

POST FALLS URBAN RENEWAL AGENCY MINUTES
March 19, 2009

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Chairman Nancy Mabile called the meeting to order at 7:00 AM. Present in addition to Chairman Mabile were Commissioners Larry Carstensen, Jerry Baltzell, David Holloway, Bobbi Rollins, Tim Short and Peter Smith. Contract staff members present were Executive Director Tom Lien and Legal Counsel Pete Bredeson. Commissioner Carstensen led in the pledge of allegiance.

CEREMONIES, APPOINTMENTS and ANNOUNCEMENTS

Mabile asked for any amendments to the agenda and Smith requested to add Item b. under New Business a discussion of House Bill #244. Baltzell seconded. All in favor by voice vote.

CONFLICT DISCLOSURE

None

CONSENT CALENDAR

Mabile asked ED Lien to read through the Consent Calendar. Lien noted that the consent calendar included Commission meeting minutes of February 19, 2009 as edited and corrected.

A new list of payables was distributed, which include invoices received since packet distribution as noted in the margin. The list comprises normal monthly Agency expense items totaling \$7,907.11 plus semi-annual proponent reimbursement checks totaling \$718,762.36. Lien stated that although the payables include proponent reimbursement on Riverbend II, this check will be held until approval from the contract engineer of final invoices. Lien further noted that because the reimbursement amount was significant, the Agency should not wait until the next semi-annual reimbursement period to disburse these funds. Approval also includes the transfer of \$726,669.47 from the General Fund to cover the payables.

The CPA financial statements show the total year-to-date operating expenses at 76% of the five-month year-to-date budget.

The Bank Activity Report shows total balances of bank and state pool accounts of \$4,887,537.68. Lien noted that at the end of the month funds were transferred out of the LGIP account into local bank CD's. Only one of four checks for \$250,000 had cleared the bank but the CD was not shown on the Bank Activity Report. With this amount added, the true cash balance would be \$5,137,537.68. Lien stated that these amounts will be accurately shown on the March financial statements and that Commissioner approval is necessary for transfer of the accrued interest of \$3,471.43 to the General Fund.

The final item on the Consent Calendar comprises the listing of the proponent reimbursements in the total amount of \$718,762.36. The individual proponent reimbursement amounts based on tax increment received was:

Center Point – Greenstone	\$245,084.01
Center Point – Stateline Business Park	\$69,285.46
Expo – Watson Associates	\$143,599.80
Riverbend II – Jacklin Land Co.	\$260,793.09

Chairman Mabile asked for questions on the Consent Calendar. Smith asked Lien for an additional explanation as to why the Riverbend II check would be held. Lien commented that additional invoices were recently received, and they need to be reviewed by the outside engineer prior to reimbursement. The proponent balance is in excess of \$2 million dollars and any adjustment based on invoice review would be minimal relative to the remaining obligation, and will not affect the amount of the current check for proponent reimbursement. Any adjustment will be to the total remaining proponent obligation. Mabile commented to Smith that typically the Agency does not reimburse the proponents until all invoices are reviewed. Smith asked how much the current check represented of the total outstanding invoices and Lien responded approximately 10%. Baltzell asked if the current check includes all invoices under review and Lien affirmed that it does. Hearing no more questions, a motion was made by Baltzell to approve and second by Smith. All in favor by voice vote.

CITIZEN COMMENTS

None

UNFINISHED BUSINESS

Bank CD Final Status

Mabile commented that on February 27, the Agency pulled \$1 million dollars out of the LGIP fund and invested it in the form of CDs into local banks in Post Falls. These included Community 1st Bank, Panhandle State Bank, Inland Northwest Bank and Global Credit Union. The financial institutions were selected based on interest rates and terms. Community 1st Bank has an Annual Percentage Yield of 2.5%, Panhandle State Bank 2.75%, Inland Northwest Bank 2.25% and Global Credit Union 2.75%. The current February month end yield on funds in the LGIP accounts was 0.9027% and the average rate for the four CD's was 2.6%. There were no questions.

Benches for Bus Stops

Mabile commented that at the last meeting Mr. Craig Wilcox made a presentation to the Commission regarding sponsoring a Bus Stop Bench in one of the Urban Renewal Districts. She asked Lien to report on his research and recommendation.

ED Lien reported that Mr. Wilcox indicated a one-time cost of \$600 to sponsor a bus stop bench. Lien visited four possible locations for bus stop benches and reviewed the district plan language. The language is consistently vague in any support of financing a bus stop bench.

Lien commented that in the District locations, one is close to the front entry of a large retail store that should probably be the sponsor at that location. Another is at the front entry of a public facility where existing benches are in close proximity. The other two would require additional site costs to preclude any public safety issues and to secure the benches in place. Most appropriate would be the inclusion of a shelter, landscape, lighting, etc. with the end cost being closer to \$4,500. At this time Lien did not recommend that the Agency sponsor a bench due to the combination of a lack of strong supporting language in the district plans and the location related issues. Mabile ask for any discussion. Baltzell indicated that for public safety and community support, he would not like the benches to be thrown out totally, as he feels it is a valid item for the Agency in meeting the safety and service needs of the community.

Lien commented that the bus stop project was also taken to the City of Coeur d' Alene where it was tabled due to needing approval for locations. If the Agency wanted to pursue this Lien suggested conversation with the City relative to any necessary approval for location and structure placement.

Rollins ask about maintenance for the bench. Lien commented that the actual cost of the bench would be about \$500 and the additional cost up to \$600 would be utilized for maintenance. Rollins questioned if this \$100 difference would be a one-time fee and also asked if Agency funded infrastructure were turned over to the City. Mabile commented that this is not always the case.

Baltzell asked Lien to meet with City staff to see what the requirements would be to place a bus stop bench at a location in the City.

Mabile commented that she is not in favor of funding a bench at a location that would be in the middle of a sidewalk, or will need removal due to a future site improvement and would only take this into consideration if it were a full bus stop facility with a shelter. She would not have a problem revisiting this in the future but is not in favor of it at this time.

Smith commented that as part of an overall infrastructure project he would see this as a worthy cause, but that private entities or individuals should be involved with this more than urban renewal. If this were part of an on-going project as part of putting in streets and sidewalks, it may be an appropriate inclusion but it is not an acceptable expenditure of Agency funds on an isolated project basis at this time.

Annual Audit Report

Holloway reported on the annual audit for the Agency and asked Lien if it was going to be posted on the web site. Lien affirmed that it would be after the meeting. Holloway pointed out the auditor's finding of a statement of condition and the Agency response. He then indicated that a primary change in the audit format was how proponent obligations were reported. Some of them were previously reported as long term debt but were reclassified as a commitment based on receipt of tax increment. This results in having a higher asset total due to taking the long term obligations out of the balance sheet and showing them in the notes as commitments. These are listed in the back of the audit report.

The other issue included eight journal entries that were previously classified incorrectly. These were reviewed by the Finance Committee in detail. Lien commented that he discussed these with the Auditor and found no items that adversely affected the fund balances. In closing, Holloway affirmed that the Agency response centered on improving on-going communications with our outside CPA to reduce the number of journal entries at year-end.

Rollins asked if the long term items will still show in the financial statements. Holloway explained that they are moved to the notes section in the back of the report. Baltzell commented that the Finance Committee members will be meeting with the CPA and Auditor to review the journal entries so that all adjustments are fully understood. Mabile asked for a motion to accept the annual audit. Rollins so moved and Baltzell seconded. All in favor by voice vote.

NEW BUSINESS

Kootenai County Presentation

Mabile commented that she and ED Lien met with staff from Kootenai County Assessor, Auditor and Treasurer Office including Rich Houser, Laurie Thomas and Sandy Martinson regarding calculation

and remittance of tax increment on parcels included in urban renewal districts. Because of the turnover in Agency staff and Commissioners, Mabile had invited the county staff to provide a presentation at this meeting. The issue stems from the Tullamore development in the East Post Falls District wherein the increment revenue from those specific sub-district parcels needs to be extracted from the total of parcels within the District.

Houser discussed the Urban Renewal process as it is handled in the County offices. He provided some maps of the districts within the City and discussed how base tax is calculated at the beginning of a district and how the increment value is calculated through district improvements. The base value plus increment value provides total market value, and other exemptions or adjustments would yield taxable value. Houser explained how to go to the county web site and look up parcels to see what tax districts are included in the parcel taxation and at what levy rate.

Thomas provided some samples of tax notices and identified what the line items covered relative to taxing districts, levy rates, taxable value and total tax bill, including how much is owed to the Urban Renewal District. When the taxes are paid to the assessor's office, they are transferred to the Treasurer's Office for distribution. Martinson explained that they remit funds monthly to the taxing districts and the Agency.

Smith questioned if the tax value and taxes paid on a parcel would be the same if you are within or outside an urban renewal district. Houser and Thomas confirmed that the property value would remain the same but because a large portion of the tax is shifted to the URD, then the tax levy amount could go up slightly on the properties within a district. Baltzell asked for clarification that a property value could go up in a district or in the area just outside a district due to urban renewal improvements and Thomas affirmed that.

Houser further explained that for a proponent to have the property funds specifically set aside, the property would have to be created as a separate urban renewal district for that funding purpose. The current county system will not break out parcels, such as Tullamore, out of an existing district. Houser also confirmed that he had sent to Lien an Excel spreadsheet with a listing of all parcel numbers broken down by each district.

Holloway asked when the base value was established on parcels in an urban renewal district, and Houser responded that the value is frozen as of the date of establishment of the district and at the time of notification from the State. A property that is currently valued with an agricultural exemption would realize an increase up to market value with the formation of the district. Rollins asked if a residential parcel with a homeowner's exemption would affect the tax paid both on the base and the increment and Houser affirmed that to be true.

HB #244

Mabile opened the discussion with an explanation of the proposed House Bill that affects Urban Renewal Agencies. The Bill provides the State Tax Commission the authority to check submittals for proposed or expanded urban renewal districts for compliance with Idaho Code; it mandates that the base assessment rolls do not exceed 10% of the current assessed valuation; it limits the life span of an expanded area to the existing 24 year limit; and it also requires that any taxing district will have to approve the creation or expansion of the district by resolution of the board of the taxing district. The Association of Idaho Cities issued a statement opposing this bill and ED Lien has submitted a letter opposing this bill to the committee and has copied legislators.

Mabile opened the topic to discussion and asked City Administrator Keck to comment. Smith asked for clarification that taxing districts currently are notified of new District formation but do not have approval authority. Mabile confirmed this and Keck commented also to the affirmative. Keck commented on his past experience in other states, where Urban Renewal Districts were not approved due to the voting authority given to various taxing districts. Most taxing districts looked at the process as losing their money rather than using the Urban Renewal process as an economic tool to foster economic development and jobs creation.

Keck suggested that the local communities communicate to the legislator that it is the community's responsibility to have strict development budgets and time lines to control the urban renewal process. Keck also reiterated that the bill will significantly harm the only economic development tool that is left at the local level.

Mabile offered continued status updates of the process of the bill going through the House and Senate, and that it would be a quick process. Short asked why this bill is coming up now and Baltzell commented that it may be from some of the negative media coming from the activities of other urban renewal agencies. Smith commented that he is not aware of any specifics driving the bill and that the Post Falls Urban Renewal Agency is exercising a very strong level of accountability and performance.

Keck agreed with Smith in that the individuals proposing the bill are from North Idaho and from a district where another Urban Renewal Agency is operating in a manner that is being highly criticized. He concluded that the legislature and local municipal bodies should address the specific issues with the agencies involved and to not penalize all agencies by passing this type of legislation. Rollins commented that municipal budgeting and funding opportunity is based more on short term revenue availability rather than Urban Renewal Agency revenue from tax revenue financing which is more of a long term financing resource and is more conducive to community development. Keck further indicated that the development and funding work accomplished by the Urban Renewal Agency is so very important partly because cities cannot bind future budgets and councils by approving project financing on a long term basis.

Smith asked in the form of a motion for Lien to draft a letter of opposition to HB#244 to send to the legislators. Mabile acknowledged and Short seconded. All in favor by voice vote.

STAFF REPORT

Lien noted that he received a request for public records from attorney Susan Weeks with James, Vernon & Weeks asking for copies of documents related to Riverbend Urban Renewal District. The information requested was on the base value of the District, incremental value and distribution. This request was fulfilled March 4, 2009.

Also on March 4, Lien attended a meeting of the Chamber Transportation Committee. Don Davis from ITD attended and advised they are still waiting on the EIS which now may be completed by June, with a Record of Decision by October. The ITD determined that this project is not approved for stimulus funding. Additionally, Mr. Davis said that the Beck Road I-90 interchange project is also waiting for the EIS and the traffic study being completed by Spokane Regional Transit Council (SRTC). There was no indication as to when those studies would be finished.

As was mentioned earlier, Lien has had two meetings with the Kootenai County Assessors office regarding calculation of increment and how to allocate it to sub-districts. This is going to be a continuing dialogue. The County will continue its discussion with the Agency in trying to separate the increment in the East Post Falls North sub-district from the rest of the East Post Falls District.

Because the parcel remittance could include past year taxes, penalties and interest, it is very difficult to project increment based only on value and levy rate.

Short asked for the purpose behind deriving this specific revenue information and Lien responded that when the OPA was approved it was on the basis of revenue generated from the parcels in the Tullamore development being provided specifically to the developer in that district. Now however, the Agency is finding that the County cannot separate those parcel specific revenues from the total District revenues. Smith suggested that from a policy standpoint going forward, a new district should be formed and not a sub-district. Lien agreed with that statement.

There was further question on when the sub-districts were created and Mabile responded that they were created prior to any of the current Commissioners coming on board. The East Post Falls plan was amended in 2006 and now at 2009 there should be revenue stemming from those parcels, so the district evaluation of parcels and revenue is more important. Smith asked if it would be difficult at this time to make Tullamore a separate district and Mabile confirmed that it would be very time consuming, and that it may be more workable to sit down with Tullamore, the Agency and the City and negotiate a percentage split of increment revenue based on total acreage, as was done in the Center Point District. Baltzell asked and Mabile responded that Lien would be setting up a meeting in April with Vision First and the City to talk about this approach.

COMMITTEE UPDATES

Finance and Policy Committee – None

District Review – None

City Center – Carstensen stated that the 3-on-3 Committee met and had a very productive meeting. The Committee will be meeting in another 30 days to discuss the list of projects as it has been narrowed down and will be making a recommendation to Committee and Council for specific projects to initiate. Rollins indicated that it has definitely been a win-win situation working with the 3-on-3 Committee and it has created a good working relationship between the City and Agency. Carstensen commented that the City Council members of the Committee indicated that the Committee is making very good progress and they have enjoyed the steps that are being taken in the selection process.

Personnel Property and Communications – Smith stated that the Committee will be meeting in the next few weeks to go over some of the items covered in the last meeting, such as review of the Executive Director performance to date.

COMMISSIONER COMMENTS

Smith noted that based on the presentation and comments from the County staff and Keck from the City regarding the underlying taxing districts and HB#244, there are some other Urban Renewal Agencies that have really large districts that can expand and contract and use monies here and there. The Post Falls Urban Renewal Agency needs to continue it's focus on what the goal is, which is to create specific districts for specific purposes, i.e., determine what the project is, get it done and get out. If the Agency can continue that model, a strong example can be set as to how the Urban Renewal process should be conducted.

Baltzell also commented that the Agency web site is much more professional and geared more to what should be done than other Agency web sites he has looked at.

CHAIRMAN COMMENTS

Mabile noted that on Tuesday March 17, Lien provided the annual report presentation to the City Council and it was very well presented. However, she clarified that there were many partners that provided funding for the fountains. The Agency only funded a portion of this cost on the south side fountain and none on the north side.

Mabile also recognized ED Lien as having performed a very good job in the four months he has been here, with accomplishing a number of financial and presentation tasks, proponent reimbursements on time and bringing the bookkeeping up to date.

ADJOURNMENT

Hearing no further business, Commissioner Short moved to adjourn, seconded by Rollins. All in favor by voice vote. Meeting adjourned at 8:21 AM.

Respectfully submitted,



Thomas Lien, Executive Director



Nancy Mabile, Chairman

Districts Affected: Center Point – Greenstone
 Center Point – Stateline Business Park
 Expo – Watson Associates
 Riverbend II – Jacklin Land Co.
 East Post Falls North - Tullamore