

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

October 21, 2021

Regular Meeting Minutes

Council Chambers

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

Members Present: Lee Radford, Thomas Halley, Jon Walker, Chris Harvey (Via WebEx), Kirk Larsen (via Webex)

Members Absent: Terri Gazdik, Brent Thompson

Also Present: Brad Cramer; Ryan Armbruster Esq. (via Webex.), Meghan Conrad (via Webex); and interested citizens.

1. Modification to Agenda. None.

2. Approval of Minutes August 19, 2021. Kirk Larsen moved to approve the Minutes for August 19, 2021, Thomas Halley seconded the motion and the motion passed unanimously.

3. Approval of Expenditures and Finance Report. Lee Radford presented the Finance Report dated October 21, 2021. In the River Commons Fund: Rebecca Thompson \$50.00 for transcription; Elam and Burke \$1,068.15 for legal; Redevelopment Association \$2,600.00 for annual dues; ICRMP \$2,576.00 for Risk Management and Insurance; City of Idaho Falls \$26,530.00 for services of Brad Cramer, Kerri Beutler and other staff. In the Eagle Ridge Development Fund: City of Idaho Falls \$3,300.00 for services of Brad Cramer, Kerri Beutler and other staff; In Jackson Hole Junction Fund: City of Idaho Falls \$3,300 for services of Brad Cramer, Kerri Beutler and other staff.

Thomas Halley moved to approve the Finance Report dated October 21, 2021, Kirk Larsen seconded the motion. The Motion passed unanimously.

4. Northgate/1st Street Project Updates and Authorization to Proceed with Eligibility Report. Cramer reminded the Board that the Agency had been seeking options on the properties in this area of 1st Street and Northgate, but the properties have all sold other than the Chinese restaurant. Cramer has had discussions with the new buyer of the Mexican restaurant 187 1st Street, and they have discussed whether it is feasible to proceed with a small parcel, and the new owners have looked at numbers and have indicated that they would like to proceed with pursuing a District and start with the eligibility report. Cramer stated that this is the first time doing a single parcel, so it is new territory for this Board. Cramer stated that there might be a reason to start with a larger boundary of this District and then narrow it down after they see the cash flow reports. Cramer stated that they are asking if the Board is willing to use some of the money that City Council gave or use a loan from District to District to help offset some of the costs, and the other question is whether the Board is willing to proceed with a District in this area, and do they authorize staff to begin the Eligibility Report. Cramer stated that it is a long process, and the developer wants to get going as soon as possible.

Greg Croft, Resident Architecture. His client owns the subject parcel. Croft stated that they have started larger with the District knowing the intent of the Northgate Mile, however they are not sure if there is other interest. Croft stated that the report is written broad so it could encompass other parcels.

Radford stated that the Agency looked at this area and tried to get options on the parcels and they were unsuccessful. Radford stated that the Pharmacy has sold, and they are trying to create a multi-tenant area, and the Thrift shop has sold, and the plans are unknown.

Croft stated that his client is going to do a multi- housing development to bring more residential to the area.

Cramer stated that they are thinking public infrastructure and the improvements could include sidewalks and alleys and they are thinking having the boundary include additional right of ways. Cramer stated that the goal of the smaller districts is to keep them short, so the cash flow might not work to do large public infrastructure improvements. So they want to start large and narrow it down as they figure out the project.

Radford asked what the property value might be. Croft stated that they are thinking 36 total units, and the property is valued at \$250,000. Croft indicated that the square footage is 14,000 and 3 floors – so they are 42,000. Halley asked how many parking spots. Croft stated that the parking calculation is ½ stall per bedroom and that is the guidelines, so including the street parking there are 36 spots. Croft indicated that they are a mix of 3-bedroom, 2 bedroom and studio.

Radford asked about the eligible costs, including infrastructure for public property, demolition cost. Cramer stated that the obvious one is demolition and public infrastructure, and a question on whether this site would need rock blasting on this site.

Radford stated that they want to improve the entire area and increase property values all around. Radford stated that this project could help revitalize 1st Street. Radford asked if they have a per unit construction cost. Croft stated that price per square foot is \$150 – 200, but they haven't done any evaluations, so 42,000 square feet x \$150 = 6.3 million with 1.5% property tax = \$95,000/year. Radford feels it is possible to cover costs and make it a short district. Radford stated that the initial costs would be \$20-25,000. Cramer asked Armbruster for input as they had discussed that it could be upwards of \$50,000 for everything that needs to go in. Halley asked if they have looked at the supply chain. Croft stated that they are months out and certain material is being voided all together.

Radford asked if the developer is willing to help with some up-front costs. Cramer reflected a statement from an email... that if the up-front costs are 50 or more that is not a deal breaker, but it would stretch them.

Croft stated that lighting would be helpful, and the building becomes more like Downtown, so you are trying to create a safety feature to make the area feel safer, as this area of town is a little scary at night, and this is an opportunity to change that feel. Croft hopes this new development can change the atmosphere in the area.

Radford asked Armbruster if they can borrow money from either the City or a District. Armbruster stated that the funds that were obtained from the City were broadly explained to be used for a new project area, and in other areas they have done an interfund transfer from one project area to another project area, but it is critical that there is some expectation that the funds would be paid back to the project area before the loaning area closes.

Radford stated that the City has provided funds that the Agency returned from Pancheri Yellowstone in the amount of \$200,000 to incentivize areas. Radford stated that there is some risk if this project doesn't get off the ground, but if it works the property tax would be approximately \$90,000/year.

Radford asked for proposals on how to proceed. Cramer stated that he doesn't have a specific number proposal, but it does seem appropriate for some level but no more than 50% assistance. Cramer stated that Renee Magee is still available to help with the consulting fees and eligibility report plan. Cramer is sympathetic to participate, but there will be limits.

Radford stated that they are trying to reflect what the legislature has told the Agencies. Radford stated that the time has been restricted to 20 years and the larger areas are hard to do. Radford stated they have to be more focused on getting done quickly and smaller areas are good because they cannot hope for development. Radford understands that it is hard for the developer to fund all the costs on the smaller areas. Radford feels they have to be innovative on the smaller areas.

Halley thinks this is a seed for the area, and there is unpredictability on how it would spread. Halley stated that sometimes you have to take risks, but this is an area that they have tried, and it didn't work. Halley stated that good outcomes can come from risk, and he would like to see something started in the area. Radford asked if Halley thinks this is what City Council had in mind for the money. Halley agreed that the City Council is on board with redevelopment. Halley feels the biggest risk is supply chain. Halley feels that as long as medical and INL stay on the same path they will be in the 70,000 population and as long as interest rates stay low this could be doable.

Harvey agrees with Halley and feels that if they are going to take innovative approach this is a good test project because it is smaller. Harvey is supportive.

Thomas Halley moved to authorize the staff, legal and developer to begin the eligibility report and other steps to create a district, and the Board would cover up to 50% of the startup costs, up to \$25,000 to get the area going and the funds would be taken from the City Funds that City Council gave back to the Agency, Jon Walker seconded the motion. The motion passed unanimously.

Halley stated that Mayor and all of City Council encourage infill into the City.

5. New District Discussion and Authorization to Proceed with Eligibility Report. Cramer showed the proposed site (the old King B Plant). This site was part of the Panchari Yellowstone District. Cramer has been contacted about help with demolition by the developer. The developer has indicated that they would like assistance in demolition and would be willing to create a District. Cramer asked if the Board is in approval of a District in this area. Cramer stated that the developer has provided information on the cost. Cramer stated that it is a \$15 million project, and the immediate costs are demolition and asbestos remediation in the cost of \$250,000. This is a good infill site, and this is a new thing for the Board because it is a new District within a previous District.

Derek Ence, Ence stated that he has partnered with the Hansen Family (LeAnn and Rebecca Hansen). The Hansens own the Fairfield Inn Marriott and that franchise will terminate next year and they have been told they have to put money into the old Fairfield or lose the franchise. They have decided to build a new Fairfield Inn where the King B Plant currently sits. Ence stated that the building is currently vacant, and it would be a great parcel for the hotel. They did the same thing with the Candlewood Hotel. Ence stated that if they have to absorb the entire cost of demolition it makes it impractical. Ence feels that if they can get assistance, it would be a good site for hotels. Ence requested assistance for demolition, and they would like to make improvements along the Greenbelt including some landscaping to improve the path between the Plant and the River, similar to Candlewood. Ence would not be opposed to including areas to the South as this could be a catalyst for the area. Ence stated that the initial projection is \$250,000 for demolition or more upwards of \$300,000 with the asbestos.

Radford stated that there might be logic in doing the smaller Districts, and they can add as time goes on. Radford confirmed that they need help with demolition and landscaping. Radford stated that this would be a joint venture between Roger Ball and Hansen Families.

Halley is in support and feels it adds dollars to the Auditorium District. Halley stated that it is a concrete cash flow and adds significantly to the City and anything positive on the River he is in support of.

Harvey is in support of the idea and is interested what the rules are in creating a new District within an old District. Armbruster stated that they will need to make an acknowledgement that this was once in a project area, and if they can meet the eligibility criteria, they are good to go. Armbruster stated that they might want to look at access into the site, and improvements needed. Armbruster stated that legislature is in support of focused projects.

Larsen had similar questions as Harvey. Larsen would like to see something happen in this area, and he is not sure what merit there is to making it larger as the surrounding areas didn't give much support previously.

Radford asked what they will do with the old Fairfield Inn Building, so they don't leave buildings behind. Ence stated that Marriott has agreed to extend the franchise as long as they do a new hotel, and they can have an extension for a couple of years until the new hotel is built. Ence stated that they want the project designed now and get construction going in 2023 and have it finished no later than 2025. Ence stated that they have contacted other franchise groups to convert the old Fairfield into a new brand and they will take the building as is and rebrand that hotel.

Radford asked if there is enough access to get to this hotel. Ence stated that they do have access off Pancheri into the Candlewood in 2 locations and the right of way that is a deeded parcel that extends from Yellowstone out to the site. Ence stated that they have enough access, but they would possibly need improvements to make it more aesthetically pleasing, but their Pancheri access is sufficient.

Radford asked if the warehouse building to the East would be affected. Ence stated that is cold storage and they don't have control over that building.

Kirk Larsen moved to authorize staff, legal and developer to proceed with an eligibility report and the other steps necessary to create a District in this area, Thomas Halley seconded the motion. The Motion passed unanimously.

Ence asked when they attach a time period. Cramer stated that they will determine that as they go through the planning process.

7. Dr. Lee Project Update. Cramer stated that they have been contacted by the Project Manager and they are concerned about meeting the end of the year deadline. Cramer stated that they are concerned that they won't have a CO. The Building department has gone out and done the drywall inspection, so only finish work is needed to be done. Cramer stated that paving has to be in place to get the CO, and they are roughly on track for a temporary CO by the end of the year. Cramer asked the Board if they are interested in an extension at this time.

Walker asked if it will be on the property tax rolls in 2021 if they don't have a CO. Halley stated that sometimes there is a problem with getting the property on the rolls and there was a delay.

Radford stated that the consensus is get the building built and on the tax rolls. Radford stated that they have invested a lot of money and the Agency won't hang them out to dry and they want them to keep trying and making progress, and then the Board will back them. All agreed. Armbruster agreed with

Radford and stated that it would be up to the Agency to “claw back” and with the progress made he doesn’t see it happening. Walker pointed out that there will be another meeting before the deadline, so they can address it again if needed.

7. RAI/Legislative Updates. Armbruster stated it is pretty quiet on RAI. Property Tax Interim Committee is meeting soon and there is not an agenda available yet, but 2022 legislative session will be a ruckus.

Next Regular Meeting: November 18, 2021.

Thomas Halley moved to adjourn the meeting, Jon Walker seconded the motion and it passed unanimously.

Radford adjourned the meeting at 1:00 p.m.

Respectfully Submitted: Beckie Thompson