

IFRA

Idaho Falls Redevelopment Agency

2022 ANNUAL REPORT



The Agency appreciates the opportunity to work with many others in the community to accomplish its purposes. Without these integrated efforts, the Agency would not be able to achieve its mission.

First, the Agency appreciates the real estate developers who have taken an interest in the urban renewal areas in the City of Idaho Falls. Without their interest in the community, their vision, their entrepreneurial spirit, their risk-taking, and their ability to execute on their plans, the Agency would not have been able to accomplish any of these projects. The Agency seeks to work with developers in the private sector, because they have the best knowledge of what the market forces are demanding for successful infrastructure and development in our community.

The Agency also appreciates the assistance of the City of Idaho Falls and Bonneville County in relation to the work accomplished. The City of Idaho Falls assists the Agency with expertise and staffing support on many projects, and by providing the time of a City Council member to be part of the Agency. Bonneville County assists the Agency in relation to the calculation and determination of the property tax increment, and through property tax collection, and also by dedicating the time of a County Commissioner to be part of the Agency. The City of Idaho Falls and Bonneville County are also valuable residents of downtown and the urban core of the community.

To strengthen the tax base and promote the successful growth and development of the City of Idaho Falls by using, when necessary, tax increment financing to facilitate the construction of publicly owned infrastructure, giving due consideration to that which promotes and enhances the Snake River Greenbelt and encourages desirable land uses near that Greenbelt.

Mission Statement, Idaho Falls Redevelopment Agency

The Agency also appreciates the support of other taxing entities affected by the Agency’s urban renewal areas, which have been consistently supportive of the Agency’s efforts to preserve the tax base in these areas in an attempt to minimize property tax rates for the community as a whole. The Agency also appreciates a number of other organizations that provide valuable assistance and guidance regarding the Agency’s work, including the Idaho Falls Downtown Development Corporation (DDC), the Regional Economic Development Initiative (REDI), the Idaho Falls Rotary Club, and the Idaho Falls Chamber of Commerce.

The Agency also appreciates the legislators and officials of the State of Idaho who support the urban renewal laws, and who understand that urban renewal is critical to providing efficient government and eliminating the waste that can occur if urban areas are allowed to decay.

And most of all, the Agency appreciates the businesses and individuals who care for and use the urban core of the City of Idaho Falls, helping these urban renewal areas prosper far into the future. The work of the Agency is a community-wide effort, and the Agency appreciates this community for supporting its efforts.

EXECUTIVE SUMMARY

The mission of the Idaho Falls Redevelopment Agency is to strengthen the tax base of the City of Idaho Falls and Bonneville County through the encouragement of growth and development within the Snake River corridor. To achieve this goal, the Idaho Falls City Council has formed six urban renewal districts since 1988, two of which have since closed. The sixth was opened at the very end of 2022. Through the financing of public improvements such as water, sewer, streets, and storm drainage facilities, the Agency has contributed the following to the tax base:

| Urban Renewal District | Year Created | Year of Termination | Tax Increment Value, 2022 |
|------------------------|--------------|---------------------|---------------------------|
| River Commons | 2004 | 2028 | \$123,973,278 |
| Eagle Ridge | 2014 | 2034 | \$6,022,715 |
| Jackson Hole Junction | 2017 | 2030 | \$25,098,531 |
| Pancheri-East Bank | 2022 | 2042 | No data for 2022 |

The total urban renewal adjusted base assessed value in Idaho Falls, for all four open urban renewal districts, is \$15,422,378, including the estimated \$7,301,157 for the Pancheri East Bank District created at the end of 2022, approximately 0.22% of the net valuation of the City. The current 2022 tax increment value of all districts not including any increment for Pancheri East Bank, is \$155,094,524, about 2.2% of the net valuation of the City. The land area of these four urban renewal districts is 353 acres or approximately 1.8% of the City’s total land area. The Agency has also supported several public improvements within the project areas.

With the closure of two districts over the past few years, there have been fewer specific projects to work on. However, in 2022, the Idaho Falls Redevelopment Agency saw a significant increase in activity as the micro-district concept has caught developers attentions. As noted below, the agency worked on two new, small districts in 2022. The notes below don’t capture several other inquiries that haven’t materialized into official requests for districts. The following is a summary of accomplishments for 2022:

- Established the Pancheri East Bank district. The boundary is similar to the Pancheri-Yellowstone district, which closed in 2020. The main differences are that it removes the Candlewood Suites site and adds a small amount of land to the south in order to accommodate a potential street or full access. The district is driven by a property owner needing assistance with demolition of an

old building to accommodate a new hotel. Final approvals and filings for the district were accomplished in December of 2022.

- Considered a request for a micro-district on the corner of Broadway and Utah. It was determined the proposed project did not provide sufficient increment value to the tax base and the district was not pursued.
- Began work with a developer to create a small district called the Anderson Bush district. The site is located in the Highland Park neighborhood and is bounded by Anderson Street on the south, U.S. Highway 20 on the west, Science Center Drive on the north, and North Boulevard on the east. The primary project for the district is affordable housing located on vacant land between A.H. Bush Elementary and the Bishop’s Storehouse. The eligibility report was completed and approved in 2022 and it is anticipated the financial feasibility study and urban renewal plan will be adopted in the first quarter of 2023.
- Began work with a developer to create a new district in the Boge Industrial Park. Although the primary project is for several lots on the northeast side of the park, the eligibility report looked at a larger boundary so as to encompass remaining vacant land where shallow basalt is known to exist. Drafts of the eligibility report were reviewed in late 2022 and it is anticipated that work will continue on the district through at least the first half of 2023.

ORGANIZATION AND MISSION

The Idaho Falls Redevelopment Agency, originally created on July 6, 1966, was re-established by the Idaho Falls Mayor and Council on October 20, 1988. More than thirty years after its re-establishment, the Agency is charged with implementing four urban renewal plans: River Commons Urban Renewal Plan, Eagle Ridge Urban Renewal Plan, Jackson Hole Junction Urban Renewal Plan, and the recently approved Pancheri East Bank Urban Renewal Plan.

In the year 2022, the following individuals served on the Board of Commissioners:

- Lee Radford, Chair
- Brent Thompson, Vice-Chair
- Terri Gazdik, Secretary-Treasurer
- Thomas Hally
- John Walker
- Kirk Larsen
- Chris Harvey

Ryan Armbruster of Elam and Burke serves as legal counsel to the Agency with support from Meghan Conrad, Abbey Germaine, and Kim Kline. Brad Cramer serves as Executive Director and Mark Hagedorn serves as Treasurer.

THE YEAR 2022

RIVER COMMONS URBAN RENEWAL DISTRICT

River Commons Urban Renewal District, a former gravel pit for Monroc, Inc., lies immediately south of Pancheri Drive and borders the Snake River. The district encompasses 211 acres and was created in 2004 at the request of the new owner of the property, Ball Ventures. The Agency entered into an owner participation agreement with Ball Ventures in March, 2005, and agreed to participate in the construction of Snake River Parkway and Pier View Drive, reconstruction of Milligan Road, power line and utility improvements, storm drainage and landscape improvements, and Greenbelt improvements with the exception of the pier. In January, 2009, the Agency entered into the Amended and Restated

Limited Recourse Promissory Note for the principal amount of \$8,812,602. In addition, the Agency paid Ball Ventures

\$40,000 in cash. The River Commons Urban Renewal Plan for this district anticipates \$10,552,602 in assistance to the developers within the district.

In 2015, the Agency approved an amendment to the owner participation agreement with BV Lending, LLC, for \$665,000 for assistance for rock removal on Snake River Landing, Division No. 8.



Division No. 8 is a 9.5 acre parcel which houses over 200 higher-end apartments and sits immediately south of Curtis-Wright Flow Corporation. This agreement completes the assistance envisioned in the urban renewal plan approved in 2004.

In 2014, the Agency amended its agreement with BV Lending, LLC, to provide an additional \$670,000 in assistance, of which \$170,000 was to be paid to the developer when the buildings to be occupied by Curtis Wright Flow Corporation (Scientech) and the streets and utilities serving these buildings were completed. The estimated value of the project was \$9 million. The project occupies a portion of the former gravel pit operated by Monroc and

a site which was a landfill for construction waste. This project, while eliminating slum and blight in the center of the city, was projected to retain 200 jobs in Idaho Falls and create 148 new positions with an average wage rate of \$21 per hour. In 2014, the Agency and developer agreed to change the method of repayment after the project was completed. The Agency paid \$420,000 in cash and, in 2015, executed a note to the developer for \$250,000 with an interest rate of 4.5%.

The Agency also assisted Bandon River LLC with \$365,000 towards the construction of Lochsa Drive to provide access to forty-eight senior apartment units. The assistance was in the form of a note to the developer to be repaid from the taxes generated by the development. The interest rate of this note is also 4.5%.



Bandon River Apartments

EAGLE RIDGE URBAN RENEWAL DISTRICT

In May, 2014, Eagle Ridge Development, LLC, requested the Agency consider the creation of a fourth district in Idaho Falls, one which would ultimately be approximately 55 acres sandwiched between the Snake River urban renewal district to the north and the River Commons urban renewal district to the south. The area was found to be eligible for a district previously in 1999 and 2004. In 2014, the Agency Board engaged the services of Kushlan Associates to determine if the area was still eligible as a deteriorated and deteriorating area. The study found the area is significantly vacant, there is a defective street layout, the few existing streets do not meet city standards, there is no central water system or adequate fire protection, the sewer system does not serve the entire area, and the area contains trash sites, old foundations, and a dump for construction waste. In July 2014, the Agency accepted the eligibility report and forwarded it to the Mayor and Council for consideration. The Mayor and Council concurred with the report's findings in August and requested the Agency prepare an urban renewal plan for the area. Prior to the Council's concurrence, the Bonneville County Commissioners adopted the findings of the eligibility study by resolution.

The Agency engaged Elam and Burke to draft the plan and Kushlan Associates to prepare the financial projections for the plan. While the plan was being drafted, Agency staff met with the Bonneville County Commissioners to review the existing intergovernmental agreement covering roles and responsibilities of the city and county as to urban renewal. Agency staff also met with the property owners who owned agricultural lands within the proposed district. The consent of the owners of agricultural lands was needed to be included within the district. One owner of an agricultural operation gave their permission.

The plan was adopted by the Agency on October 16, 2014, and conveyed to the Mayor and Council for their consideration. A public hearing on the plan was held on December 11, 2014. Afterwards, the plan was adopted by ordinance by the Mayor and Council. The plan contemplates primarily water, sewer, and street improvements which are estimated to total approximately \$6.5 million in costs over the twenty-year life of the plan. It is estimated private development of roughly \$41.4 million will generate \$8.4 million in tax increment to finance such public improvement costs. It is anticipated the first expenditures for public improvements will be financed by the developer. Repayment to the developer will be through a note from the Agency, and the tax increment will be used to repay the developer.

An owner participation agreement with Eagle Ridge Devel-

opment LLC was completed in July of 2015. The agreement provides for reimbursement from incremental tax revenue from the district to the developer in an amount not to exceed \$1,750,000 for the reconstruction of Snake River Parkway north of the Porter Canal, the intersection with Utah Avenue, and the extension and improvement of Pioneer Road. This reimbursement will be from the future tax increment to be generated by Eagle Ridge Subdivision. In addition, the Agency agreed to reimburse Eagle Ridge Development \$345,000 from the tax revenues of the Amended Snake River District for improvements to Pioneer Road immediately south of Pancheri Drive. Construction on the roadways began in early summer, 2015. Construction has been completed and accepted by the City. In 2020 the promissory note was executed and the first payment issued. In 2021, staff began receiving inquiries on other potential projects in this district. No plans were submitted in 2021 or 2022, but there are projects anticipated to be submitted in 2023.

JACKSON HOLE JUNCTION URBAN RENEWAL DISTRICT

In early 2017, the owners of the Jackson Hole Junction project requested the Agency consider a fifth urban renewal district to cover their property. The 45-acre parcel is located on the southern boundary of Idaho Falls, adjacent to the Sunnyside and I-15 interchange. The primary reason for requesting an urban renewal district was the discovery of significant amounts of basalt, especially where the main road and utility corridor needed to be located.

The Agency engaged the services of Kushlan Associates to determine if the areas eligible for a district. The eligibility report found the site met 12 of the 14 requirements for a district including the presence of a substantial number of deteriorated or deteriorating structures and deterioration of the site, age or obsolescence, predominance of defective or inadequate street layout, outmoded street patterns, the need for correlation of area with other areas of a municipality by streets and modern traffic requirements, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsuitable topography or faulty lot layouts, insanitary or unsafe conditions, defective or unusual condition of title, substantial impairments to the sound growth of a municipality, conditions which retard the development of the area, and results in economic underdevelopment of the area. The Agency approved the report in June 2017, and the City Council approved it in July 2017.

The Agency then engaged Elam and Burke and Kushlan Associates to prepare the plan and financial projections. Although the site was determined eligible for creation of a district, because it is located away from the City's traditional core where the Agency has focused its efforts since the 1980's, the Agency board thoroughly considered and debated whether or not to break from their established mission and create a greenfield district. In the end, the majority of the board members voted to approve the district with limitations on the scope, timeline, and budget.



Holiday Inn & Suites at Jackson Hole Junction

Instead of the full 20 years, the district will only be open for 13. The plan also will be limited to rock removal and assistance with public infrastructure. Further, a \$4,000,000 cap on tax increment finance dollars was incorporated into the Owner Participation Agreement. The plan with these restrictions was approved by the Agency on September 21, 2017, and by the City Council on November 9, 2017. The owner participation agreement was completed in early 2018. In 2018 construction was largely completed on major public utility and roadway infrastructure.

In 2020 the first major building was completed, a Holiday Inn Express. The hotel included a new restaurant, Burger Theory, on the main floor. Ground was also broken on a medical clinic. Plans for a major entertainment facility included movie screens, bowling alleys, and arcade were initially put on hold, but ultimately cancelled due to the COVID-19 pandemic. Although that project has not come back, there is still significant development in the area. Construction is underway on new auto dealerships and a major apartment complex. A medical office was also recently completed. As the financial tables in this report show, the completed projects have already generated a significant increment in valuation of the District and the new projects will only continue to add to the increment.

PANCHERI EAST BANK URBAN RENEWAL DISTRICT

Because the district was not approved until December of 2022, there are no projects underway for inclusion in this report. In 2023 the Agency will finalize an Owner Participation Agreement (OPA) with Sentinel Properties. The developer will then be able to work towards demolition of the former jerky plant, followed by construction of a new hotel. Status of these projects will be included in the 2023 annual report.



LEGACY PROJECTS SUMMARY

The Idaho Falls Redevelopment Agency has worked diligently to improve the City through urban renewal and tax increment financing. Some of the important work completed by the Agency and its partners is in districts that have closed and therefore is not featured in summaries of current projects. However, these projects still define the work of the Agency and the value they added to the City will carry on for decades to come. A summary table of these legacy districts base and increment value are included here. A summary of projects specific to the Snake River District are included as well. Narratives of these districts can be found in previous annual reports.

| District | Base Value* | Net Taxable | Tax Increment Value |
|----------------------|--------------|---------------|---------------------|
| Snake River Amended | \$56,960,967 | \$245,872,104 | \$189,763,247 |
| Pancheri-Yellowstone | \$4,817,731 | \$12,296,925 | \$7,479,194 |

*All numbers are provided for the year the district closed

SUMMARY OF PROJECTS COMPLETED BY AGENCY SNAKE RIVER DISTRICT

The following table summarizes the projects and studies completed by the Agency through 2022. The below public improvements were financed by bond proceeds, loans, or cash reserves.

| Description of Project | Monies Spent | Description of Project | Monies Spent |
|--|--------------|--|---------------------|
| Lindsay-Utah Avenue (street and utilities) | \$2,111,648 | River Gardens on Snake River, Taylor Crossing | \$808,487 |
| South Utah Avenue (street) | \$687,435 | Purchase and completion of public parking lot on D Street | \$1,192,800 |
| Wardell-Mercury improvements (street and utilities) | \$969,374 | Memorial Drive Reconstruction | \$2,535,933 |
| John Hole's pedestrian safety improvements | \$90,000 | Purchase of Kelsch Property | \$1,500,000 |
| Snake River walkway improvements | \$41,360 | Construction of Riverwalk Drive and rock removal for Springhill Suites | \$3,400,000 |
| South Utah construction and utilities | \$1,194,000 | Purchase Option for Bonneville Hotel | \$100,000 |
| Pancheri-Utah Avenue intersection improvements (1/2 cost) | \$298,000 | Assistance for Indian Motorcycle | \$151,455 |
| Relocation of power lines | \$1,388,614 | Assistance for Deseret Bookstore | \$112,221 |
| Bridgeport Drive (Milligan Road) and utility improvements | \$395,615 | Assistance for Culver's Restaurant | \$125,000 |
| Storm water facilities, landscaping, and demolition | \$297,200 | Construction of Parking Garage and Plaza at The Broadway | \$4,300,000 |
| Utility improvements | \$409,473 | Price Reduction for Bonneville Hotel Sale | \$1,300,000 |
| Days Inn demolition reimbursement | \$293,000 | Assistance for Tru Hotel | \$395,000 |
| Yellowstone: installation median with trees in downtown | \$235,414 | Assistance for Downtown Intersections | \$320,000 |
| Snake River Parkway (north of Pancheri, south of Walmart) | \$200,455 | Assistance for Broadway Streetscape | \$525,000 |
| I-15 entrance welcome sign and landscaping including demolition | \$82,527 | Assistance for Public Parking Infrastructure | \$100,000 |
| Elm/ Yellowstone parking lot contribution, earlier parking studies | \$247,050 | Assistance for Dr. Lee Dental Office | \$150,000 |
| Reimbursement to Bonneville County for land on Legion Drive | \$150,000 | Assistance for Curb and Gutter Improvements | \$12,500 |
| | | TOTAL PROJECTS | \$26,119,561 |

SUMMARY OF “INCREMENT VALUE” IDAHO FALLS URBAN RENEWAL DISTRICTS, 2022

The following table shows the “increment value” or increase in assessed value generated through urban renewal districts.

| District | Base Value, 2022 | Net Taxable, 2022 | Tax Increment Value, 2022 |
|-----------------------|------------------|-------------------|---------------------------|
| River Commons | \$297,043 | \$124,104,413 | \$132,973,278 |
| Eagle Ridge | \$7,410,116 | \$13,395,800 | \$6,022,715 |
| Jackson Hole Junction | \$414,062 | \$25,512,593 | \$25,098,531 |
| Pancheri East Bank | No data for 2022 | No data for 2022 | No data for 2022 |

Information provided by Bonneville County Assessor’s Office and Data Processing

LEGAL REQUIREMENTS AND ADDITIONAL DOCUMENTATION

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body and the Idaho State Controller, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include the financial data and audit reports required under sections 67-1075 and 67-1076, Idaho Code. The fiscal year of an urban renewal agency is October 1 through September 30. Consequently, any formal financial statement is limited to a report through the end of the Agency’s fiscal year.

Due to the Legislative changes passed in 2021 referencing the financial information under Idaho Code Section 67-1076 to be included in the annual report, and based on the budget in effect as of January 1, 2022, the beginning of the calendar year, the annual report will include a copies of the FY2022 budget and the FY 2021 audit, which are attached hereto. The changes to the law also require an unaudited comparison of budgeted to actual expenditures for the prior calendar year. This comparison is included as an attachment to this report. The Agency also reviewed its audited financial statements for FY2022 from Rudd and Company in early, 2023. This report identifies the Agency’s assets, liabilities, income and expenses through September 30, 2022. Although not required, a copy of that report is also attached for information purposes.

Beginning with the annual report for activities during 2012, the Agency has taken public outreach measures soliciting public comment on the annual report. To solicit comment, the Agency will:

- Publish a display advertisement.
- Complete a press release to the media.
- Post the annual report and the meeting announcement on its page on the city website.

The Agency is also required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its Fiscal Year 2022 budget on August 18, 2022. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Idaho Falls. For FY2022-2023, the Agency budget anticipated expenditures; River Commons Revenue Allocation Fund, \$2,952,500; Eagle Ridge Allocation Fund, \$160,250, and Jackson Hole Junction Allocation Fund, \$290,250. Copies of the budget are available through the Agency’s offices or the City Clerk.

Under the Idaho Urban Renewal Law, an agency is required to include in its annual report its plans for disposition of property previously acquired by the agency. At this time the Agency does not own any property.

GOVERNING STATUTES

Urban renewal agencies and revenue allocation areas are governed by the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended, and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended. Chapter 20 provides authority to city councils to find areas within the municipality are deteriorated and deteriorating and, as a result of such deterioration, create a liability upon the municipality, decrease the tax base, and impair the sound growth of the community. To correct these issues, the council is authorized to adopt an urban renewal plan. The plan is prepared by the urban renewal agency and submitted to the planning commission for its review and recommendation to the council that the plan is in conformity with the city’s comprehensive plan. Prior to the adoption of the plan, the council shall hold a public hearing after notice of the public hearing and general nature of the plan is advertised. Once adopted, the urban renewal agency is empowered to undertake the projects outlined within the plan, to construct or reconstruct public improvements, to acquire property and to renovate or prepare such property for development, and to borrow funds, including bonding, to implement the plan. Under the amendment to Idaho Code Section 67-450B adopted in 2009 and amended in 2019, an urban renewal agency is required to prepare certain audited financial statements as described in that section depending on the agency’s overall expenditures. Agencies that do not exceed \$150,000 have no audit requirements. Agencies with expenditures between \$150,000 and \$250,000 shall have an annual audit or may elect to prepare an audit on a bi-annual basis. The Agency’s expenditures exceed the statutory

threshold for not requiring an audit. Consequently, an audit has been prepared. As a result of legislative changes in 2016, the Agency is also required to submit certain information to the Idaho State Tax Commission, which information has been submitted. Finally, as a result of legislative changes in 2021, the Agency is required to submit certain information to the Idaho State Controller.

Chapter 29, Local Economic Development Act, provides a revenue source to finance the economic growth and development of urban renewal districts. A portion of the property taxes levied in a revenue allocation area (all or a portion of an urban renewal area) are allocated to the agency to finance the urban renewal plan. An agency has no authority to levy taxes. The revenue allocation area is created by council as part of an urban renewal plan. New revenue allocation areas are limited to a life of twenty years and, therefore, any bonding or notes are limited to a life of twenty years or less.

Under new reporting requirements set forth in Idaho Code Section 67-1076, the Agency must submit certain information to the State Controller’s Office by December 1, 2022, including the FY2022 budget and the FY2021 audit. The Agency submitted the required information under Idaho Code Section 67-1076 prior to the statutory deadline of December 1, 2022.

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