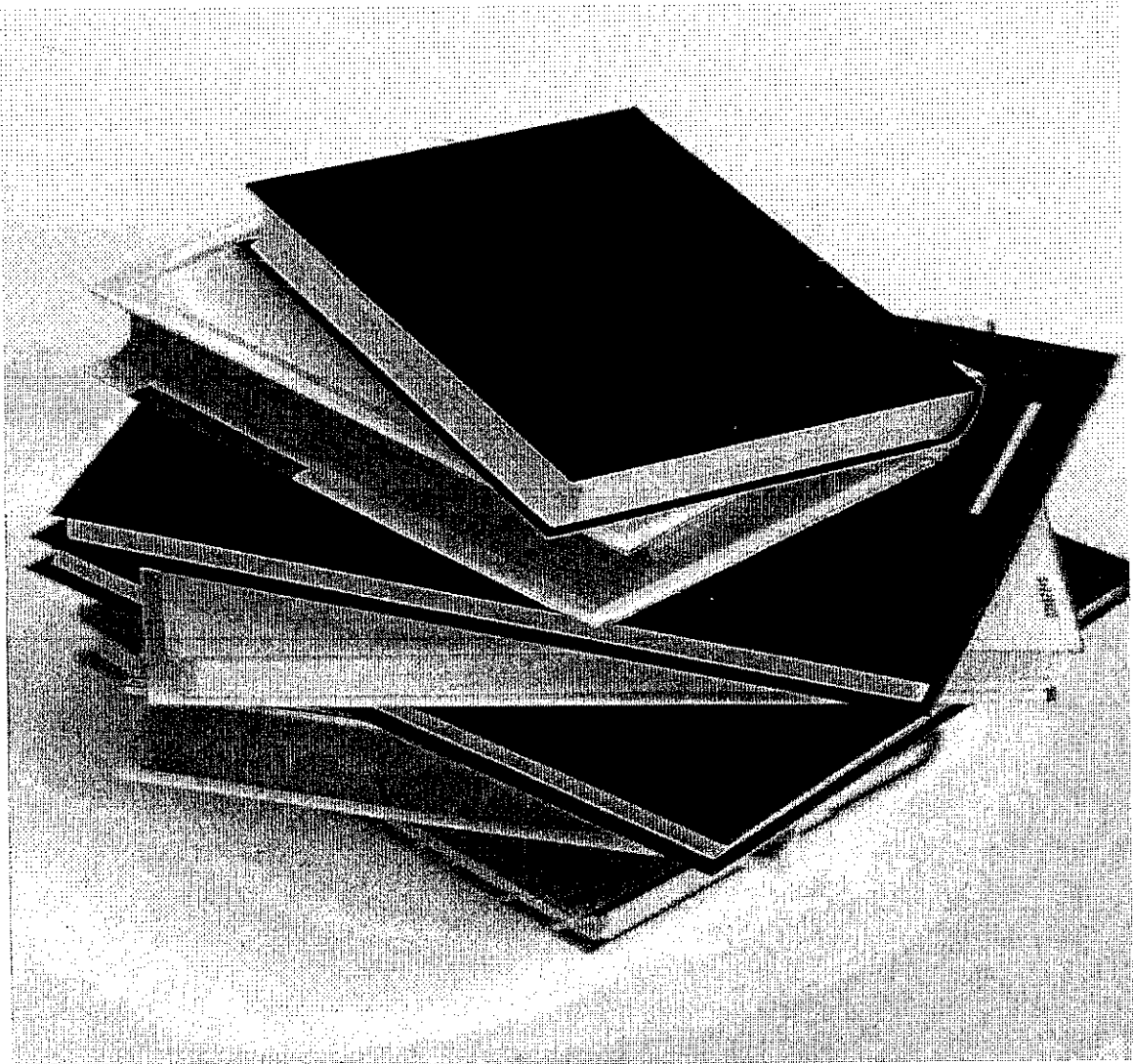


APPENDIX B

TAX ALLOCATION FEASIBILITY STUDY

Stateline Business Park



**THE CITY OF POST FALLS
STATELINE BUSINESS PARK TAX INCREMENT FINANCING
FEASIBILITY STUDY**

**Business Planning Consultants, Inc.
(425) 785-0444**

March 2005

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**THE CITY OF POST FALLS
STATELINE BUSINESS PARK TAX INCREMENT FINANCING
FEASIBILITY STUDY**

INTRODUCTION

The Stateline Business Park is a development within the City of Post Falls that has the potential of providing significant business development activities if the proper infrastructure can be built. The 48+ acre development area is zoned for industrial development and will support both commercial and industrial uses. This report evaluates the existing status of this area and estimates the possible revenue generation capability of the area if the Tax Increment Financing district is approved and implemented. The financial benefit to taxing districts and taxpayers is demonstrated and measured.

The reimbursement method of determining feasibility has been used. The Urban Renewal Board prefers this approach because it demonstrates how much investment in the newly formed district is necessary to pay for the scheduled improvements. If the developer chooses, the cost of the infrastructure can be paid for by the developer and later reimbursed when the investment in the district is sufficient to service the bond's debt.

FINDINGS AND CONCLUSIONS

Public improvements scheduled for the Stateline Business Park include roads, water, sewer and drainage. The cost of these improvements is \$666,869.15.

To pay for these improvements using Tax Increment Financing, it is necessary to have investment in the Urban Renewal Area. Bonds can be sold with varying terms with the minimum term of seven years. Long terms are possible but the shorter terms are preferred. The following table demonstrates the amount of investment required in the Stateline Business Park Urban Renewal Area to service the bonds.

**TABLE 1
INVESTMENT REQUIREMENTS FOR SERVICING THE BONDS**

Bond Term	Annual Pmt.	Investment Required
7-Year Bond	119,460	6,393,441
10-Year Bond	90,606	4,849,212
15-Year Bond	68,663	3,674,805
20-Year Bond	58,141	3,111,671

Source: Business Planning Consultants, Inc.

The taxing districts currently collect about \$626 per year in revenue. However, an exemption is on the property and will be discontinued when the property is developed. This will raise the revenue to \$2,659. This tax revenue to the districts will be "frozen" during the term of the bonds (except for the school district). Then, when the bonds have been paid, the full amount of tax revenue will be paid to the districts. The following table shows the tax revenue due to each district before and after the retirement of the bonds.

TABLE 2
TAXING DISTRICT REVENUES BEFORE AND AFTER BOND RETIREMENT
 (\$)

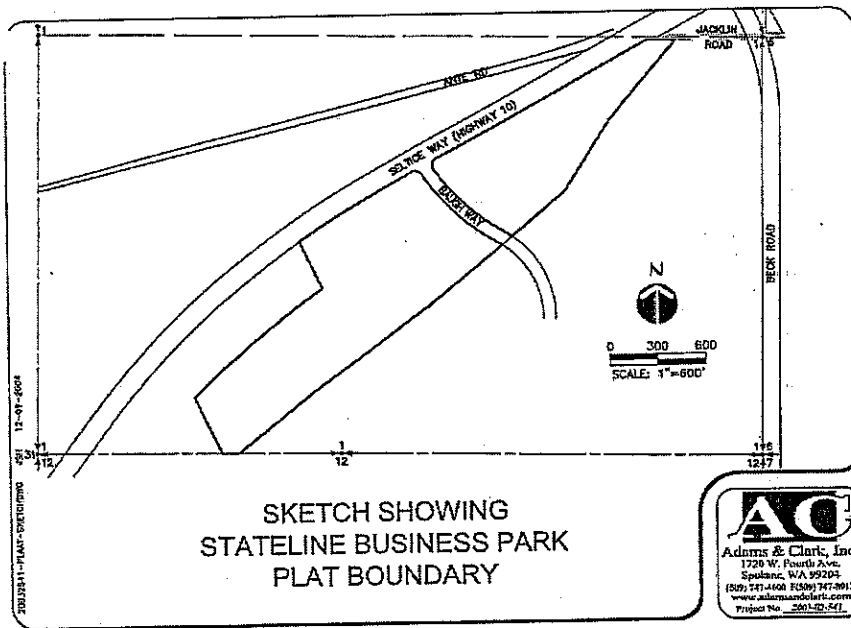
	City of Post Falls	School District 273	Highway District #1	NIC	Kootenai County	Kootenai County EMS	Kootenai County Fire District #1
Before	179	210	19	25	117	6	69
After	34,184	40,124	119,460	4,733	22,268	1,054	13,146

Source: Business Planning Consultants

THE STATELINE BUSINESS PARK URBAN RENEWAL AREA BOUNDARY

Seltice Way bounds the Stataline Business Park Urban Renewal District on the north. It is located east of Bough Road and stretches almost to Beck Road. The following figure shows this boundary.

FIGURE 1
STATELINE BUSINESS PARK URBAN RENEWAL AREA



Adams and Clark, Inc.

Source:

EXISTING LAND USES

Land within the proposed district is vacant. However, it is within the Disadvantaged Border Communities area and is therefore eligible for Tax Increment Financing.

VALUATION OF THE URBAN RENEWAL AREA

The Urban Renewal Area has a total of 48.187 acres in 25 parcels and an assessed value of \$33,484 in 2004. There is an exemption on the property of \$108,812 that brings the total assessed value to \$142,296.

BASELINE ECONOMIC PROJECTION

The baseline economic projection seeks to use current trends and rates of growth as a method of determining growth if the Urban Renewal District was not formed. However, for the Stateline Business Park, no growth will occur without the necessary infrastructure to support development. Small incremental growth is not likely without a significant investment in public services. The following paragraphs describe major assumptions used in this projection.

PROJECTION ASSUMPTIONS

GROWTH RATES

Average population growth rates have been 5.6% for Kootenai County and 13.5% for Post Falls during the last decade. Post Falls grew from a population of 7,439 in 1990 to 17,247 in 2000. Since some of that growth has been due to annexations, a conservative actual growth rate for Post Falls is 6%.

INFLATION RATE

The current rate of inflation (Consumer Price Index) in the United States is about 2.4%. The core CPI (which does not include volatile food and energy components) is 1.9%. This rate will be used in this projection.

LEVY RATES

Levy rates change each year but usually only by a very small amount. We will assume the levy rate will remain constant during the projection period. See Table 3.

BASELINE TAX GENERATION

The baseline tax is the amount of tax revenue generated by the current levy rates and the current assessed value of property within the Stateline Business Park Urban Renewal Area. Future tax revenue is projected using the baseline economic projection assumptions. Tax revenue within the current Urban Renewal District is about \$502 per year. When the exemption is eliminated, this amount will increase to \$2,134. This is based on the current assessment rate of .018684715. The following is the assessment rate by taxing district.

TABLE 3
LEVY RATES BY TAXING DISTRICT

Consolidated Free Library	0.000050828
City of Post Falls	0.005346722
School District 273	0.006275807
Highway District #1	0.000567121
NIC	0.000740250
Kootenai County	0.003482997
Kootenai County EMS	0.000164897
Kootenai County Fire District #1	0.002056093
Total	0.018684715

Without investment in the Stateline Business Park, revenues will continue to be very limited. The following table shows the projected revenue that will be derived from the Urban Renewal area.

**TABLE 4
BASELINE TAX GENERATION PROJECTION**

	Annual	Cumulative
2005	626	626
2006	2,659	3,284
2007	2,659	5,943
2008	2,659	8,602
2009	2,659	11,261
2010	2,659	13,919
2011	2,659	16,578
2012	2,659	19,237
2013	2,659	21,896
2014	2,659	24,554
2015	2,659	27,213
2016	2,659	29,872
2017	2,659	32,531
2018	2,659	35,190
2019	2,659	37,848
2020	2,659	40,507
2021	2,659	43,166
2022	2,659	45,825
2023	2,659	48,483
2024	2,659	51,142
2025	2,659	53,801
2026	2,659	56,460
2027	2,659	59,118
2028	2,659	61,777
2029	2,659	64,436
2030	2,659	67,095

Source: Business Planning Consultants

The current investment in the district boundary yields a very small amount of tax. At \$2,659 per year, the cumulative tax revenue is only \$67,095 in 25 years. The primary purpose of the Urban Renewal Area designation is to encourage new and higher value development to occur within the area. Therefore, our next analysis will review various land use scenarios and measure the implication those scenarios have on investment in the area and the taxes those investments will generate.

FUTURE LAND USE SCENARIO

Investment in the Stateline Business Park will alter growth. For this analysis, we will assume that investment will equal the amount required to retire the bonds in seven years. This investment is \$6,393,441. Investment will take the form of predominantly industrial development with some commercial support businesses.

PROJECTED TAX INCREMENT FINANCING REVENUES

Using the assumption that the investment requirement for servicing the bonds will be obtained in three years, the following table shows the amount revenue available to pay for the bonds.

TABLE 5
TAX INCREMENT REVENUE FROM GROWTH SCENARIOS

URD Area Only Increment Revenues		
	Annual	Cumulative Revenue
2005-		-
2006	56,054	56,054
2007	56,054	112,108
2008	112,108	224,217
2009	119,470	343,687
2010	119,470	463,157
2011	119,470	582,627
2012	119,470	702,097
2013	119,470	821,567
2014	119,470	941,037
2015	119,470	1,060,507
2016	119,470	1,179,977
2017	119,470	1,299,447
2018	119,470	1,418,917
2019	119,470	1,538,387

Source: Business Planning Consultants

CONCLUSIONS AND RECOMMENDATIONS

The use of Tax Increment Financing for the Stateline Business Park is feasible. When investment in the Stateline Business Park Urban Renewal Area reaches \$6,393,441 there will be sufficient tax increment revenue to retire bonds in seven years. With less investment the bonds can be retired with a longer term; \$4,849,212 for 10 year bonds and \$3,674,805 for 15 year bonds.

Without investment in the area the taxing districts will continue to obtain very little revenue from the property. However, with the infrastructure investment and the subsequent investment in buildings and equipment, the revenue that will be derived from the area will increase substantially. After the bonds are retired the minimum amount of revenue available to the taxing districts will be \$120,096 per year compared to the current tax revenue of \$626. Greater tax revenues are likely but will be based upon the success of the Stateline Business Park.

- A. Tax Increment Financing Projection
- B. Parcels in the Urban Renewal District

APPENDIX A. TAX INCREMENT FINANCING PROJECTION

Stateline Business Park Tax Increment Financing Projection

Tax Collection Year	2007	2008	2009	2010	2011	2012	2013	2014
URD Base Investment	33,484	33,484	33,484	33,484	33,484	33,484	33,484	33,484
Tax Increment Growth								
URD Area Rapid Growth	-	-	-	-	-	-	-	-
	3,000,000	3,000,000	394,000	-	-	-	-	-
	3,000,000	3,000,000	394,000	-	-	-	-	-
	3,000,000	6,000,000	6,394,000	6,394,000	6,394,000	6,394,000	-	11,864,254
Cumulative Tax Increment Investment	-	3,000,000	6,000,000	6,394,000	6,394,000	6,394,000	6,394,000	6,394,000
Tax Increment								
Tax Rate	0.0186847	0.0186847	0.0186847	0.0186847	0.0186847	0.0186847	0.0186847	0.0180361
Tax Revenue								
Baseline	626	626	626	626	626	626	626	604
Increment								
The Stateline Business Park	56,054	112,108	119,470	119,470	119,470	119,470	119,470	119,470
Other URD Development								
Total	56,054	112,108	119,470	119,470	119,470	119,470	119,470	119,470
Total	56,680	112,734	120,096	120,096	120,096	120,096	120,096	120,096
Cumulative Tax Increment Revenue								
The Stateline Business Park	56,054	168,162	287,633	407,103	526,573	646,043	765,513	884,983
URD Development	-	-	-	-	-	-	-	-
Total	56,054	168,162	287,633	407,103	526,573	646,043	765,513	884,983

APPENDIX B. STATELINE BUSINESS PARK PROPERTY TAX ROLLS

Stateline Business Park Property Tax Rolls

Summary	Current Lots	Parcels	Acres
Section 1 Twp. 50N R 6 W	Parcel	Block Acres	
		1	
		1	1.993
		2	0.975
		3	0.759
		4	0.871
		5	1.125
		6	0.758
		7	0.758
		8	1.451
		9	1.792
		10	0.853
		11	0.931
		12	0.904
		13	1.014
		14	<u>1.622</u>
	Total		15.805
		2	
		1	1.231
		2	<u>0.980</u>
	Total		2.211
		3	
		1	0.886
		2	0.858
		3	0.778
		4	0.738
		5	0.686
		6	0.782
		7	0.756
		8	<u>0.635</u>
	Total		6.120
		4	
		1	20.000
	Total		44.136
	Right of Way		0.196
	Baugh Way		<u>3.855</u>
	Total Right of Way		4.051
	Total		48.187

**NOTICE OF PUBLIC HEARING
POST FALLS URBAN RENEWAL AGENCY
FOR PROPOSED AMENDMENT TO THE
CENTERPOINT URBAN RENEWAL PLAN**

Notice is hereby given that the Post Falls Urban Renewal Agency will hold a public hearing for consideration of the proposed amendment to the Centerpoint Urban Renewal Plan pursuant to the provisions of Section 50-2008(e), Idaho Code, said hearing to be held at Post Falls City Hall, 408 North Spokane Street, Post Falls, Idaho at 7:00 a.m. on March 17, 2005. At said hearing interested persons may appear and show cause, if any they have, why said proposed amendments should or should not be adopted. A copy of the amended Centerpoint Urban Renewal Plan is available for inspection at City Hall, weekdays between the hours of 8 a.m. and 5 p.m. on regular business days beginning March 2, 2005 and thereafter.

Publication dates for the notice of public hearing are March 2, 2005 and March 9, 2005 in the "Post Falls Press".

Dated March 2, 2005

Debra Raymer
Recording Secretary

Recording Secretary



March 1, 2005

Pat Raffee
Executive Director
Post Falls Urban Renewal Agency
P.O. Box 236
Post Falls, ID 83877-0236

RE: STATELINE BUSINESS PARK – CONSTRUCTION COST ESTIMATE

Pat:

Per your request, we have reviewed the attached construction cost estimate submitted by Adams and Clark, Inc. It is our understanding that the cost estimate will be used to set an order of magnitude for costs relative to the Centerpoint Urban Renewal Plan, which is being amended to include the Stateline Business Park. We understand that costs will be reimbursed to the Developer based upon actual invoiced amounts.

Our review of the cost estimate indicated minor differences in some areas that would not have significant impact on the estimate. We recommend that the estimate be used for budgetary purposes, and that the actual invoices be reviewed at the time of submittal for payment. The review of final invoices will insure that the estimated quantities have been completed and accepted, and that the final dollar amounts are in order.

The one estimate area that I recommend the Agency clarify relates to bond costs. What these costs actually represent and how they may vary from project to project should be discussed, and the Agency should also consider a policy relative to reimbursement of bond costs.

If you have any questions, or if we can be of further assistance to the Urban Renewal Agency, please let me know.

Respectfully,

William F. Melvin, P.E.
City Engineer

Cc: Gary Young, Community Development Director, City of Post Falls

Adams and Clark, Inc.

Stateline Business Park
Construction Cost Estimate
2/24/05

Item	Quantity	Unit	Unit Price	Total Price
1 Mobilization	1	LS	\$10,000.00	\$10,000.00
2 Road Grading	410	CY	\$2.25	\$922.50
3 3" on 6" Asphalt Paving	1432	SY	\$10.00	\$14,320.00
4 4" on 6" Asphalt Paving	2273	SY	\$12.50	\$28,412.50
5 Sidewalk Grading	567	FT	\$1.25	\$708.75
6 5' Wide Concrete Sidewalk	567	FT	\$9.75	\$5,528.25
7 Concrete Driveway Approach	579	SY	\$26.30	\$15,227.70
8 8' Wide Paved Pathway	1940	SY	\$9.50	\$18,430.00
9 Curb Grading	2982	FT	\$1.05	\$3,131.10
10 6" Standard Curb and Gutter	2982	FT	\$7.25	\$21,619.50
11 Infiltrative Swale	13097	SF	\$0.90	\$11,787.30
12 Drywell (Single Depth)	10	EA	\$1,850.00	\$18,500.00
13 Curb Inlet	10	EA	\$150.00	\$1,500.00
14 Sidewalk Underdrain	2	EA	\$600.00	\$1,200.00
15 10" C900 Water Main (including valves)	337	FT	\$24.00	\$8,088.00
16 12" C900 Water Main (including valves)	2626	FT	\$26.00	\$68,276.00
17 6" Water Service	19	EA	\$1,500.00	\$28,500.00
18 Fire Hydrant	5	EA	\$2,000.00	\$10,000.00
19 8" Sewer Line	2355	FT	\$20.25	\$47,688.75
20 Sewer Manhole	7	EA	\$2,150.00	\$15,050.00
21 6" Sewer Service	19	EA	\$650.00	\$12,350.00
22 6" Sewer Force Main	2239	FT	\$15.00	\$33,585.00
23 Sewer Lift Station	1	EA	\$120,000.00	\$120,000.00
24 Street Lights	9	EA	\$3,100.00	\$27,900.00
25 Landscaping of Seltice Way Frontage	1	EA	\$53,900.00	\$53,900.00
				\$576,625.35
			Subtotal	
			Engineering, Surveying and Administration (15%)	\$86,493.80
			Bond Costs	\$3,750.00
			Total	\$666,869.15