

POST FALLS URBAN RENEWAL AGENCY MINUTES
May 21, 2009

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

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

CEREMONIES, APPOINTMENTS and ANNOUNCEMENTS

Rollins asked for any amendments to the Agenda. There were none.

CONFLICT DISCLOSURE

None

CONSENT CALENDAR

Rollins asked ED Lien to read through the Consent Calendar.

Lien noted that the consent calendar included the minutes from the April 16, 2009 Commission meeting as edited and corrected.

A new list of Payables was provided at the meeting, as there were two items added as marked in the left margin. Lien noted that the payables include three invoices for legal, one being Wetzel for the first portion of April, one from Bredeson for the second half of April and one from Bredeson for May.

The CPA financial statements as of April 30 indicate a low level of increment revenue which is normal for this time of year, and normal operating expenses with nothing extraordinary. Year to date, operating expenses are at 71.2% of annual budget.

The next item was the Bank Activity Report. The LGIP and bank rates seem to have bottomed out and have stayed at .732% LGIP, .6% INB Money Market and .45% INB Checking. The average rate for the four CD's is 2.56%. Commissioner approval of the consent calendar will approve transfer of \$2,141.54 accrued interest to the General Fund, and approval of paying the total of \$10,832.44 in payables.

The last item on the consent calendar was approval of a new Legal Counsel Contract for Services. This contract provides for a continuation of legal services from Mr. Bredeson who has left Wetzel, Wetzel, Holt and Bredeson and formed his own office of Bredeson Law Group.

Lien offered to take any questions. Holloway pointed out that on page 6 and page 8 of the financials, there is a note referring to administration fees of \$23,000 on page 6 and \$0.0 on page 8, and asked if all admin fees have been collected for the year. Lien stated that the admin fees are taken out of increment revenue as received and that he had scheduled a meeting with the CPA

to clarify some of the questions in the financials and that meeting had been postponed. Another meeting date has been set.

Hearing no further questions, a motion was made by Baltzell and seconded by Short to approve the consent calendar. Roll Call vote: Carstensen – Aye, Baltzell – Aye, Holloway – Aye, Rollins – Aye, Short – Aye, Smith – Aye. Motion passed.

CITIZEN COMMENTS

None

UNFINISHED BUSINESS

None

NEW BUSINESS

Mayor Clay Larkin Presentation – Greensferry Interchange

Larkin acknowledged Commission members and staff and thanked them for the opportunity to provide information on the Greensferry Interchange, stating that the City and Agency are partners in this very important project. His topic was a request for Agency help with the Greensferry project. Larkin has been working on the Greensferry project with the City for fourteen years and feels that they are closer today than fourteen years ago. He spoke of the amount of \$20 million dollars as a top cost for constructing a full-fledged interchange at Greensferry. He commented on percentages such as our being the local jurisdiction and being required by Federal Highway Administration to provide 7.34% local match to acquire funding. This match percentage may be subject to change to an amount of up to 30%, and Larkin stated that most jurisdictions would not be able to provide that much in matching funds. The city is hoping the 7.34% will stay. On a \$20 million project, the match would be about \$1.5 million dollars.

Larkin also commented that the Idaho Department of Transportation established a new ranking system of projects, including short-term, mid-term and long-term as viable for construction. Greensferry, which was a work in progress, was moved out to mid-term which was 11 to 15 years. Larkin and city administrator Eric Keck met with Scott Stokes, Regional District Engineer and asked how to maintain the prior status. Stokes response was to ask if the City could pay \$350,000 into the project to fund the Ch2MHill work on the Environmental Impact Statement as part of the Record of Decision. The City opted to fund this portion and it was determined that the money could be considered part of the required match. ITD also approved continuing the project. The EIS is due in June and the Record of Decision is due in November or December. You do not get to the next level in the construction and funding process or on the "STIP" (State Transportation Improvement Plan) until the Record of Decision is granted, and additional supporting activity is completed.

An explanation was provided as to the significance of utilization of GARVEE funds on highway projects. GARVEE is an acronym for Grant Anticipated Revenue Vehicle (debt financing instruments for state highways). These projects are on the STIP and as they are completed, other projects that are below them move up on the ladder for funding. Two examples given were completion of Hwy 95 down to Worley and a two mile stretch from Garwood to the Ohio Match Road. The City wants to get Greensferry on the bottom rung of the STIP but that will require preliminary design being completed. With this done, the project is "on the shelf" and ready to go when funding becomes available.

The City has met with ITD to ask for a number to take the Greensferry project to preliminary design which includes grades and elevations. This needs to be done prior to final design and it will require financial assistance from the East Post Falls District, as the primary purpose of that District was funding of transportation needs in East Post Falls. Larkin asked for a commitment of \$500,000 through an MOU between the City, Agency and ITD to take the project through preliminary design. The preliminary design would be completed about the same time that the Record of Decision is finished. At that time, further information would be available as to what projects have been completed and where the City would be on the STIP. At that point, the City would be ready to go to final design.

Larkin indicated that the \$1.5 million would be made up of the City's initial \$350,000, the Agency's \$500,000 and then the final design should not exceed the balance of \$650,000. ITD has also indicated that all of the money provided would go to local match. The positive part of this request is that ITD may have some funds left over, up to \$150,000 or \$200,000 from a local highway project that could be used as part of this match. Although the City is asking for an amount not to exceed \$500,000, an amount less than that may be the current requirement. Larkin will continue to meet with ITD to acquire some of this additional funding. The funds made available from the Agency would not be required to be expensed until this fall.

With that, Larkin finished and Rollins asked for questions. Baltzell asked if there were areas of the project that would be outside of the District boundary, and can we fund portions of the total project if some of the project is outside the boundary. Lien noted that the west boundary of the District is the west boundary of the Greensferry road right-of-way. Funding would be OK because if there were other funds provided by either the City's earlier \$350,000 or additional ITD funding as available, then those funds could apply to the portion outside of the District boundary on a percentage basis. Holloway asked if there was any sort of time-frame that the project would be on the list or once you are on the list, could the project get shelved and not completed. Larkin responded that as projects are built, they are one-time projects and then they are done, allowing other projects to move up in the funding cycle. Larkin could not guarantee when the project would be built, but they would not be considered for funding unless the phases including preliminary design are funded and completed. He also indicated that there would be another \$500,000 to \$650,000 later for final design. Baltzell supported the Larkin comment that based on his experience, you have to have all the design phases completed and the project ready on the shelf if funding is made available. Holloway asked if the \$500,000 request would get the project shelf-ready or would another amount be necessary for final design. Larkin affirmed that another amount for final design would indeed be necessary.

Short asked if there was any guarantee that the money that has been paid in and that will be paid in will be a part of the match. Larkin indicated that all the meetings and input shows that the funds would indeed be a part of the match, although there is no written guarantee on hand.

Smith asked about the layout of the interchange and Larkin explained this. Lien was asked if he would provide a visual of the Alternative #7 for the interchange and he affirmed that he would as taken from the preliminary EIS which is on a CD. Smith also asked if the preliminary design is completed and the Record of Decision is made, then will we need to go right into final design. Larkin commented that a decision on that will be made when both the preliminary design and Record of Decision are complete, but he feels that it would be appropriate to go directly to final design so that the city is on record with a completed design ready to be funded. Smith asked what is the shelf life for the plans and Larkin stated that 5 years is normal per comment from ITD.

If the plan exceeds that time frame it can be refreshed for a minimum cost to continue the readiness for funding. Smith asked if the project could be built within 5 years. Larkin indicated that Sandy Seright and Rob Elder, local businessmen have worked on this project for several years. About 62% of Post Falls residents live in this area and would be affected by this project from a transportation and life safety standpoint. Smith also inquired as to the Interchange project being a valid project within the approved District Plan. The primary intent of the District is transportation and the Interchange is a specifically stated project within the District.

Regarding right-of-way, in answer to Smith, Larkin stated that there would be some right-of-way acquisition required but it is not considered to be extensive or problematic. Smith thanked the Mayor and indicated that this project appears to fit squarely within the Urban Renewal Mission. He indicated that we do not want to wait another fourteen years - we want to try to do all we can to make this happen. Rollins expressed a possible concern relative to working with ITD staff, establishing a good rapport with them and then having them leave their position. Larkin assured that the ITD senior staff member that moved from Coeur d' Alene to Boise is still a person he works extensively with and we have not lost anything. The City always maintains excellent relations with outside agency contacts.

Larkin also did not have any concern for adverse impact from the Beck Road interchange. The two interchanges serve two different segments of the community for different purposes. Baltzell stated that the Greensferry Interchange would provide good commercial growth opportunities in increased traffic flow in the area it would serve. Larkin affirmed that based on a traffic safety survey, there would be much improvement in reducing the current and forecast future traffic load on Highway 41. Rollins also asked what would happen if the project does not happen. Larkin stated that the City would be out \$350,000 and the agency \$500,000 for preliminary design and whatever is funded for final design, but we would have a project with completed design on the shelf. He strongly stated that the project will get built.

Holloway then asked to clarify that the true total requested from the Agency would be \$500,000 for preliminary plus another \$650,000 for a total of \$1,150,000, not just \$500,000 currently being requested. Smith asked if the match was a federal requirement or state and Larkin responded that it was federal. He also asked if the Mayor was looking for a commitment of \$500,000 at this time or at a future time. Larkin said that he needed the commitment now so that he could get on the phone with the state to further the process.

For clarification, Lien asked if Ch2MHill would be providing work product and then billing the City, and then the City would in turn bill the agency or would the Agency provide funding in one lump sum and to whom. Larkin indicated that the payment from the Agency would be a future lump sum payment. The payment would be made when invoiced from ITD.

Baltzell then made a motion for the Agency to provide a commitment to the City to fund an amount up to \$500,000 for preliminary design on the Greensferry project. Second by Carstenson. In further discussion, Rollins asked what the process would be, i.e., if there would be an MOU between the City and the Agency, and that she understood that we would have an MOU before a commitment. Lien indicated that he felt there would be a tri-partite agreement between the City, Agency and ITD. There was discussion on which should come first, the commitment or the MOU and it was determined to provide the commitment first and work on a MOU for approval by the Agency and City to govern distribution of the committed funds. Holloway asked if the commitment shouldn't be for the \$1,150,000 and not just \$500,000, because that is what will eventually be necessary. He suggested that the commitment should be in the total amount. The Mayor affirmed

that after the \$500,000, he would be back for the balance of funding necessary up to \$1,150,000 to complete total project design. An MOU with ITD and signed by both the City and Agency would be appropriate and acceptable. Larkin said that the city would ask for \$500,000 now with the intent to negotiate the final design cost later and then ask the Agency to fund that amount. Baltzell asked what the long term impact on the district would be if the full commitment were made and Short indicated that the Agency would be hard pressed to get greater benefit but thinks that preliminary commitment would be more appropriate right now and then the City and Agency can look at full final funding later because additional sources of funding may come up by the later date. Following additional discussion, it was determined that the commitment up to \$500,000 could be made without a MOU because funds would not be transferred without an MOU. A voice vote was asked for and all approved.

District Reserve Policy

In our Agency Policy binder, Lien noted that there are some policies that cover the same topic but are in conflict with each other, and there are also some in different formats. He has done some research and written a standardized policy statement format that was also included in the packets. All existing Agency policies will be re-written using this standard format. Those that combine duplicate policies will be brought to Finance and Policy Committee then Commission for review and approval as necessary. In the packet for approval action is a re-written policy statement that addresses two prior District-Specific Reserve Account policies. The language repeals the prior policies. One of the policies was written April 2005 and spoke to providing improvements on projects within a district. The second policy dated May 19, 2005 added some language that provided for future liability issues associated with district improvements, including repairs which will require additional funding and also the additional agency initiated improvements within the district.

In any event, the one policy provides for more discretionary project funding and the other adds retainage type of language for funding liability type issues if they arise through the course of the district. The language on the second policy indicated that the funds would be held for up to three years after the close of the project. Depending on the completion of the project relative to the lifeline of the project, the Agency could hold district reserve funds for quite awhile before returning funds to a taxing district. This also conflicts with Idaho State Code relative to retainage, in that any retainage held should be remitted back to the contractor within 30 days after completion of the project. If discretionary additional improvements are funded in a district and then later, a liability or repair issue arises, there may not be reserve funds available to take care of the request. Lien indicated that he did not feel the Agency should assume any financial liability for performance issues that relate to public infrastructure that is deeded over to the City after the City inspects and accepts the work from the contractor. The funds should more appropriately go towards discretionary projects or additions to the district, and then returned to the taxing districts when the district is closed.

Rollins asked if the format drafted for standardizing the policies needed to be adopted and Lien indicated that it did not. She also stated that when all the policies were rewritten under the new format, if that in any way changed the policy, would it be brought back to Commission for review and approval. Lien affirmed the plan was to do so. Smith asked where the 3% Reserve came from and Holloway responded that it initially was set up to protect the Agency in taking care of project issues that required funding to fix items, like a burst water pipe. However, based on Lien's research, if the Agency is looking at this as a form of retainage, it would have to return the funds to the proponent within 30 days of completion of the project. Due to that Holloway questioned

why the Agency would even carry a reserve amount, other than use for discretionary project funding, in which case the account needn't be called a reserve. Rather, it could be called an enhancement account.

Baltzell observed that the policy statement refers to the purpose as funding improvements or enhancements and it does have language that is different than Idaho Code. Smith commented that the reserve fund could be used, as an example, if a developer left a project in an unfinished state. The funds could be put toward tying up loose ends and securing the site until a new entity could be contracted with to finish the project. Lien also indicated that the City Center and East Post Falls Districts operate without a proponent like the other districts and the Agency should consider that when setting up how much reserve funds should be set aside and the purpose for what they would be used.

Rollins questioned whether the Agency needs to maintain a District Reserve at all. Lien stated that in the two non-proponent districts, there is increment funding coming in that could be used as well for discretionary projects without looking to a reserve account. At the same time, if there is a district in which the Agency would like to pursue a project that is not in the proponent's scope of work, the district funds could be utilized for that discretionary enhancement project. Smith then asked how the district plan or OPA addresses the 3% reserve, if at all. Lien stated that he would have to review the plans individually to ascertain that. Smith also asked if the OPA addresses setting up a reserve and if the proponents were aware of it. Again, Lien indicated he would have to review each of the plans and OPA's. Short commented that as long as we have on-going increment coming in there should be no need to withhold reserves for special projects. Baltzell commented that the policy up for discussion may not need any action at this time. Rollins asked for a motion and none was made.

Lien commented that based on other comments coming from this meeting, he would like to provide for some further research and then take the policy back to the Finance and Policy Committee. He questioned whether there may be a real need for the policy at all, or holding the district reserve balances. Rollins agreed it should go back to committee.

STAFF REPORT

Lien indicated that the only item he had was the need to confirm a date for the strategic planning session for the Agency. This needs to happen prior to completing fiscal 2010 budget work due to potential impacts to budgeting. A tentative calendar of dates for planning session, budget workshops and public hearing was sent out recently. The planning session most acceptable to all members was Saturday July 11 from 9:00am to 4:00pm. Because the whole Commission will be attending, the meeting will require a public notice. Lien said he is looking at the Post Falls public library as a meeting place, and an agenda and tentative program are already drafted. Lien asked for confirmation on that date from the members so that further plans and commitments can be made for the space availability and personal schedules. He indicated that the last strategic planning session was held in November 2007 and there is a lot of information to cover, especially with three new commission members.

Some outside facilitators have been contacted regarding cost and availability, and it was felt that using the base information where it was left off from the last planning session and not using a facilitator would be most beneficial at this time. The current proposed cost ranged from \$1,200 to \$3,000. It may be appropriate to have a facilitated planning session next spring. It's been so long, and now with new Commissioners, Lien stated he was going to bring all the information from

the prior planning session, put it into an agenda format, and reconvene if you will, to go forward with a better understanding of what has been accomplished and what has not been done. We need to know where we are today, where we are going, and why we're going there. These three questions need to be considered and answered. Rather than spending a lot of time and money on creating new or the same thoughts, take what has been done and go forward with that.

Rollins ask for any questions and commented that an earlier start time may be good. It was discussed and determined that we would start at 7:00am and go until 2:00pm. Lien will provide for public notices.

COMMITTEE UPDATES

Finance and Policy Committee – None

District Review

Rollins commented that the Expo District Review is included in the packet and the District Review Committee of Rollins, Carstenson and Short did a very good job on the report. Rollins asked that the members note any items to have further discussion on at the next meeting. The district is doing much better on tax value compared to original projections, and is very close to projections at this time on increment revenue. ED Lien found as pointed out in the findings, that the Pleasantview overpass is not really in the Expo District and we may need to do additional research as to why it was included. There is not much for action items that need attention at this time. The developer needs to continue working on getting the parcels sold. Short commented that the original projection of increment was based on a flat line 3% per year increase which was too little originally and now the increment received is much greater than projections. Initial increment was much less than projected but after bringing in development, the current rate of increment receipts is greater than projected. Short felt that the district has a great deal of potential for growth based on recent developments and what is on the horizon.

Holloway was very complimentary of the report and content. He questioned the "paid" column in the financial section and asked for clarification as to what these amounts comprise. Lien stated that the paid amounts demonstrated value of completed work, not the amount of funds that have been paid to the proponent. Rollins asked if there would be adequate increment to pay out the amounts expended by the proponent and Lien affirmed that there should be complete reimbursement as currently projected by the end of the district. Holloway asked if future reports could be stated somewhat different in that area. Rollins thanked Holloway for his complimentary comments and stated that the committee was striving for good content with accurate information and in a format that is easily read.

Smith asked why the assessed value projected for 2008 was so much less than actual, and why the tax increment received was so much lower than what it appears that it should be. Short indicated that this is due to the way increment and values were projected, in that increment did not start coming in until two years after the projections showed. Smith observed that it appears that the proponent should be easily paid out within the life of the district based on the information presented. Short also commented that assessed values would be less this year but the additional development may offset that, so that total increment next year may not be adversely affected.

City Center – None

Personnel Property and Communications – None

COMMISSIONER COMMENTS

None


CHAIRMAN COMMENTS

None

ADJOURNMENT

Hearing no further business, Holloway moved to adjourn, seconded by Short. All in favor by voice vote. Meeting adjourned at 8:48 am.

Respectfully submitted,



Thomas Lien, Executive Director



Bobbi Rollins, Vice-Chairman

Districts Affected:
Expo