executive Director Discussion. Radford announced that Brad Cramer is going to move on to another position. Brad Cramer stated that he has submitted his resignation to the City of Idaho Falls and is going to the INL to be the Campus Master Planner. Cramer stated that because he will be working in town with the INL, there have been discussions of Brad staying on for at least the transition period as the Executive Director. Brad Cramer stated that his last day with the City is January 4, 2023 and will start with INL on January 9, 2023.

Lee Radford is excited for Cramer and feels that the INL can use somebody with vision and knowledge to help make their campus looking like a National Laboratory where it can be more successful. Radford and Armbruster have discussed with Cramer and have made plans for an Executive Director Contract and will work with the City to revise some of the rolls so that they get more succession planning in place for assisting Brad and to continue to develop the expertise in urban renewal that Renee Magee, Brad Cramer, and Kerry Beutler have, and they need to keep building that expertise. The goal is to make it so that Cramer can function at an executive level and cover the big picture things and leave the details to City Staff or others. They are working on an agreement that they will bring to the Board.

Terri Gazdik is glad that the Agency is not losing Cramer. That sentiment was shared between the Board Members.

Radford stated that as the INL progresses they are hoping that the INL would approach the Agency and they could be of some assistance in helping develop the master plan and work with developers and owners and the INL to move the lab forward in relation to its real property and facilities. Radford feels there are ways that the Agency can help, and he is unsure if the INL has ever understood that help is available. Cramer would have to recuse himself from anything involved with the INL and Agency.

5. Review of the Draft Financial Feasibility Report and Urban Renewal Plan for Anderson Bush District.

Cramer stated that this project has been before the Agency before with the eligibility report. This meeting is being held to keep the project moving. Today the Agency needs to hear an overview of the Financial Feasibility Report and Urban Renewal Plan from Renee Magee and Meghan Conrad, and there are some discussion points. In January the Agency needs to consider both documents for approval and it can be moved through to Planning and Zoning and City Council.

Blake Jumper stated that they had submitted applications for tax credit financing and a big piece of getting those awards was what is being discussed today in the tax increment financing that is a part of the plan. Jumper stated that they were awarded both sets of financing that they applied for and the only contingency to those financing awards was that the Urban Renewal District is established, and they do secure the tax increment financing proceeds. Jumper was excited to get the financing awards. Jumper applauded the Board, Magee, and Cramer for getting them to where they are and were able to be competitive in the financing round.

Renee Magee. Magee has changes that were suggested by Blake Jumper, Blacktail West LLC. The first change suggested is that whenever the term Tailwater Development is used in the study, it should be replaced by the term Blacktail West, LLC, which is the name of the legal entity. The second change is the addition of the term structural fill to the development cost listed in the last two paragraphs on page 1, as well as a list of projects on page 3 and the term as added to paragraph 6 on page 8. Jumper wanted to clarify whether the Board felt structural fill was an eligible cost. Jumper wanted to note a clarification that Blacktail West, LLC was involved in the tax credit project on Lomax but was not entirely responsible for the completion of the project. Magee noted that the study and the form that was received by the Board today has not been entirely reviewed by Elam and Burke or the Agency Staff prior to distribution to the Board. The earlier version, with the exception of the statutory citation on page 1, has been reviewed by Elam and Burke, and the Agency staff. Pages 1-9 follow the format from the previous Financial Feasibility Studies, with the exception of the citation on page 1. The citation addresses the appraisal of section 42 housing projects and states that 3 approaches will be considered in the appraisal process, including sales comparison, cost comparison, and the income approach. The project that is proposed for the Anderson Bush Project Area is the construction of an affordable housing complex of 156 units. The development will be section 42 housing. The developers estimate for the assessed valuation of the project is \$19.5 million and that estimate is based on the income approach, and that estimate is considerably below the cost of the project, which is estimated to be \$42 million. The developer is requesting assistance of approximately \$2.3 million, which includes the repayment of the funds advanced by the developer for the preparation of the Eligibility Study and the Urban Renewal Plan. The assistance requested is for rock excavation and removal, utility trenching, structural fill, and road improvements on the site, as well as Anderson Street improvements. The projects and costs estimated are \$2,255,000 with an additional \$225,000 budgeted for projects that can either be done by the City or the School District. The levy rate shown in the area from 2022, and the levy rates are 22% lower than the 2021 levy rates. The reduction may affect estimates which were made earlier in the year by the Agency or by the developer. Magee indicated that Science Center Drive is the northern boundary; US 20 is the west boundary; Anderson Street is southern boundary; and North Boulevard is the east boundary. Magee moved to pages 5-8 of the Study. Magee stated that pages 5-8 assume an assessed valuation of the apartment development will increase 2% annually. For the other properties in the proposed project area, a 1% increase is assumed. The mill levy will decrease by 1% annually, and the estimated tax revenues are just over \$3 million using this approach. Page 7 shows the revenues and expenses. The repayment to the developer is 80% of the tax increment in this scenario, and not the 75% that is often found in the OPA negotiated by Idaho Falls. In this scenario the developer would be fully repaid in the year 2042, the loan from River Commons

would be paid by 2028, administration costs would be covered and there will be funds for additional public improvements. Therefore, the project is feasible. Pages 8 and 9 of the Study discuss the 10% limitation imposed by Idaho Statutes. The table on page 9 is based on data provided by the Data Processing Department of Bonneville County, and the Bonneville County Parcel viewer. If both Pancheri East Bank and Anderson Bush are created, the base evaluation of all the revenue allocations areas in Idaho Falls will still be less than 1% of the total assessed valuation of Idaho Falls, so they will be below the 10% limitation imposed by State Statutes. Magee stated that Elam and Burke and the staff have not reviewed pages 10 – 14. Magee added these pages because this is a section 42 housing project and the income approach is used for valuation, not just sales comparison. Magee created multiple scenarios. The 1st scenario assumes that the assessed valuation only increases by 0.5% annually, these projections illustrate that the project is feasible with a repayment rate to the developer of 85% (Not 75%), the inner District Loan would need to be reduced to \$24-26,000 to ensure that repayment can be repaid to River Commons by 2028. With this scenario, the project is still feasible. The final scenario that Magee prepared shown on pages 12-13 assumes a valuation of the development will increase by 1% annually, a repayment to rate of 85% of the revenues and with that repayment rate the project is feasible. The inner district loan would need to be reduced to ensure repayment to River Commons by 2028. Magee stated that looking back at statements of administration costs you will find that reducing a loan from \$30,000 - \$24-26,000 is realistic for what is costs to administer a revenue allocation area. Magee stated that like all financial feasibility studies there are limitations in this study. This is a forecast for 20 years in the future, and it relies on present knowledge, and the developer's best estimates. Factors such as changes in the economy, significant changes in tax levies, changes in housing demand, revisions to Idaho Statutes and timing of the development may significantly alter the projections.

Thompson asked about the structural fill, and whether it is reimbursable. Thompson asked how that is an extra ordinary cost that is different than a project without a blighting factor. Magee stated that the Agency has done cut and fill in the past with the Walmart project. Magee has gathered from talking to Cramer, that recently they have reduced the reimbursement for fill. Magee stated that if you must remove rock, and you have to excavate you still have to get to a site that is developable, and therefore, you may need to fill those areas in which you have removed the rock.

Lee Radford wanted to define terms to ensure everyone was discussing the same thing. Radford asked Jumper to define the terms. Blake Jumper stated that blasting and rock removal has been discussed, as basalt rock lies at the surface of the site. Jumper stated that a lot of what will go into that is blasting for utilities, and sewer and water lines sit 8-11 feet sub surface, and either blasting and or drilling through basalt

rock is a large piece of getting this site ready, and that is the definition of the rock removal. Jumper stated that structural fill is needed because rock exists on the site, and when the rock is excavated you cannot dump the chipped basalt rock mixed with some organic material back into the pits, but rather the pits must be filled with a suitable soil composition in the places that was blasted. Jumper added that the site itself has sat vacant for so long because there is basalt, but the site has a lot of undulation as you are going to the east there is a 12' drop off into the east basin, which requires not only removal of the rock, but also filling that east side to raise it up. You cannot connect to City services, specifically sewer, without the use of a sewer lift station to pump the sewage out of the site. Structural fill, in order to balance the site, is one of the primary things that will have to be taken care of.

Thompson asked if Jumper is asking for reimbursement for all structural fill on the site, including fill of the trenches. Jumper indicated that they are asking for reimbursement on all structural fills. Thompson asked if the trenches were dug in dirt, wouldn't there be fill required in the trenches. Jumper stated there would not be fill needed, unless you have soil concerns through a geo-tech, but on a typical site, with no soil concerns, they show the excavation for utilities and then the soil is used to backfill or moved to another area to raise or lower portions of the site, but that is not feasible on this site.

Terri Gazdik asked how much of the proposal is allocated to the structural fill component, since that is different than what has been discussed in the past. Radford stated that they do not have the cost projections for the different components. Jumper stated that is looking for the documents. Radford stated that page 3 has rock excavation and removal at \$1.15 million, utility trenching at \$680,000, roadway improvements, Anderson Street Improvements, and right of way. Radford indicated that the number is combined within the rock excavation and removal and utility trenching numbers. Jumper agreed that the two line items are estimations from the general contractor, and they have lumped those costs within those two line items. When they get into civil design, they will hopefully be able to identify, based on a temp survey, how much of that will need filled. Jumper stated that the structural fill is part of the total amount that is currently being requested and will not be additional. Magee stated that Jumper has removed the terms "and removal" to "rock excavation and fill". Magee stated that right now it is structural fill and rock excavation still total \$1,150,000.00 under the changes that are being suggested by Blake Jumper.

Lee Radford stated that the Agency blasts rock, and the Agency does it to put infrastructure in. Lava boulders cannot be returned to a trench, and reasonable fill has to be used. Radford stated the purpose of the Agency is to prepare buildable lots on difficult terrain so that infill can happen to get a bigger property tax base. Radford stated that they have to decide which is more efficient, to blast away basalt, or fill

above the basalt. The balance will have to be figured out by Jumper for this lot. Radford stated that the goal is to get sewer and water and infrastructure in this lot the right way.

Thompson clarified and Jumper agreed that the structural fill is all imported.

Radford clarified that when the rock is blasted it comes out in boulders and it cannot be returned to trenches for fill, and fill has to be brought in.

Cramer added that what Magee is referencing, when she said that Cramer had said that the Board had not done fill, that was specific to the Snake River District, as it was getting closer to closing out, there were some cases, as they were doing grant agreements, there wasn't going to be a return, there were a few agreements that they only blasted the rock, and removed, and there are a couple of memories of utility trenches that were service lines for those grant agreements, that the Board had said that they would blast the rock, but they were not doing fill for the service lines. Cramer feels that is an anomaly, not the norm, and more historically speaking the purpose has been to get the site to a level playing field with a greenfield site that doesn't have the same barriers.

Magee stated that the analogy she learned when they were working in the Snake River District, was to go back to the old urban renewal projects in which a community would move in, plat property and level the site and prepare the site so a developer could come in and start to build, and when they are working with rock, it is just not a matter of blasting the rock away to make the site a site that is suitable for building.

Meghan Conrad, Esq., stated that this project is focused on the housing project, so it is limited in scope. They are making sure to check details against what is required in 50-28905. The one piece that Conrad is unclear on moving forward, is they will need to get the map and legal description kicked off. Cramer stated that is in the works. Conrad stated that she will coordinate with Magee to make sure the financial information gets inputted properly to the planning document.

Thompson asked about the summary findings on Page 2, the last sentence doesn't read right. Gazdik thinks the number is supposed to be \$2,255,00? Magee stated that the sentence is trying to say that the developer is requesting \$2,255,000 in reimbursement for public improvements, in addition, on the lower part of page 3 Right of way, sidewalk, and public utility improvements is listed for \$225,000. Those improvements need to be made in the project area, but they would be made by the City or School District, so when you add that \$225,000 to the \$2,255,000 requested by the developer, then you are close to \$2.5 million.

Radford stated that this will come to the Board for a vote next month.

6. Update on the Boge Stanley District. Cramer stated that the Eligibility Report is underway and has been submitted that Magee has requested, the developers are anxious to get going and they are excited to see it move forward. The City's Economic Development Administrator (Christian Ashcraft) has been out trying to track down property owners for the larger boundary to see if there are other potential projects or interested owners, and they expect to have the eligibility report read for the January meeting.

7. RAI/Legislative Updates. Conrad reported that leadership has been determined as well as committee assignments and the RAI Legislative Consultant Benn Brocksome has put together contact lists for those committees, which will be helpful as they move into the session. Conrad stated that they are hearing early that there will be continued efforts for property tax relief and where they left off last session with some discussion about removing property tax from owner occupied, and that may be something that is going to be again up for discussion. There was a significant turn over, approximately 50% total overall, although some of that represents those moving from the House to the Senate.

Next Regular Meeting: January 19, 2023.

Brent Thompson moved to adjourn the meeting, Kirk Larsen seconded the motion and it passed unanimously.

Radford adjourned the meeting at 12:45: p.m.

Respectfully Submitted: Beckie Thompson