

POST FALLS URBAN RENEWAL Workshop Minutes

December 11, 2018 – City Hall (Basement Conference Room)

CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE

Chairman Jerry Baltzell called the meeting to order at 8:00 a.m. Director Diane Fountain called the roll. Present in addition to Baltzell were Commissioners Larry Carstensen, Len Crosby, Laura Horn and Jame' Davis. Commissioner Rich Houser had an excused absence, Commissioner Collin Coles was absent. Also in attendance was Pete Bredeson, John Beacham, Eric Clemensen, Warren Merritt and Andy Boyles. Baltzell led the Pledge of Allegiance.

CONFLICT DISCLOSURE

None

CITIZEN COMMENT

None

Financial Reports. Director Fountain reviewed the November Financial reports.

Review Increment and Sewer Projects. Fountain has been working with Shelly Enderud and John Beacham on the increment projections for the East Post Falls District (EPF) and the timing of the sewer projects, which fit with the City's expectations for payment on those projects.

John Beacham provided an update of the sewer projects as follows:

Tullamore Lift Station Improvements: Design is underway and on schedule to go to bid in late spring with construction completed by the end of September 2019.

Highway 41 Upsizing Project: There is a one year construction window in 2019 to complete this project before ITD starts construction on Highway 41 in 2020. The City's consultant is working closely with ITD, Ross Point Water District and Frontier Communications to coordinate the work which will be done in a 30' swath of land on the east side of Highway 41. ITD is working on ROW acquisition.

12th Avenue Lift Station and EQ Basin: The Consultant selection process has been completed. There were five (5) responses to the RFQ and the highest ranked firm was Keller and Associates. A contract with Keller and Associates will go before City Council on December 18th for approval.

Discussion:

Baltzell: Is the City okay with the cash flow projections provided by the Agency?

Beacham: Yes, from what he has seen it works.

Carstensen: Has the land around the 12th Avenue lift station been purchased or agreed upon?

Beacham: The City reached out to the landowner who is not interested in selling the property at this time, but they are willing to discuss the idea of an easement or expanding the footprint of the lift station. The current easement is a permanent easement.

Crosby: Is ITD on track with their land acquisition in that corridor?

Beacham: They are on track with their timeline and currently do not foresee any delays in the project. We need to coordinate our construction timeline with ITD's. If ROW acquisition goes smoothly we will be in good shape.

Crosby: Our districts have a finite timeline which is outlined in the MOU's; at the close of a district the Agency must return excess increment to the taxing districts. Therefore, any unfinished projects at the close of a district will not be paid out. The increment projections used are very conservative and the timeline goes out to August 2023.

Beacham: These projects were originally developer obligations, but the URA agreed to fund them. If there are delays and the projects are not completed as anticipated it will go back on the developer(s). The City wants to be construction ready at the time when ITD **should** have the ROW acquired. The City needs a two (2) month construction window for the Highway 41 improvements.

Crosby: Worst case scenario, if ITD does not acquire the ROW for the Highway 41 upsizing, the 12th Avenue Lift Station and EQ Basin could still be constructed.

Beacham: That is correct.

Financing Options. Two financing scenarios were created and presented to Commission. Scenario I reflects reduced bi-annual payments of \$469,000 to WTB with a loan payoff on or before February 2022 and would require an amendment to the Note Purchase Agreement and the Note. Scenario II shows paying the current loan in full August 2019 as originally anticipated, then taking out a new loan for \$2.5M in 2020. What is not calculated in Scenario II is the cost for a new loan and interest rates could be much higher than the current 3.75%. Both scenarios show there would be an estimated \$4.6M in the EPF district in 2023, which is enough to cover any delays or cost overruns.

Commissioner Crosby made a motion to approve the projection set forth in Scenario I and authorize the Executive Director to pursue the necessary changes with Bond Counsel and WTB on the existing loan, seconded by Carstensen. Roll Call: Baltzell – Aye; Carstensen – Aye; Crosby – Aye; Horn – Aye; Davis – Aye. Motion carried.

Idaho Code 63-602 – Tax Exemption Programs Discussion. Finance Committee in October discussed the possible ramifications if a developer were to apply for an exemption under IC 63-602. The City has stated they would not be in support of this exemption for businesses within a URD. The County would request letters of comment from the taxing districts and it is unlikely that the County would grant any exemptions without City support. Crosby stated the concern is if the proponent or a company that purchases property in a URD could, under this code, go to the County and ask for a significant reduction that would exempt them from taxes for up to five (5) years and could be extended for another period of time. If the Agency has an obligation to repay for infrastructure this could significantly impact that. Finance Committee discussed including language in the Owner Participation Agreement (OPA) which restricts the ability to use the tax exemption programs.

Bredeson: There is no current case law in Idaho to prevent use of this, but language could be added to the OPA which prohibits it. It should be stated in the OPA with Beyond Green and also record that document so it shows up on title for any future purchases of the property.

Davis: Has there been any examples of someone in a URD taking advantage of a tax reduction also?

Bredeson: Not that I am aware of.

Bredeson will begin preparation of the Master OPA between the Agency and Beyond Green.

Executive Director Compensation. Baltzell stated an Executive Session was held at the November Commission meeting to increase the compensation for the Executive Director. Carstensen stated the Personnel Committee met and agreed upon the percentage, which is the maximum set for the budget and recommended to the Commission to make it effective this current pay period (11/11/18 through 12/15/18).

Commissioner Carstensen made a motion to increase the salary for the Executive Director as budgeted effective November 11, 2018, seconded by Davis. Roll Call: Baltzell – Aye; Carstensen – Aye; Crosby – Aye; Horn – Aye; Davis – Aye. Motion carried.

Staff Report. Fountain stated the draft Audit should be received within the next 10 days, then the MD&A will be prepared. Lee Anderson is scheduled to present the final Audit at the January Commission meeting.

Panda Express has opened in the Center Point District and delivered lunch to the Chamber on Nov. 29th.

Planning and Zoning will make a decision on zoning in the Center Point District tonight – UPS is planning to locate in there. Maverick gas station is going to build in Center Point also.

Commissioner Comments

Commissioner Carstensen thanked Fountain for the work she does.

Commissioner Crosby inquired on West Seltice II and the lack of new development in that district which expires in 2020. The remaining obligation balance is \$571,546.88 and asked if it would be realistic to ask the proponent (Greenstone) if we could close the district due to lack of activity. Bredeson stated as long as there is an outstanding obligation we cannot just close it unless the proponent relinquishes their right to reimbursement. Fountain will contact Kevin Schneidmiller and report back to Commission next week.

Chairman Baltzell stated the Mayor and City Council elected to re-appoint him and Len Crosby to the URA Commission for an additional 5 years. Rich Houser is stepping down due to his recent appointment as Kootenai County Assessor and Council approved the appointment of Eric Clemensen to replace him.

Adjournment. Baltzell asked for a motion to adjourn. Commissioner Crosby made the motion, seconded by Carstensen. All in favor by voice vote. Meeting was adjourned at 8:42 am.

Respectfully submitted,



Diane Fountain, Executive Director



Jerry Baltzell, Chairman