

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

February 15, 2018

Regular Meeting Minutes

Council Chambers

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

Members Present: Lee Radford, Terri Gazdik, Brent Thompson, Kirk Larsen, Thomas Halley, Dave Radford, Chris Harvey.

Members Absent: None

Also Present: Brad Cramer; Ryan Armbruster (via telephone); and interested citizens.

Modifications to Agenda: None.

Minutes: Dave Radford moved to approve the minutes of January 18, 2018, Kirk Larsen seconded the motion and it passed unanimously.

Approval of Bills: Lee Radford presented the finance report dated February 15, 2018. The following bills were presented to be paid from the Snake River Allocation Fund: Elam and Burke, \$3,126.95 for legal services; Rebecca Thompson, \$70.00 for transcription of minutes; Kevin Machen, \$70.00 for snow removal; Amerititle – Renaissance Partners, \$175,677.90 for the OPA tax increment; as well as a transfer of funds from the Snake River Revenue Allocation Fund to the Jackson Hole Junction to cover legal fees. The following bill was presented to be paid from the River Commons Revenue Allocation Fund: Title Financial Specialty- Bandon River, \$10,129.67 for OPA tax increment; Title Financial Services – Ball Ventures, \$443,764.02. The following bill was presented to be paid from the Jackson Hole Junction Revenue Allocation Fund: Elam and Burke, \$1,580.00 for legal services. **Thomas Halley moved to approve the Finance Report, Brent Thompson seconded the motion and it passed unanimously.**

2017 Audit Report. Stacey Lemon, Rudd & Company. Lemon presented the 2017 Audit Report. Lemon indicated that the report was issued as an “unmodified report”, which means that the audit procedures have concluded that the financial statements are reasonably stated. Lemon directed the Board members to page 13 *Statement of Net Position* for IFRA. Lemon reminded the Board that all information is as of September 30, 2017. Lemon indicated that assets include: Cash and Investments of \$7,484,145.00; Property Tax receivable of \$94,996.00; Other receivable; \$25,804.00; Real estate option deposit of \$100,000 for Bonneville Hotel and that will go away once the option expires ore applied to the purchase price; Land \$1,499,386.00 for the purchase of the Kelsch Property, and that land has already been transferred, but as of the end of the year it still belonged to the Agency, which leaves the Agency with \$9,204,331 in assets. Lemon indicated that there is a small amount of payables as listed, as some accrued interest on the notes due under OPA agreements. Lemon indicated that it is showing a negative net position of (\$4,155,827.00), but a lot of that is for the promissory notes that are due to developers, and if those notes haven’t been paid by the end of the district, they go away. Lemon indicated that it is not an issue and there are plenty of funds to cover what is coming in the future. Lemon directed the Board to page 15 *Balance Sheet* for each individual District. Lemon indicated there is still a significant amount of cash and most of it is in the Snake River District; there are tax receivable that are mostly in the Snake River District. Lemon noted that there is an amount due between two different funds. Lemon stated that there was an issue with the property taxes in December 2016 and the County had marked some funds that were due for the Pancheri-Yellowstone Fund and the Eagle Ridge Fund as belonging to the Snake River

Fund, so now there is a receivable under Pancheri-Yellowstone and Eagle Ridge for the property taxes, and a payable on the Snake River's books. Lemon directed the Board to the Fund Balances portion on this page that shows the funds available to the District to use. Lemon showed that the Snake River Fund is the only fund that has any committed funds for projects. Lemon directed the Board Members to page 32 the last page of *Notes to Financial Statements*, that gives a list of what the Commitments are for each fund. Lemon indicated that at this point a lot of these commitments have been paid, but as of the end of the Fiscal year the amount still existed. Lemon directed the Members to page 17 *Statement of Revenues, Expenditures, and Changes in Fund Balances*. Lemon indicated that this page is the Profit and Loss Statement, by fund for the whole year. Lemon indicated that property tax revenues were up from the prior year by approximately \$200,000.00. Lemon stated that expenditures were similar to last year. Lemon stated that the amount under capital outlay shows the amount that was paid out for specific projects, including \$100,000 for Bonneville Hotel Option; \$151,000 for Milligan Road; \$2.2 million for the Riverwalk Drive project. Lemon indicated that the other funds only had administrative costs and legal expenses. Lemon stated that there is now a new fund for Jackson Hole Junction, and there was \$30,000 of income that was received from the developer that was used for legal expenses. Lemon directed the Board Members to page 25 *Notes to Financial Statements*. Lemon indicated that this shows the long-term notes and the activity in those debts throughout the year. Lemon stated that the payment is based on a percentage of the property tax received during the year, and most of them have no principal paid because the accrued interest balance is high, and the property tax goes to interest. Lemon stated that when the Districts expire the loans will go away. Lemon indicated that the Snake River Revenue Allocation Fund for \$2.5 million will disappear once the District is gone, and the Agency is not liable for the note. Dave Radford asked what the \$163,616 under Reductions for Snake River Allocation is depicting. Lemon indicated that it is the amount of principal that was paid down on the Promissory Note, so the payments that were received for property taxes that were then remitted to the developer were more than the accrued interest. Brent Thompson asked on Page 17 the River Commons Allocation Fund paid \$703,093 in interest and was that related to the balance on the Promissory Notes (\$9.3 million) on Page 25 for the Fund. Lemon agreed with Thompson that the interest was mostly from the \$8.8 million loan that has been outstanding for 10 years and has accrued a lot of interest. Lemon indicated that the other 2 notes are new that the accrued interest balance is new and that is why some of the payment was applied to principal. Lemon directed the Board Members to page 28 *Notes to Financial Statements*, shows a narrative of the Commitments on each of the projects, including the original agreement, how much has been paid, and how much still will be paid in the future. Lemon directed the Board Members to page 34 *Snake River Allocation Fund Schedule of Revenues, Expenditures, and Changes in /fund Balances- Budget to Actual*. Lemon indicated that this is a comparison of actual expenditures and revenues to the budgeted amounts for each fund. Lemon stated that Jackson Hole Junction is not listed because it did not exist when the budget was set. Lemon stated that revenues are more than what was budgeted; expenditures were less as some projects did not get going before the end of the year. *River Commons Fund Schedule of Revenues, Expenditures, and Changes in /fund Balances- Budget to Actual*. Lemons indicated that the only change is for \$665,000 for cost of construction because the promissory note was expected to be issued before the end of the year. Lemon indicated that the Pancheri Yellowstone has no significant differences between the budgeted and actual amounts. Lemons indicated that on Eagle Ridge the differences shown are from projects that were expected to be farther ahead.

Larsen directed Lemon to Page 13 *Statement of Net Position*. Larsen stated that there is an asset accrual and a liability accrual, and the asset is property tax receivable. Larsen asked if that goes through September 30 on the receivable. Lemon indicated those are all the property taxes receivable for previous years (2016, 2015, 2014, 2013) as of September 30. Larsen asked if the accrued interest payable is from

the last time the interest was brought current up until September 30. Lemons agreed with Larsen. Lemons indicted that some of the interest is current.

Thomas Halley moved to accept the 2017 Audit Report, direct Staff to file it appropriately, and add it to the annual report, Brent Thompson seconded the motion and it passed unanimously.

Review of Draft 2017 Annual Report. Cramer stated that most of the report has been updating the narrative to include projects they've done this year and updating projects. Cramer stated that the most asked about page deals with the increment values on page 3. Cramer stated that the Table shows each of the Districts, the year they were created, the year they will terminate, and their increment value to-date. Cramer stated that the paragraphs below the table show the percentage of valuation compared with the valuation of the City as a whole. Cramer stated that the table shows the positive affect of urban renewal on Idaho Falls. Cramer stated that the new section includes Jackson Hole Junction beginning on page 14. Cramer stated that everything is up to date with the text, and he would like to update the photos to show some of the projects that have been completed.

Gazdik stated she liked the *Executive Summary* (page 2) and asked if under the Culver's restaurant they could add the private investment that was invested on the property is, so it gives the read a good idea on the return on what the Agency is putting into the property.

Lee Radford stated he liked page 16 *Summary of "Increment Value"* that shows the Base Value and the Current Value. Gazdik asked if the Summary is supposed to be for 2016. Cramer indicated he will update all the years to 2017. Lee Radford asked Cramer to put the Base Value first and then the Net Taxable (switch columns). Halley stated that the values are appraised value and the market value will be considerably higher. Dave Radford stated that if it is more than 10% (5% on either side) deviation they are out of compliance as far as appraised value.

Armbruster indicated that they need to accept the report in its draft form, and authorize Cramer to distribute the Report and make it available to the public. Cramer indicated that in the past he has done a publication notice with the Post Register as well as posting it to the City's website. Armbruster stated that the March meeting will be open for public comment and approve the Annual Report for filing.

Kirk Larsen moved to approve the Draft 2017 Annual Report and authorize Brad Cramer to distribute the report and make it available to the public, including posting it to the City's website and filing a publication notice with the Post Register, Terri Gazdik seconded the motion and it passed unanimously.

Jackson Hole Junction: Review of Draft Owner Participation Agreement. Lee Radford asked who the sub-committee is on Jackson Hole Junction. Halley indicated that he was working on that project. Cramer stated that this will be a status update as the OPA is not ready to be reviewed. Cramer stated that the OPA has been distributed to staff and Chairman and recently to the developer's legal counsel. Cramer stated that once the changes come back from the developer the sub-committee can meet and review the OPA closer.

Halley stated that they are going to remove a lot of dirt from the area and they are intending to donate the dirt to the Heritage Park along the River.

Dave Radford offered to help with the sub-committee on Jackson Hole Junction.

Pancheri-Yellowstone Potential Project Update. Cramer stated that one of the property owners in the District approached the Agency to do a project and spend some of the money in the District, including

some improvements along Yellowstone Highway. Cramer stated that Public Works used their right of way agent to work with property owners to get some consensus amongst the property owners that this project would affect. Cramer stated that the plan shows the preferred option. Cramer stated that some of the changes that you could see might be to close some of the driveways and widen some other so the access flows better. Cramer stated that the plan shows trees, but Public Works is worried that the salt from the roads will kill the trees because of the narrow landscape area. Cramer stated that if they move the trees it is a \$12,000 cost difference. Cramer stated that if they don't do the trees, they could do decorative pavers or decorative rock. Cramer stated that the cost shown does not reflect the cost of purchasing the easement necessary to do these changes, which is estimated to be approximately \$5,000. Cramer indicated that this project shows 8' sidewalks. Cramer stated that this is an area that the City would like to see widened and have a better pathway for Connecting Our Community's and to help people that are coming from the Haven and the Ruth House, who need sidewalks to walk to work, etc. Cramer asked the Board if he should continue working on this project.

Lee Radford stated that when this District was started when Roger Ball Family wanted to build Candlewood Suites. Radford stated that the Balls' approached the Agency about an Urban Renewal District. Radford stated that Balls didn't ask for a lot, just some landscaping at the intersection and a portion of the trail maintenance. Radford stated that the hope was that some of the owners along Yellowstone would use the opportunity of having an urban renewal area to market their properties and bring other development, however, none have taken advantage, so the money has accumulated. Dave Radford stated that Kerr Lumber and Burglars were contacted and there wasn't any interest.

Lee Radford stated that the alternative to doing this project would be to return the funds to the tax entity and close the District.

Kirk Larsen asked if there is any interest in the area. Cramer stated that the only thing that they've heard is the Berry Oil Company will be making improvements to their site and all the other owners are just sitting.

Brent Thompson asked about the easements that need to be purchased. Cramer stated that they are sidewalk easements, so rather than purchasing the property they would purchase easements.

Dave Radford indicated that this District is intended to be a 12-year District. Cramer indicated that this District ends in 2019. Dave Radford stated that the sidewalks are a good idea for the area, and that might make the area more appealing for development.

Halley stated that the balance of the District is \$727,000.

Cramer asked if the Board is supportive and if he can direct Public Works to continue working on the project. Gazdik asked what decision needs to be made today. Gazdik stated that she would rather all the money go into the project, rather than return the money. Gazdik stated that the improvements will enhance the property and Yellowstone is a main entry way to the City and it needs to look good. Dave Radford stated that Renee Magee always wanted to do more along Yellowstone to make it look more appealing going into town. Gazdik stated that it is unfortunate that they can't do any greenery, but maybe another aesthetic improvement can be made. Lee Radford agreed with Gazdik. Radford stated that if they can encourage one development they will pay back what money is spent. Lee Radford asked if there is enough money to buy another foot or two of easement. Lee Radford stated that the land owners should participate and not be too tough on the Agency on giving them another foot or two to get some greenery along the road. Lee Radford stated that it will encourage people to want to invest in the area. Lee Radford stated that they've done a lot to the segments of the river from John Holes Bridge to Sunnyside.

Lee Radford indicated that if they could get a hotel or restaurant along the river it would be a major contribution, and this improvement along the road might be small part of pushing that direction. Halley stated that the economy is going well, and things are getting added. Halley stated that the Agency should do what they can to make it an attractive investment for developers.

Cramer clarified that the Agency is wanting to spend the balance of the funds instead of giving the money back. Cramer asked if they couldn't get more width purchased would the Agency want to narrow the sidewalk from 8' down to 5' to increase the landscaping width or would they rather keep the 8' sidewalk and have pavers and possibly no greenery. Gazdik suggested that instead of pavers they could possibly do some stampcrete, as the pavers sometimes get shifted due to the freeze. Thompson stated that Firth has paver work that was put in years ago and still looks nice. Lee Radford stated that the pavers on Broadway are holding up, but the ones that go in the street do not do well. Cramer agreed with Radford that the pavers that are used for pedestrian traffic do well. Gazdik indicated she would like them to find a way to put greenery. Halley stated that the best way to move traffic and reduce ice and snow is brine and the brine is lethal to greenery. Gazdik asked about planter boxes.

Lee Radford stated that the Agency is willing to spend the entire balance if they can get a plan that has more greenery, possibly more space and see what they can do. Lee Radford stated that it appears that they lean more towards pavers over rocks. Dave Radford asked if the current balance is projected for next years. Cramer stated that it is only current balance, so there would be some additional funds going in for next year. Mark Hagedorn stated that they are getting \$60,000 in property taxes.

Dave Radford stated that along the river it would be nice to have a bike and walking path. Cramer stated that there is a pathway along that side of the river that goes all the way to Sunnyside that has been developed in the last 5-7 years.

Brent Thompson suggested that the property owners be encouraged to donate the easements.

Terri Gazdik moved to authorize Brad Cramer to pursue plans for development of the area along Yellowstone Highway to include: attempting to acquire more easement to put in greenery, and if greenery is not possible then to have pavers for aesthetics, Brent Thompson seconded the motion and it passed unanimously.

The Broadway: Project Update and Plaza Discussion. Lee Radford recused himself for this item. Cramer stated that they meet with the Plaza Committee and there is a revised design in the packet that has the wave design that is like the new City Logo. Cramer stated that the concrete has been poured for the plaza and the Committee liked the amenities that were selected. Cramer stated that they need to start thinking about the structure of the parking below grade, whether it will be hourly, daily, monthly. Cramer stated that they need to order the equipment for gate to the parking garage, and the type of equipment needed is different than hourly versus long term leases.

Brent Thompson indicated that there hasn't been a lot of successful public parking projects in Idaho Falls, so it is hard to tell what they are going to need. Thompson indicated that he believes it should be short term, and perhaps some long-term parking. Thompson suggested they have the equipment than can handle both.

Thomas Halley stated that if too much is in long term monthly leases, the less it benefits the public in general as it would be strongly biased towards the tenants.

Thompson indicated that it is imperative to make the emphasis on the parking as a benefit to the public, rather than an excessive benefit to the tenants.

Cramer stated that he spoke with Oppenheimers about long term lease would have a certain time of day that the lease spot would end, so after 5:30 that spot would not be guaranteed, and Oppenheimers were open to that type of a mix.

Lee Radford stated that his firm is entering into a lease to lease a portion of the building and this is a concern for the tenants. Lee Radford stated that the lease has a provision that if the firm is not happy with the parking arrangement they can terminate the lease. Radford stated that they are paying a full market rent and they need to be able to have some rights to the parking.

Brent Thompson stated that both public and tenants have an interest in the parking. Thompson stated that there are 49 below grade spaces and there needs to be a balance with short term and long-term parking.

Kirk Larsen asked if there is any knowledge about other cities using a mix such as Monday – Friday 7-5:30 is a lease and then after that time it is open for hourly parking. Cramer stated that Boise has done that. Larsen indicated that would be a good compromise for a percentage of the spots.

Armbruster stated that CCDC in its new garage will move to a mixed parking situation. Armbruster stated that your monthly parking pass doesn't guarantee you the opportunity to park 24/7. Armbruster stated that in the older garages the way CCDC mixes short term and long term is by floor so that the monthly pass car is parking on the higher floors and the retail/short term parking will be on the lower floor. Armbruster stated that they have gone to more monthly than short term because it has been more attractive in terms of financial return. Armbruster stated that theoretically if you do have enough turn over in the short-term spaces you do make more money than a long term monthly pass.

Larsen stated that the tenants have needs and they are paying market price for the rental, so they need to be met in the middle. Larsen stated that it is doable to have a mix.

Cramer clarified that at this point the equipment that could be needed should be such to accommodate a mix of parking. The Board members agreed with Cramer.

Gazdik stated that the redesigned Grove has the waves running through their plaza that has little solar pebbles in the wave so there is a lighting affect at night. Armbruster stated that it is much changed and very cool. Thompson stated that the artificial ground view is very attractive.

The Bonneville Hotel: Project Updates and Draft DDA Revisions. Cramer stated that the revised DDA will be available in March that will revise the purchase price and how the funds are allocated. Armbruster stated that they have flushed out the issues in the drafting tasks and they will have a draft at the next meeting in March.

Update on Constitution Way Improvements. Radford indicated that Tom Manschrek has been working with Idahoan to convince them to remain in Downtown Idaho Falls. Radford stated that they are trying to help and see how the Agency can participate. Radford indicated that Manschrek has a proposal to Idahoan and they are supposed to meet next week with Idahoan and see what they have to say. Radford indicated that the property they are looking at is the property across the street from the City building, where Idahoan currently is, and the lot next to Idahoan. Radford stated that the lot next to Idahoan would be developed into a high rise building that was joined to the existing Idahoan. Radford added that they plan to improve the intersection of Park and Constitution. Radford stated that Idahoan could easily find new space in another area, but it would be beneficial to have them invest in the current infrastructure.

Thompson asked what the parking plan is. Radford stated that the plans are interesting and attractive, including a 7-story building with a retain component on the main floor and 3 parking floors and 3 floors of office space that would connect to the existing Idahoan space. Radford stated that this would have covered parking and that is a major incentive to Idahoan.

RAI and Legislative Updates. Armbruster stated that Legislatively there is House Bill 556 that would have granted to the County Commissioners the right to grant a property exemption from the remaining part of personal property that is not already exempted. Armbruster stated there has been concern expressed by the tax commission and the bill is technically held at the Chair, so likely it is done for the session. Armbruster stated that most of the entities, including Association of Idaho Cities, Association of Highway Districts, etc. opposed the bill. Armbruster stated that RAI will meet this afternoon to discuss other issues, but nothing pressing.

Halley stated that Bill 556 would be hard on the Districts that use bonding, as there wouldn't be enough money coming in to cover the bond. Armbruster stated that he had received comments from the Burley Redevelopment Agency, whose current tax revenue comes from personal property because of the heavy industrial nature of their project and they would be in a world of hurt, if the Cassia County Commissioners approved an exemption to one or more of the industrial users.

Lee Radford asked what Tax Payers they have that have more than \$100,000 of personal property. Armbruster stated that not many. Armbruster stated that in Boise the personal property tax is 15-20% of the revenue, so it's not insignificant, but not a substantial majority. Halley asked if this is a shift toward the smaller businesses as far as taxes go. Armbruster stated that would be the result.

Dave Radford asked if hotels would have over 100,000 in personal property. Armbruster stated that in Boise CCDC's loss of revenue would be 6%, as most users already fall within the exemption. Armbruster stated that the non-exempt personal property is the heavy industrial users. Armbruster stated that the statute works so that most of hotel/retail equipment and personal property values are small.

Next Regular Meeting: March 15, 2018.

Brent Thompson moved to adjourn the meeting, Dave Radford seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson