

## **POST FALLS URBAN RENEWAL Workshop Minutes**

**July 17, 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, Collin Coles, Rich Houser and Jame' Davis. Laura Horn had an excused absence. Also in attendance was Pete Bredeson, Shelly Enderud, Brad Marshall and Ellery Howard. Baltzell led the Pledge of Allegiance.

CONFLICT DISCLOSURE

None

CITIZEN COMMENT

None

**Financial Reports.** Director Fountain reviewed the June Financial reports. Commissioner Crosby made a motion to accept the financial reports as presented, seconded by Carstensen. Motion carried by voice vote.

**FY 2019 Budget Workshop.** Treasurer Crosby presented the budget for FY 2019 noting that there is a projected increase in increment of in the districts ranging from 1% in EPF to 18.5% in West Seltice. The remaining district average 2%. The aggregated tax increment allocated to UR will be reduced by more than \$550,000 due to the City Center Closure. Interest income increased to \$18,000 based on increase in interest rates. Total revenues are forecast to be \$7,006,830. Crosby noted the increase/decrease in expense line items. The main expenditure is Debt Repayment of an estimated \$4.22 Million which will pay the outstanding bonds issued on the Greensferry Overpass. Operating expenses are budgeted at \$130,000 which is 8.5% less than FY18. Total expenses are forecast at 7,006,830. Of that total, \$6,876,830 or 98.2% is allocated for debt repayment and funds to be reimbursed to proponents for public improvements. (Budget notes attached)

Commissioner Houser made a motion to approve the proposed budget as presented and advertise the Budget Hearing in the Press, seconded by Carstensen. Motion carried by voice vote.

**Center Point District – Order of Approval for Pointe Partners, LLC.** Fountain stated the Order of Approval for reimbursement is for the lift station improvements in the Center Point District. The submitted costs have been reviewed by Welch Comer as well as Treasurer Crosby with a recommendation to reimburse \$497,313.05. The Order of Approval has been reviewed by legal counsel. The original submission of \$574,235.41 was reduced by \$51,298.45 for engineering and soft costs exceeding the 12% allowed by policy. The request is in compliance with the terms of the MOA agreement between Pointe Partners (95.1% and JR Watson (4.9%)

Commissioner Crosby made a motion to approve the Order of Approval for Pointe Partners, LLC, seconded by Davis. Roll Call: Crosby – Aye; Carstensen – Aye; Baltzell – Aye; Davis – Aye, Coles – Aye, Houser – Aye. Motion carried.

**Feasibility Study.** Alivia Metts provided a handout and highlighted portions of the Feasibility Study including the projected increment, cost estimates and job creation. Ellery Howard reviewed the different zones in the Tech Park and projected infrastructure costs. The stretch of the railroad that would connect to the tunnel has been removed from the shopping center zone has been removed and put into a global district. The City is looking at potentially acquiring that piece of property from the railroad and is identified in another project list.

Discussion:

*Crosby:* The projected expense would be contingent on the City acquiring that, not the urban renewal.

*Howard:* Yes, it is identified as a City project in the Plan.

*Crosby:* I am surprised that the force main is in the study since it is outside the district boundaries and in the City's sewer plan to be completed in 2032. It would not only require a modification of the district, but it would be a shoestring. It flies in the face of pending Legislation.

*Marshall:* This is an appendix; it is not included in the Plan or included in the feasibility calculations. If Legislation were to change in the future where necessary public improvements outside of a district could be funded it is included and listed as a "potential" improvement.

*Baltzell:* It is important that the items identified as "potential" are not included in any of the documents as something the URA would be approving as part of the plan and not being an obligation for urban renewal, which has been the case in the past.

*Howard:* This is identified as a proposed priority list, a starting point for discussion.

*Baltzell:* The Meyer Alternative North might need to come out of the Priority 1 and put under potential future projects.

*Metts:* It provides forward thinking of what might needed in the future.

*Crosby:* If the district builds out quicker than expected there would be potential for tax increment to be used for some of the future projects.

Metts noted the jobs created at 100% buildout is 10,260 without the data center and 7,860 with the data center. Those numbers do not include the indirect and induced impacts. Data centers typically are not large job creators.

Fountain stated if there are any changes or comments to the feasibility study to email them to her and she would pass them on to Alivia.

**De-annexation discussion.** Marshall stated since the Commission is graciously looking at funding the EQ Basin and piping, and the 12<sup>th</sup> Ave lift station through the EPF district, those items would be removed from the study.

*Howard:* Taking those infrastructure costs out of the new district would make the feasibility study look even better.

*Baltzell:* The intent of doing those, cost and timing wise doesn't have any effect on the taxing districts or on the community. The end result would add value to this project and enable it to be marketed.

*Howard:* The improvements are in the EPF district and the funding is there.

*Fountain:* We originally talked about de-annexing 30 parcels from the EPF district, then it was discussed to leave out parcel 30 as it is the parcel where the 12<sup>th</sup> Ave. lift station is located. The Highway 41 upsizer is included in the de-annexation so we could pull the whole de-annexation, which is on the City Council Agenda this evening. The Highway 41 project will be the first to be completed in conjunction to the Highway 41 construction.

*Crosby:* ITD will be acquiring ROW for the upsizing, correct?

*Howard:* Yes, the sewer plan to include the whole basin down there is a bottleneck that is identified which requires a larger size pipe on the east side from the trail down to the lift station and would need to be completed between 2020 and 2022. It is one of the projects that is tied to the annexation of the Tech Park for off-site sewer.

*Enderud:* I have not heard to pull the entire de-annexation.

*Marshall:* It's just an idea, to fund the improvements.

*Bredeson:* We have already passed a Resolution, the Agency can't pull it – the City would have to.

*Baltzell:* The biggest question is "Can the work get done" within the timeframe that the dollars are available.

*Crosby:* If we don't de-annex those parcels, how do we create the district? Wasn't the purpose of the de-annexation to create the new district?

*Fountain:* It all ties in to the sewer lift station, we will go to City Council tonight to request removing parcel #30 from the de-annexation, which is what we have discussed previously.

*Howard:* The reason for this leg (the de-annexation of parcels 1-30) of the district was to provide connectivity down to the 12<sup>th</sup> Ave lift station.

*Baltzell:* We wouldn't need to de-annex if we had some assurance that the work could be done in the time limit of the current district.

*Crosby:* Worst case scenario, we could leave it in the district and modify the boundaries of the Tech Park if it didn't get done by 2022.

*Enderud:* The improvements have to be completed by the end of the district life in 2022; increment can be received in 2023.

*Crosby:* The engineering would have to be completed and the line in, the EQ basin would have to be done along with any land acquisition.

*Enderud:* You would have to complete a lift station which would mean the force main would need to be completed. You can't have the lift station with all the operational equipment without the force main.

*Howard:* The EQ basin is the foundation which lifts back up to Highway 41 and drains. In the future the big 16" would go across town.

*Enderud:* You could build the lift station without the operational parts and install them when the force main is constructed. The City is having discussions on that moving forward.

*Howard:* The EQ basin piping is the interim solution until the lift station is built in 15 years.

*Crosby:* Once we have the Greensferry loan paid off there will be a great number of tax increment in the EPF district that could be utilized. We need to have confirmation that the engineering, land acquisition and construction could be done prior to the close of the district. It dramatically impacts the developer.

*Baltzell:* The question is, do we de-annex or not? It's a good thing to do but we need to have confirmation that it can be done.

*Coles:* Who would that be, the City?

*Crosby:* Can we pull this and put it off to another meeting?

*Enderud:* If it is put off to another meeting, the process would start over again due to the timing. The Agency would have to make a second request.

*Coles:* That might be the smart thing to do.

*Fountain:* We could just de-annex 1-29.

*Crosby:* That doesn't provide us with the line coming down.

*Fountain:* We are meeting with the City at 10:30 and could discuss this further.

*Enderud:* The City probably won't be able to answer those questions until the design process is studied.

*Crosby:* Would you recommend we not do that we continue how we are going?

*Enderud:* We could make whatever work.

*Fountain:* If the City is willing to work with us and can commit to getting the work done. The Agency has the funds available in the EPF district to pay for the improvements. We were going to request that parcel 30 be removed and now we are talking about completely removing the de-annexation.

*Marshall:* We can vet this more at the 10:30 team meeting.

*Baltzell:* The timing of this is critical.

*Fountain:* After this there is no going back. A lot of work has gone into de-annexing the parcels, but I am more than willing to say it was a good experience and could be used in the future. It is ultimately up to the Agency and the City if we can get the work done – the impact to the developer is huge if we can assist them with the 12<sup>th</sup> Avenue lift station.

*Crosby:* If we make the decision to leave it in the existing district and the money doesn't get spent, that would be greater impact on the developer to create the Tech Park.

*Enderud:* The timeline is very tight and you are asking us to make a decision in a couple hours; that is not an easy decision to make.

*Howard:* The Highway 41 upsize would require ROW acquisition on the east side of the highway.

*Coles:* We will have to make a decision after we find out what happens tonight.

*Crosby:* We have to ask Council to do something tonight.

*Bredeson:* We have requested to de-annex parcels 1-30 by Resolution, the City can ultimately do whatever it wants.

*Baltzell:* We are able to do it now with the funds available in EPF.

*Crosby:* We were hoping mitigate or eliminate the surcharges by taking funds we know we have available and doing some of the improvements right now and enhance the marketability and competitiveness of the whole area.

*Enderud:* Having the dollars more secure is an advantage to everyone.

*Crosby:* We know they are going to be there, but I don't know if this Commission can make that decision.

*Howard:* The biggest concern would be the State's process of acquiring ROW for the upsizing. We have heard that the ROW plans are complete and they are moving forward with appraisals.

*Marshall:* There are three (3) options: 1 – continue to proceed with the de-annexation and fund the projects with the funds in the new district. 2 – drop parcel 30 which would allow funding for the EQ basin and piping and the 12<sup>th</sup> Ave. lift station or 3 – drop the entire de-annexation.

*Enderud:* If I had to make a recommendation right now, I would have the Council deny the full de-annexation so we can look at what the options are.

*Bredeson:* If we are going to take action, the Agenda would need to be amended and it would have to be an emergency.

*Houser:* There is a need to make a final decision so the County can complete the tax rolls, this would be an emergency situation.

*Carstensen:* My concern is the time to get this completed before the close of the district. What happens if we can't get the work completed? Who is going to pay for it then? It is going to be tough on the developer if this doesn't fall into place. Can we get assurance from the City that the work would be completed?

*Fountain:* I was under the impression that we going to de-annex parcels 1-29 and leave parcel 30 in the EPF district. Shelly is working on MOU's for the Tullamore lift station and the EQ Basin and piping and 12<sup>th</sup> Avenue lift station. The City is working very hard to at this and tell us that it can be done.

*Enderud:* A draft letter for parcel 30 is being created; it hasn't been submitted to Council. We are asking for the surcharge dollars to be used for design on the EQ Basin, piping and lift station to determine the best methodology moving forward. There may be phasing of the force main which would go outside of this – for the City it is all one project so it has to be looked wholly and the

funding would be partially from surcharges and partially from urban renewal. The force main funding has not been identified.

*Fountain:* In meetings and conversation I kept hearing surcharges and how to reduce or get rid of them so I looked at the possibility of removing parcel 30 to alleviate those concerns. It is such a huge impact to the developer to bring in Tech Park users and the proponent will pass those savings on to them and the district would bloom much sooner.

*Baltzell:* It is a win-win for everybody, unless the timing fails.

*Crosby:* Based on what I am hearing we de-annex parcels 1-29 and not parcel 30, then we can work cooperatively with the city over the next three (3) years to see what portion of tax increment we can utilize for the improvements in that parcel. It provides the maximum flexibility to utilize a portion of the monies in the EPF district.

*Howard:* So you are capturing the most important improvements. The Highway 41 line is identified to be within the next couple years.

*Carstensen:* We don't know how much land has to be acquired for the 12<sup>th</sup> Avenue lift station.

*Howard:* ITD has indicated that construction will take place between 2020 and 2022. In terms of design, this is a very straight forward project. The lift station is on a five (5) acre parcel, the lift station would require approximately one acre.

*Carstensen:* What is the best option to get the ball rolling on this to accomplish what we want to?

*Fountain:* I would think we would want to amend the Agenda and at least take out parcel #30 so we can give some direction to City Council on what the Agency's desire is.

*Baltzell:* That is what is going to move this project forward because the developer will have the ability to start negotiations with potential users.

Fountain reviewed the projection for EPF showing that the EQ Basin & piping, Tullamore lift station and 12<sup>th</sup> Avenue lift station could all be funded from monies in that district.

*Carstensen:* We know we have the money; it's the timing that is a concern.

*Crosby:* If we leave parcel 30 in EPF, we could modify the new district and put it in as our one time amendment. If the construction doesn't happen it could be put in the new district to help encumber the Tech Park.

*Baltzell:* The end result is the same. If the work doesn't happen before 2022 it would be covered under the new district.

Commissioner Crosby made a motion to amend the Agenda to add item 8a as an ACTION ITEM. It is an emergency due to the scheduled public hearing at City Council on this item tonight, seconded by Coles. Motion carried by voice vote.

Commissioner Crosby then made a motion to provide the City with additional information on the Agency's de-annexation request and recommend parcel 30 not be included in the de-annexation. The de-annexation would be for parcels 1-29, seconded by Houser. Motion carried by voice vote.

Houser noted that personal property plus and the operating property costs if necessary would also need to be de-annexed

**Staff Report.** Commissioner packets have been emailed out, the payables will increase once an invoice for the 4<sup>th</sup> Avenue parking lot is received.

**Commissioner Comments.** Commissioner Crosby thanked Shelly for being here and working with the Agency and also recognized the work Alivia did on the Feasibility Report.

**Adjournment.** Baltzell asked for a motion to adjourn. Commissioner Crosby made the motion, seconded by Davis. All in favor by voice vote. Meeting was adjourned at 9:25 am.

Respectfully submitted,



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Diane Fountain, Executive Director



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Jerry Baltzell, Chairman