

2014

Annual Report



Idaho Falls Redevelopment Agency

EXECUTIVE SUMMARY

In 2014, the Idaho Falls Redevelopment Agency accomplished the following:

- Entered into an agreement with Broadway Ford to reimburse Broadway Ford in the amount of \$250,000 for public improvements in the rights-of-way of Denver Street, Nevada Avenue, and Broadway. The Agency also agreed to issue a quit claim deed for the rights-of-way of Oregon Avenue and Seattle Street to allow the construction of a new showroom and repair shop as well as additional parking area. It was estimated Broadway Ford's improvements will be valued at approximately \$6.8 million.
- Agreed to provide \$390,000 in assistance for the completion of River Gardens, the portion of the Greenbelt located south of Broadway and north of Pancheri Drive, These monies will be used to terrace the Snake River westbank with boulders, install lighting and irrigation, plant trees and shrubs, and improve the pathway north of the sewer trunk line crossing. The monies for this project were generated by the Taylor Crossing development.
- Authorized funding in the amount of \$400,000 to match a grant for improvement of the Greenbelt pathway on the westside of the Snake River between Broadway and John's Hole bridge.
- Approved an eligibility study completed by Kushlan Associates for a potential urban renewal district east of I-15, north of Porter Canal, and south and west of Pancheri Drive.
- At the request of the Mayor and Council, completed the Eagle Ridge Urban Renewal Plan and requested consideration of the plan and its approval by the governing body. In December, 2014, the Mayor and Council approved Ordinance No. 2987 creating the Eagle Ridge urban renewal district. This is the fourth district within Idaho Falls. The assessed value of all four districts is less than 2% of the total assessed value of Idaho Falls.
- Discussed with Taylor Crossing on the River, LLC, tax increment financing to construct Riverwalk Drive south from Simplot Circle to Pancheri Drive as a public street.

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

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 twenty years after its re-establishment, the Agency is charged with implementing four urban renewal plans: Snake River Urban Renewal Plan, River Commons Urban Renewal Plan, Panchari-Yellowstone Urban Renewal Plan, and Eagle Ridge Urban Renewal Plan. These four urban renewal districts encompass 743 acres in central Idaho Falls or approximately 7% of the city.

In the year 2014, the following individuals served on Board of Commissioners:

Lee Radford, Chair
Terri Gazdik, Secretary-Treasurer
Thomas Hally
Linda Martin
Lee Staker
Brent Thompson, Vice-Chair

Ryan Armbruster of Elam and Burke serves as legal counsel to the Agency. Thane Sparks is the treasurer for the Agency, and Renee Magee serves as executive director

Robert Barnes resigned from the Board in December, 2013, after serving thirteen years as chair. Kushlan Associates replaced Harlan Mann as the consultant for the Agency. Mann prepared financial projections for proposed districts since 1988.

THE YEAR 2014

River Commons Urban Renewal District

River Commons Urban Renewal District, a former gravel pit for Monroc, Inc., sits 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 executed 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 Common Urban Renewal Plan (Attachment 5C-1) for this district anticipates \$10,552,602 in assistance to the developers within the district.

In 2013, the Agency entered into an amended agreement with BV Lending, LLC, for an additional \$670,000 in assistance, of which \$170,000 was to be paid to the developer when the buildings to be occupied by Curtiss-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 will pay \$420,000 in cash and execute a note to the developer for \$250,000 at 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 48 new 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. With these two commitments, the remaining assistance envisioned in the 2004 urban renewal plan is approximately \$665,000.

Pancheri-Yellowstone Urban Renewal District

The Pancheri-Yellowstone urban renewal district, with a term of 12 years, was created by the Mayor and Council of Idaho Falls in December, 2007. This area of 33 acres sandwiched between the Snake River and Yellowstone Highway and south of Pancheri Drive includes a former manufacturing facility, a lumber yard, and oil distribution businesses as well as open storage and vacant land. It has no public road system and is served by utilities which do not meet today's standards. In early 2008, the Agency entered into an owner participation agreement with Hotel Developers - Snake River LLC in which the Agency agreed to participate in Greenbelt improvements, utility relocation and trenching, and demolition. In late 2009, the Agency executed notes totaling \$129,289 for such work completed on the site of Candlewood Suites and the adjacent Greenbelt. As of June, 2014, the total incremental value of this district was \$7,668,636, the majority of which was due to the construction and opening of Candlewood Suites by Hotel Developers - Snake River LLC. In December, 2014, the Agency had \$433,000 in cash reserves.

Snake River Urban Renewal District

The Snake River Urban Renewal District is the City's oldest existing urban renewal district. It was created in 1988 and encompassed the area bounded on the north by State Highway 20, I-15 and Utah Avenue south of Broadway on the west, the Snake River on the east and Pancheri Drive on the south. In 1988, the revenue allocation area did not encompass the entire district. In 1992, both the district and revenue allocation area were expanded. The 1992 amended boundary for both was State Highway 20 on the north, I-15 on the west, approximately Pancheri Drive on the south, and the Snake River on the east. In 2006, the area of the district was expanded to include the downtown area west of the Snake River. The district will close on December 31, 2018.

There are two active owner participation agreements within the Snake River Urban Renewal District. Through these agreements, a developer finances the costs of public improvements, generally off-site improvements, for a new development. He is repaid the cost of these public improvements with a portion of the taxes generated by the new development. In lieu of the Agency seeking a bond or a loan to pay for public improvements, the developer finances the costs of these improvements.

The oldest active agreement is with Renaissance Partners, LLP, and was executed in March, 2004. This agreement covers the expenses in relocating and demolishing Tiffany Metals (a salvage yard), United Parcel Service, American Fabrication, and Broadway Properties. Today, Wal-Mart, the Olive Garden, Famous Dave's Barbecue, Fairfield Inn, Wendy's, Arctic Circle, Panda Express, and two retail commercial strip centers occupy this area. The agreement also covered relocating a power line and improving Wardell Street, including the railroad crossing. In December, 2004, the Agency entered into a note with Renaissance Partners for the amount of \$4,042,000.

The second active owner participation agreement is with Taylor Crossing on the River, LLC. This agreement provides for notes to a maximum of \$6,335,204 to improve the Greenbelt from Broadway to Pancheri, construct Riverwalk Drive to connect Broadway to Pancheri east of Porter Canal, relocate ABF, reconstruct Simplot Circle, demolish the former Army Surplus building (where the Marriott Residence Inn now sits), provide the necessary public utilities and remove any rock as necessary for development. To date, Taylor Crossing has entered into two notes with the Agency, both of which have been repaid from a portion of the tax increment generated by the Taylor Crossing development. The first note was for \$600,000 to relocate ABF and the second was \$200,000 to demolish the Army Surplus building. Recent payments to Taylor Crossing for Greenbelt improvements have been made under the agreement and from the tax increment generated to date. The total paid under the agreement through December, 2013, is \$1,517,402.

Taylor Crossing on the River

In 2010, the Agency reimbursed Taylor Crossing \$286,954 for relocation of a portion of the Greenbelt path north of Pancheri Drive bridge. The majority of the reimbursement covered the

costs of removing brush and debris from the area, terracing the bank, and installing stone walls. The Agency committed \$100,000 towards the irrigation system and placement of sod in late 2011. Idaho Falls Division of Parks and Recreation contributed the labor to install the sprinkler system. In 2012, the Parks and Recreation Division completed the irrigation system, installed the sod, and planted many of the trees and shrubs. This work and the payment of \$67,573 to Taylor Crossing for stabilization and installation of an electrical system continued the commitment made by the Agency to improve the Greenbelt north of Pancheri bridge. The Agency reimbursed the City Parks and Recreation Division \$33,959 in 2013 for its work on this portion of the Greenbelt and committed another \$10,000 to move in boulders, plant additional trees, and complete the sod.

In early 2014, the City Division of Parks and Recreation requested \$391,000 to complete the “River Gardens,” the portion of the Greenbelt between Broadway and Pancheri Drive and north of the sewer main crossing. After the Agency approved this request, work began on creating terracing through the installation of boulders, the irrigation system, and plantings. The work should be completed in mid-2015.

In 2011, Woodbury Corporation, a Salt Lake City based commercial real estate company, purchased the majority share of the unfinished Marriott Residence Inn on West Broadway near the Snake River. Woodbury Corporation completed the Marriott Inn in late summer of 2012 and the Certificate of Occupancy was issued in September, 2012. In 2013, the Woodbury Corporation, acting as Bienvendios LLC, with Taylor Crossing, entered into an agreement with the Agency to set aside eighteen parking spaces, including the handicapped spaces, for public use. These spaces are adjacent to the Greenbelt and replica of the Taylor Bridge. Public vehicular and pedestrian access east of the Inn was also secured. For this commitment to public use, the Agency provided \$298,915 to Bienvendios for public improvements and site preparation costs, including storm drainage.

Westbank of Snake River

The City of Idaho Falls applied for a grant to reconstruct the path on the Greenbelt north of Broadway and south of U. S. 20 on the west side of the Snake River in early 2014. The Division of Parks and Recreation requested \$400,000 from the Agency to match the grant. In the fall of 2014, after the grant was approved, the Agency entered into an agreement with the City to design and administer the project.

Downtown Idaho Falls

After investigating the development of a parking structure with a private property owner in early 2010 and later an underground structure with Bonneville County, the Agency decided to construct a public parking lot mid-2010. The Agency acquired the property on the southwest corner of D Street and Park Avenue, demolished the two structures on the property, and financed the construction of a public parking lot on the parcel. In late 2011, the Agency deeded the lot to

the City of Idaho Falls. The Agency also assisted Bonneville County with curb, gutter and sidewalk replacement in connection with the County's construction of a new parking lot north of the Court House.

In 2012, the dream of reconstructing Memorial Drive was realized. From about 1915 until the late 1950's or early 1960's, Memorial Drive had a landscaped median in the center of its eighty foot right-of-way. Due to the need for parking to serve the downtown merchants, the median was removed and parking was placed in the center of the right-of-way. Not only did the parking which backed into traffic pose a safety issue but, by the late 1990's, Memorial Drive was in need of reconstruction. The crown was too high. Curbs and gutters, which move water to storm drains, were missing along much of Memorial Drive. The asphalt was rutting and shoving due to the number of overlays on the street.

During 2009, community leaders, including representatives of the City Council, County Commissioners, and Idaho Falls Downtown Development Corporation met with Pierson Land Works, a landscape architectural firm, to develop concepts for Memorial Drive. In August, the concept accepted by this group of community leaders was the subject of open houses at Community Night Out, Idaho Falls Public Library, and University Place. The comments from these open houses spurred the construction, leasing, and designation of additional long-term parking downtown. A bus turn-out and careful attention to the needs of the disabled in the design of the round-about were addressed in response to comments at these open houses.

In 2010, the Agency contracted with the City of Idaho Falls to design Memorial Drive. The engineering department held additional open houses on a design in November, 2011, and completed the design in early 2012. After the cost estimates were prepared, representatives of the Agency and City met to allocate the costs of Memorial Drive. In the spring of 2012, the Agency and City executed an agreement for construction management and the Agency pledged to spend approximately \$2.7 million to reconstruct Memorial Drive. The construction on Memorial Drive began on July 9, 2012, after the July 4th celebration was held on the Greenbelt in the Memorial Drive area. The project, except for seal-coating, was completed in mid-November, 2012.

Today, Memorial Drive is a two lane street with parking on the east side. All modes of transportation have been recognized in its new design. It was constructed as a sharrow, a lane to be shared by motor vehicles and bicycles. Turn-outs are provided in each direction to accommodate buses. The pedestrian facilities have been improved by signage and narrowing the the intersections to reduce the crossing distance. The lighting on the street matches the downtown lighting, creating a tie into the downtown. Electrical outlets have been provided to accommodate vendors and others using the Greenbelt for community events. As a result of narrowing the paved travel way, the Greenbelt has been widened to provide additional space for community events.

In 2013, the artists' market moved from Snake River Landing to downtown creating a summer

market stretching from the Key Bank parking lot south of Broadway north to the intersection of B Street and Memorial Drive. Although the artists' market no longer holds a market on Memorial Drive, it is hoped other community events will join the arts festival and the Roaring Youth Jam on Memorial Drive during the summer months to fulfill one of the major purposes of the reconstruction. The Agency made its final payment of \$101,732.72 in November, 2013, bringing the Agency's contribution to the reconstruction project, not including the costs for the concept development by Pierson Land Works, to \$2,515,301. This amount includes \$100,000 for the engineering design.

Eagle Ridge Urban Renewal District

In May, 2014, Steven Keim, representative of 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. 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.

SUMMARY OF PROJECTS COMPLETED BY AGENCY, SNAKE RIVER DISTRICT

The following table summarizes the projects and studies completed by the Agency through 2014.

Description of Project	Monies Spent
Lindsay-Utah Avenue (street and utilities)	\$2,111,648
South Utah Avenue (street)	\$687,435
Wardell-Mercury improvements (street and utilities)	\$969,374
John Hole's pedestrian safety improvements	\$90,000
Snake River walkway improvements	\$41,360
South Utah construction and utilities	\$1,194,000
Pancheri-Utah Avenue intersection improvements (1/2 cost)	\$298,000
Relocation of power lines	\$1,388,614
Bridgeport Drive (Milligan Road) and utility improvements	\$395,615
Storm water facilities, landscaping, and demolition	\$297,200
Utility improvements	\$409,473
Days Inn demolition reimbursement	\$293,000
Yellowstone: installation median with trees in downtown	\$235,414
Snake River Parkway (north of Pancheri, south of Wal-Mart)	\$200,455
I-15 entrance welcome sign and landscaping including demolition	\$82,527
Elm/ Yellowstone parking lot contribution, earlier parking studies	\$247,050
Reimbursement to Bonneville County for land on Legion Drive	\$150,000
Concept of Memorial Drive completed by Pierson Land Works	\$20,362
Terracing, landscaping on Snake River, Taylor Crossing	\$418,487
Purchase and completion of public parking lot on D Street	\$1,192,800
Memorial Drive Reconstruction	\$2,515,301
TOTAL PROJECTS	\$13,238,115

The above public improvements were financed by bond proceeds, loans, or cash reserves.

SUMMARY OF ‘INCREMENT VALUE’, IDAHO FALLS URBAN RENEWAL DISTRICTS, JUNE, 2014¹

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

District	Tax Increment, June, 2014
Snake River Amended	\$143,818,890
River Commons	\$54,612,071
Pancheri-Yellowstone	\$7,668,636

LEGAL REQUIREMENTS AND ADDITIONAL DOCUMENTATION

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement is limited to a report through the end of the Agency’s fiscal year.

The Agency reviewed its audited financial statements from Rudd and Company in January, 2015. This report identifies the Agency’s assets, liabilities, income and expenses through September 30, 2014. A copy of the report is attached as an exhibit.

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 legal advertisement in *The Post Register*.
- 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 2015 budget on August 21, 2014. 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 2015, the Agency budget anticipated revenues and expenditures of \$3,178,400 for the Snake River Allocation Fund; River Commons Revenue Allocation Fund, \$1,642,200; and Pancheri-Yellowstone Revenue Allocation Fund, \$5,300. Copies of the budget

¹Information provided by Bonneville County Assessor’s Office and Data Processing.

are available through the Agency's offices or the City Clerk.

GOVERNING STATUTES

Urban renewal agencies and revenue allocation areas are governed by Idaho statutes Chapter 20, Urban Renewal Law, and Chapter 29, Local Economic Development Act, of Title 50, Municipal Corporations. 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. 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.

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. The tax levies are not increased, and 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.