

POST FALLS URBAN RENEWAL Workshop Minutes

June 12, 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, Jame' Davis and Laura Horn. Also in attendance was Pete Bredeson, Shelly Enderud, Bill Melvin, Brad Marshall, Peter Smith, Ellery Howard and Philip Wirth. Crosby led the Pledge of Allegiance.

CONFLICT DISCLOSURE

None

CITIZEN COMMENT

None

Financial Reports. Director Fountain reviewed the May Financial reports. Commissioner Crosby inquired on the \$270 dues and membership. Fountain stated those were the annual Chamber membership dues. Commissioner Houser made a motion to accept the financial reports as presented, seconded by Crosby. Motion carried by voice vote.

New Agenda Format. House Bill 611 which goes into effect on July 1, 2018 requires an agenda item requiring a vote to be identified on the Agenda as an "action item". An action item can be added to the agenda in an emergency situation. **Action Item** will be added to applicable agenda items beginning July 1st.

Designation of a Public Records Custodian. Senate Bill 1274 requires that a records custodian and an alternate custodian be designated for all agency records.

Commissioner Crosby made a motion to designate the Executive Director as the primary custodian and designate Commissioner Davis as the alternative custodian, seconded by Carstensen. Motion carried by voice vote.

City Center District Closure Report. The District Review Committee has tentatively approved a report on the City Center District as it closes. After discussion a statement will be added regarding the Landings stating it is desired that the infrastructure investment made within that property will ultimately prove to be beneficial to the future development of that property.

Resolution 2018-03. This Resolution is for the expansion of the deteriorated status to include the new district and has two (2) exhibits. A letter received from JUB, listed as Exhibit A which is also referred to as the Eligibility Report. Exhibit B is the proposed boundaries of the new district and includes the expanded deteriorating area. Brad Marshall from JUB distributed copies of the letter and map and summarized the exhibits and status of forming a new district north of Prairie Avenue. The developer is in the process of entering into an Annexation Agreement with the City. An

informal meeting with the County Commissioners was held last month to request a Transfer of Powers Authority for the properties that are in the County but are in process of being annexed into the City. The County Commissioners verbally stated they would be in favor of providing the Transfer of Powers Authority. The next step is to submit a letter with an Ordinance to the County Commissioners for action. The status of deterioration is a pre-requisite to forming an urban renewal district (URD). The map and legal description is based on the conceptual map prepared by the City engineering department defining the boundaries. Both the Tech Park and the Foxtail development require sewer improvements that will benefit the northeast quadrant of the City. The boundaries run on the centerline of future collector and main arterial roads. As development occurs the developer adjacent to the roadway would be responsible to build their half, the remaining portion (outside of the district) would be constructed by a potential developer who is outside of the URD. It would be an advantage to the developer(s) within the URD to be competitive in the marketplace for urban renewal (UR) to provide funding for the improvements. There are opinions out there that projects funded by UR must be 100% within a URD and others whose opinion is if the improvements benefit the whole district, UR could fund those improvements (specifically the sewer) even though it is outside of the URD.

Peter Smith: There are two (2) provisions in Idaho Code 50-2018 (10)(c) and 50-2903 (13)(c) both are definitions of a project. Specifically the activities and undertakings of the work to build the sewer improvements that are necessary to carry out the objectives in the Plan. The improvements that are being planned (sewer) are necessary to the success of that project. If this is used as the standard Smith believes you can extend financing those improvements outside of the district...you are accomplishing the goals of the district. There is no case law referencing this. A call was made to PAC who said there were two such cases in the State of Idaho; one in Dover and one in Riggins.

Crosby: Recent actions of the legislature penalized urban renewal for making modifications.

Bredeson: In looking at the code 50-2903 (13) states an "urban renewal project" may include undertakings and activities of a municipality in an urban renewal area...installation, construction and reconstruction of streets, utilities and other improvements necessary for carrying out, in the urban renewal area the urban renewal objectives of this act in accordance with the urban renewal plan. The CDBCA ordinance makes it clear that the project has to be in an urban renewal area. I don't think we need to look any further.

Smith: The necessary infrastructure needs to be included in the Plan. The question is; is it in the urban renewal area and is it referring to what is necessary in that urban renewal area or is it an eliminating factor of the funding for the project(s). In my opinion the improvements are necessary to accomplish what the Agency is setting out to do.

Bredeson: The project has to be in the urban renewal area.

Baltzell: It sounds like there are infrastructure improvements at the tail end of this project that are outside the proposed district boundaries. If we know there are future improvements that need to be made, it is deceiving to the public in the original plan documents. If we know it needs to happen, we need to disclose that in advance. If it were an unforeseen improvement then it could potentially be added as an amendment to the plan.

Wirth: I agree with your comment, we are using forward thinking because the potential increment is so explosive, but I don't want to miss this opportunity and am trying to stay within the timeline and search for funding sources for the necessary infrastructure.

Baltzell: Those improvements could be done but they don't necessarily need to be funded by the URA, we are still dealing with taxpayer money. If there is excess monies after all the improvements within the district have been paid for it makes sense to close the district and not hold onto taxpayer monies any longer than we have to.

Crosby: My understanding is there will be an annexation agreement with the City that will set the process of development with restrictions on how much can be built before sewer improvements need to be addressed, correct?

Marshall: The developer will be bound to the conceptual development plan; the annexation agreement will address cap fees and surcharges, which may be waived if urban renewal participates.

Crosby: The feasibility study looks into the future and projects the tax increment created by the project and what projects the URA will be able to fund. If there are unreasonable constraints on the development of the property arising from the need to support the infrastructure. That needs to be built into the feasibility plan so we are not creating an artificial feasibility study that results in an overly optimistic or under optimistic plan. In the request for finding the deterioration status, Lake City Capital (Foxtail) is included, what is that relationship. Do we have multiple proponents?

Marshall: There will be one proponent, Beyond Green. Lake City Capital participated in the sewer study and they are okay with being included in the district. Ag Consent forms will be submitted by Beyond Green, Parkwood Business and Lake City Capital.

Crosby: In considering this district there will be one proponent with third party agreements with the other developers in the district.

Baltzell: Would the sewer surcharges be removed from the properties within the district?

Marshall: The Annexation Agreements include the surcharges, if there is an opportunity to replace those surcharges with tax increment financing it would allow the land costs to be more competitive in the marketplace.

Baltzell: It's just changing the funding source from the developer's responsibility to the rest of the community that is within the district.

Wirth: It's another tool to lower land costs when negotiating with companies wanting to locate within a URD.

Crosby: If the developer is able to reduce that hidden cost (surcharges) the property within the district becomes more competitive and would promote development. Creating the tax increment that would allow us to fulfill the plan of the district and have the ability to close it sooner.

Davis: It would spur economic development.

Howard: The surcharges are above and beyond the normal City cap fees, for every service unit there is a \$4,000 surcharge that is due at the time of building. The surcharges are specifically for the 12th Ave lift station and EQ basin.

Melvin: The surcharge is based on usage/service unit, whether it be commercial, industrial or residential. If the infrastructure can be funded through grants or other means, including urban renewal. The agreements would be restructured making the whole area more competitive.

Coles: Why wouldn't the City be the proponent? There are multiple participants in the proposed area and with the City being the proponent it would simplify things.

Crosby: We look at the proponent to do the improvements and then reimburse them. I would argue that having a private developer be the proponent would be the most logical way for the district to develop. We have a for profit individual being called on to make all the improvements, then look to the tax increment reimbursement as it becomes available.

Coles: There are other participants that we will need on the dotted line, it would be unfair to put the entire burden on the proponent.

Wirth: As private agreements are made I would like to take responsibility for those. As we proceed we can do agreements and give copies to the Agency so there is full disclosure and everyone knows exactly what is going on. It has to be fair and equitable for everyone which will be done through the Annexation Agreement.

Melvin: There are some major sewer improvements related to this district for the 12th Avenue lift station which are in the \$6-8 M range.

Coles: In terms of UR making decisions, we need to focus on the developer working out all the details and providing us with the essential infrastructure improvements to make the district successful including the timing of improvements and what improvements are beyond the basic developer's responsibility.

Baltzell: We need to finalize what the improvements will be, the timing of those improvements, the cost and the projected increment so we can move forward developing a Plan.

Commissioner Crosby made a motion to approve Resolution 2018-03 as presented, seconded by Coles. Roll Call: Baltzell – Aye; Carstensen – Aye, Crosby – Aye, Coles – Aye, Houser – Aye, Davis – Aye, Horn –Aye. Motion carried.

This Resolution will go to City Council on July 3rd where they will pass a Resolution to adopt it.

Status of Tech Park. The Feasibility Study is in process, a draft of the study is anticipated to be received by June 26. The City is following up with the County Commissioner's for the Transfer of Powers Authority for properties that are in the process of being annexed into the City. The Plan is scheduled to be considered at the July 19th Commission meeting, however the feasibility study is needed to complete the additional information required by Idaho Code and the Plan has to be reviewed by legal once written. A special meeting could be scheduled to accommodate the timeline.

New District Name. After suggested names were provided, Commissioner Crosby made a motion to name the new district the "**Post Falls Technology District**", seconded by Davis. All in favor by voice vote. Commissioner Carstensen stated he felt the district includes a lot more land than just the technology park.

Staff Report. A Fourth Amendment to the Note Purchase and Security Agreement along with a Resolution adopting the Agreement resulting from the de-annexation of parcels within the East Post Falls District will presented at the Commission meeting next week.

Commissioner Comments. Commissioner Crosby inquired on the interest rate for the loan at WTB. Fountain stated the loan will reset on September 24th and the current rate provided was 4.41%.

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

Respectfully submitted,



Diane Fountain, Executive Director



Jerry Baltzell, Chairman