



**Joint Commission/Council Workshop
URA and City Council**
March 5, 2024 @ 4:30 p.m.
City Hall – Basement Conference Room

1. Welcome and open meeting/workshop
2. District Status Updates
3. Potential for Simultaneous/Concurrent Reimbursements in a District
4. Pending Legislation Update
5. Potential Future Districts
6. Adjournment

Requests for accommodation of special needs to participate in the meeting should be addressed to the office of the Executive Director, 201 E. 4th Avenue, Post Falls, Idaho 83854, or by calling (208) 777-8151 at least 48 hours prior to the meeting.

Mission Statement: To encourage sound economic and community improvement that enhances the overall quality of life in Post Falls by: providing and improving infrastructure, attracting jobs, and enhancing citizen safety and health.

POST FALLS URBAN RENEWAL/CITY COUNCIL JOINT WORKSHOP MINUTES

March 5, 2024

CALL TO ORDER, ROLL CALL

Mayor Ron Jacobson called the meeting to order at 4:30 p.m. All City Council members were present, all PFURA Commissioners were present. Also present were Joseph Johns, Shelly Enderud, Warren Wilson, Field Harrington, Bob Seale, Shannon Howard, John Beacham, Jason Faulkner, David Fair and Chief McLean.

District Status Updates.

Johns: The Agency sent out reimbursement or fund status letters to district participants in February, with the City receiving fund status letters for the Pleasant View and Downtown Districts as the District Proponent. A first Downtown District reimbursement was approved at the February Commission Meeting. The current obligation in the Downtown District is approximately \$5.2 Million. A second reimbursement submittal is anticipated later in 2024 after the construction season that could include the roundabout at the intersection of 4th Ave/Idaho Street, as well as the planned extension of Idaho Street. The Water Tower Lofts project is pending changes in the economy, and a variety of inquiries have been made for smaller projects throughout the Downtown District. In the Pleasant View District the Agency has nothing new to report. In the Post Falls Technology District there have been proponent expenses for infrastructure projects, however the Agency has not received any communication regarding reimbursement for the roundabout at the intersection of Zorros/Prairie Avenue, or the constructed water and wastewater lines.

Seale: In the Downtown District the Idaho/4th Avenue roundabout is under design and nearing approval. Construction is anticipated to begin in the Spring. The Idaho Street extension southwards is currently being graded out. The hotel construction is expected to begin soon. The Millworx Development has moved onto the next phase with the North Silo block. It will contain a 3-story mixed-use building near 4th Avenue where the old "cat" shed was torn down. The district also has a number of smaller projects moving forward. A four-story mixed-use building, having ground floor commercial with approximately 39 residential units on the upper three stories, has been proposed at the Southeast corner of 4th Avenue and Spokane Street. In the Pleasant View district Keller Engineering has been working through some alternative wastewater route studies. Seale will be talking with Copper Basin Construction, the developer in the north part of the district, to gauge the possibility of their taking over some of the major infrastructure improvements that are needed for the district to move forward. In the Post Falls Technology District the Junction Subdivision, in the Tech Park portion of the district, is on hold pending studies of wastewater service alternatives to increase capacity from what was originally planned for in the Tech Park. The Prairie Crossing Subdivision infrastructure is under construction. The developer is in the process of considering alternatives to the site, including Trade Way being a private roadway/access-way through the site, to improve functionality of the shopping center site. ITD approval will be necessary if the access off Highway 41 is to be a private access point.

Enderud: She and Warren Wilson talked with TSI a few weeks ago. The company is focused on keeping up with service needs since trucking really took off after the pandemic. If Seale's able to work with Copper Basin Construction and come up with some help making that infrastructure get built, she thinks TSI will jump on board quickly. They are not developers and don't have the requisite construction background. They have made it clear they want to be in Post Falls. The desire is there, it's just a matter of getting the pieces together for them to go forward. In the Downtown District, The Landing's site is still in a lawsuit that is holding back development.

Wilson: The lawsuit is supposed to go to trial this month according to information available several weeks ago. We did get the right of way necessary for the Water Tower Lofts project to go forward.

Enderud: The Mayor, Warren, Bob and I are going to meet with the new owners of Templin's, which has closed. Their plans are not known at this time. Part of the property is within the URD and they could come to urban renewal. A date has not yet been set for the meeting.

Seale: Projected onto the presentation screen a map of the City of Post Falls with the Urban Renewal Districts layer visible. Provided a brief description of the location of the three active URDs and the approximate locations of the previously stated activities and participants.

Enderud: Are there any questions on the status updates presented?

Clemenson: What is the gist of the lawsuit regarding the landings?

Wilson: It's basically an allegation of a breach of a purchase and sale agreement. Both parties are suing the other claiming the other side breached the purchase and sale agreement. Mediation was attempted last summer but it went nowhere.

Simultaneous/Concurrent Reimbursement in a District Discussion.

Johns: This topic originally came up during a discussion among Commissioner Coles, Bill Melvin and myself. A representative of the Eagles approached the Agency during the prior year, after presenting plans to the City for various improvements to their property on Railroad Avenue. They were told that in order to receive a permit for their project they'd be required to make frontage improvements (curb and gutter, sidewalk) according to the City Center Parking Plan (CCPP). They were concerned the estimated costs of the required improvements would make their project unfeasible. They contacted the Agency to see if urban renewal funds could be utilized to pay for the improvements required in the CCPP. At that time the Millworx project was in process and we were anticipating a submittal of costs for reimbursement from them. It was apparent that in the future there was going to be a multimillion-dollar obligation for completed infrastructure costs by the Millworx project that would be in first place, first in line, for reimbursement. In our current model there isn't a way for someone like the Eagles or a smaller single property owner that's doing some kind of project and incurs required CCPP improvement costs to pay for those and expect reimbursement within the next 5-6 years. They would have to carry the burden of those costs that long, approximately, even if their reimbursement was approved. The person who has the initial approval of reimbursement is going to be fully reimbursed, or made whole, of their obligation, before we move to the next approved reimbursement.

Crosby: This process is historically significant. Every urban renewal follows it because the people who are creating the new buildings are creating the tax increment, so they should receive the tax increment first. And the Eagles are tax exempt. The way we've done it in the past is that we've either had a developer come in and say, here's our site and it's part of the district, and I'll enter into an agreement with the person that's developing the entire district and developing the majority of the tax increment. They'll allocate that portion of the tax increment that comes from my property to allow me to reimburse myself, or the urban renewal to reimburse me. Logically, it just doesn't make any sense to give the priority to someone who either is not creating tax increment or is not at a point where their building, and there's actually sticks in the air, and there's actually tax increment being created. That's a very difficult thing. Now, we've thought about possibly, on future districts, carving out maybe fifteen or so percent and putting that in our agreements so that the developer who's creating the tax increment, because they have a large development, acknowledges that fifteen percent of the increment each year will be going back to the Commission to allocate to smaller businesses, non-profits, but with the legislation that we're governed by we'd have to include that as a project, and we have not obviously included that in any of these three districts. It would be something we could do in the future and work with the city on that, and work with some smaller developments or smaller businesses that want to redo their façade, or improve their sidewalk, that sort of thing. But right now it's not in the plan and we'd have to modify the plan in order to put it in.

Jacobson: Isn't it true that if you modify the plan now that the base rate, everything changes?

Crosby: If you modify it, expand the district by more than ten percent the base rate stops and you start fresh. Adding a project, we'd have to discuss that with counsel because the legislation basically says you have to put in the plan everything you plan to do and you have to put in the projected cost at the time you're creating the plan. Obviously, in a twenty-year plan cost are going to go up and down, but we have to put in a projection and that projection is part of the feasibility study that we have to also do before we bring it to the Planning Commission and City Council for their consideration. So, this is a great idea but it's something we can look at if we create another district, or a future district. But at this time I'm not sure if we

can do it without going back and amending the plan, and then going back to say to the people doing the Millworx and saying, can we carve out some of your money that's going to go to reimburse you for the things you're doing because you're creating the tax increment, so that we can assist some of these smaller developments?

Jacobson: Samantha, go ahead.

Steigleder: Sorry, would you mind just reminding me where the Eagles are located (unclear).

Crosby: It's Railroad Avenue, right there (gesture).

Clemensen: This would be a delaying of, it would extend the payment to the bigger proponents?

Crosby: It would, right.

Clemensen: It wouldn't be that they'd take that loss, they'd just get that fifteen percent (unclear)?

Crosby: We did this in Center Point and we did it in East Post Falls because we had so many (unclear), we've got the allocation of subsidy funds from Idaho Housing Finance Agency and I want to build low-income housing. We say, okay, fine, and they work with the project proponents to get them to authorize us to exclude the tax increment from their parcel and reimburse them from that, but not from the entire (unclear).

Johns: I brought this up with the Downtown District because in the district plan we do have frontage improvement as part of the parking plan, the City Master Plan. With the objective being to establish, or promote the development of a downtown, I can see where these small projects, when people come forward wanting to make some form of addition or remodel, and it's just going to stop that kind of improvement occurring in the Downtown District because of the requirements to meet these frontage costs, or make the frontage improvements.

Coles: And then doing frontage in piecemeal is not very efficient when you can do a whole block.

Undetermined: You're going to end up with an Eagles with a sidewalk that stops here, starts here.

Johns: Keep that in mind that even though you may not be here in twelve, fifteen years, as the major projects and their increment obligations are met there may become a fund balance that the city is able to leverage to make large projects like uniform sidewalks, gutters, frontage improvements throughout the entire Downtown District based on the plan, the city's plan, and make those as efficiently as a large project. That would be down the road.

Coles: Earmarking a percentage of the funds at the beginning, when you're establishing a district, makes a lot of sense. Particularly in an area like the Downtown District because a lot of those properties are going to add increment just because of the change in valuation. They're going to be providing increment, but right now there's no way for them to take advantage of anything, so that would help solve some of that.

Seale: I think this is another kind of example of what, we're talking about the Eagles which is a non-profit, small piece, but then you have the Water Tower Lofts. Say, it manages to come through, they've got, let's say, an estimated million dollars of frontage improvements and road they have to finish, McReynolds, which is part of that road system. In order to continue with the City's plans, we want McReynolds finished and it also helps with their access. Their project will be a forty-to-fifty-million-dollar project that their increment will certainly be adding to the city base. But they will be in the same boat as, say the Eagles, where they can't get that reimbursement for five, six, seven years because they're behind one larger project that came in first.

Crosby: Right, and we did enter a contractual relationship with each person, and we've done this before where the City was the proponent, and the City was basically ahead of everybody else, and we paid back the City, or the bond holders in the case of the Greensferry Overpass were ahead of everybody else. In future districts we can certainly consider something where we can build that into the agreement, even if someone

was building a large development, like the Millworr, where they agree to the concept of ten to twelve to fifteen percent of the increment that is being created in the district being set aside for this particular set of projects that are included in the plan.

Enderud: Len, would you be able to, with Water Tower Lofts, because you don't have an OPA with them yet? When they build would you be able to do something like that with that project, and say fifteen percent of the increment when you are in line?

Coles: I think we can.

Crosby: If we could have counsel say it is within the context of some of the things we said we'd do in the Downtown District, and it's spelled out in the plan, it's not spelled out in the plan.

Enderud: Right, it would have to be (unclear)

Crosby: You know we tried, it used to be until legislation changed in 2017 that we could put in what we call weasel language.

Enderud: Right.

Crosby: Things that are good things for the City, you know, roads, sewer, water, and we were able to, at the end of the East Post Falls District, concentrate on sewer improvements and street lights and a number of other things that were associated with the 41 development. But because we had the language put in in 2017 all those new plans are all impacted by the legislative restrictions that were placed on them.

Enderud: If it was for the parking plan project?

Crosby: Right.

Enderud: That's in the current Downtown Plan. As long as the proponent, Water Tower Lofts, and the Agency agreed to it, then it could be something that could feasibly happen? Without having an attorney, I know your attorney isn't here so...

Crosby: I think when we were working with Bob, each of those segments of the parking plan, we didn't just put in the parking plan, we put in, you know, this and that, and this and that, specifics, because the legislature's requirements are fairly specific, and we had the costs, we had to go get our engineering firm to cost estimate each of those in today's dollars.

Enderud: So, as long as we're very specific about the language...

Crosby: Yes.

Enderud: That is the thing...

Crosby: Right, and realistically, that's not a very productive way to do it because you've got a twenty-year plan and...

Enderud: Right.

Crosby: I don't know what's going to happen in five years much less ten.

Coles: Right.

Crosby: What's going to happen to the economy, how it's going to impact building, but the legislation was pretty specific in terms of the restrictions.

Enderud: Okay, thank you.

Steigleder: So then, those smaller developments would get one-hundred percent of the reimbursement that they were asking for out of the fifteen, ten or fifteen percent, that you were holding back from the larger developments?

Crosby: Yes, they were...

Coles: Potentially.

Steigleder: They would get paid in full before the larger developments get paid in full, that are creating the increment increase?

Coles: The increase is created by all of the properties in the district, so if you carve out twenty percent, or just a round number...

Steigleder: So, it (unclear), the larger projects are the ones that are really creating the bulk of the increment (unclear).

Coles: They're creating the bulk of it, correct.

Jacobson: And it's still (unclear).

Coles: The bulk of it, you're correct.

Steigleder: Sure.

Crosby: And depending on the magnitude, if it was twenty thousand dollars we could probably pay that back in a couple of years, if it was one-hundred and fifty thousand dollars it would probably take a little longer.

Coles: Nobody's guaranteed to be fully reimbursed.

Steigleder: Alright.

Crosby: Cause when a district closes and it has a twenty-year life, that termination, if we haven't paid you back, you've got no (unclear), we basically thank you for the contribution you made to the city.

Malloy: Right, if we haven't paid them back it means that enough increment wasn't generated to (unclear). It's not that we're saying here's the ten million dollars that's going into the slush fund.

Steigleder: I just wondered if that fifteen or twenty (unclear), I don't know, but it (unclear)

Jacobson: What I think you said too, the initial setup of the district...

Coles: Right.

Jacobson: You could probably visit with those proponents...

Coles: Right.

Jacobson: Or, even during that lifespan, where you'd go back to them and (unclear).

Crosby: And then we actually build it into the contract with them where they'd acknowledge it. Because there are other urban renewal agency's that take fifteen percent off the top for their administrative fees.

Steigleder: Okay.

Crosby: We only take sixteen thousand dollars per district, or twenty-five thousand every year. So, realistically fifteen or twenty percent. Because it's like a snowball, it starts out small and then as more and more development happens it gets bigger and bigger. Then that can grow into a fairly sizable fund.

Jacobson: But to get back to your question, if in fact you take away from the larger project, those larger projects are going to be aware of it. They're going to (unclear) into it.

Steigleder: I just wouldn't want us to become less desirable as an urban renewal because we're (unclear)

Enderud: When you look at the whole districts, when you look at the Downtown District for example, you have Millwax as one small portion of it. They are benefiting from the valuation increases that are occurring elsewhere in the district, so they're also getting increment off of theirs. They're getting more than their share of increment and so there is, it depends on how the percentages lie and what other improvements are being done in the district. I know there's like a coffee shop planned for across from the little Jiffy Stop on Railroad Avenue, for example. When that builds that will be part of the increment that Millwax will get.

Crosby: And then there's the multiplier effect, because what they're doing at Millwax is going to force more anticipated development down Fourth Street, just simply because those projects, those parcels, even if they're small single-family homes, become more valuable given the synergy you created.

Enderud: Right.

Jacobson: And for the whole development those little projects need to get done.

Coles: Yes.

Jacobson: You can't have these beautiful projects with questionable stuff. I mean it is a part of it, but again they are aware of it (unclear)

Seale: And there are a lot of projects that will be done, are being developed, or will be developed that are not requesting reimbursement.

Coles: There's a bunch of them, yeah.

Seale: The Sawtooth Apartments, those spot buildings, they spent a lot of money on frontage improvements and they're not requesting any kind of reimbursement, but they're adding three or four million dollars to the increment, the value, whereas before it was just a tiny little off the railroad house.

Crosby: It's easy to justify taking a portion out, and I think it's easy to sell to a large developer...

Steigleder: Okay.

Crosby: I don't think it's unreasonable. But it will have to be a new district.

Seale: It would help a lot with being able to help places like the Eagles, or even the City...

Crosby: Sure.

Coles: Even city infill.

Seale: Where we need to do some frontage improvements in there, but were not going to be able to really get anything. In order to do that we're going to have to seek other funding.

Fleischman: I think we have a responsibility to our community too, also, to earmark those funds, to also say hey we're devoted to helping maybe some local developer, maybe not the bigger developer, but some local

people that are trying to do the best that they can. It shows, especially with the optics, when I think of urban renewal right now, I think it's something we should be doing for our community because that's something they want as well.

Coles: I think we're planning a workshop on this, right? We haven't scheduled it but...

Johns: We'll be considering that aspect at a strategic planning session, in a month or two. Or a workshop.

Jacobson: Any questions at this point?

Westlund: Seems like a reasonable change to me since like you said it's pretty easy to justify, and as I understand it, it's just shifting around the priority for repayment in a way that encourages smaller improvement projects and I think that's all for the better.

Crosby: And it's also sending a message to the smaller businesses that are currently here, we have your concerns in mind too. We're not just trying to build up everyone around them.

Westlund: Rather than, you're in line behind everybody else, at the very end...

Coles: Right.

Westlund: (unclear) whether or not you're going to get reimbursed.

Pending Legislation Update.

Jacobson: Commented that while down in Boise, at the Association of Idaho Cities meeting, Speaker Mike Moyle was asked about urban renewal and stated in response: legislation is coming forward, and rest assured, it is not trying to stop or eliminate urban renewal. There will be changes to it, and if *this* is taken away, we'll bring *this* in to replace it. The goal is to continue to promote urban renewal and everything is going to function well.

Wilson: The status, officially, is that there isn't a bill yet. It's not been introduced, there's not been a print hearing. We had been hearing, even before the session, that there would be a major bill of some sort this year. There was a lot of secrecy around what that would look like. Early on, probably the first part of January, an unofficial draft of part of the bill was released, when it probably shouldn't have been, which cause a lot of discontent. It showed a proposal to create a new tool that's essentially a commercial or industrial district. We currently have some of that happening across the state for residential development which is just a fancy way to allow the developer to essentially finance their infrastructure. The City Council sits as the Board of the district and approves the landowner to vote to create the district, and then allow an additional charge on top of the taxes for those districts to pay the infrastructure that's serves that area. So they've taken that, and created a district that might allow an industrial or commercial development to come in and either go out to the market to try and float a bond to pay for the infrastructure, or potentially levy an assessment on top of their taxes to pay for the infrastructure. The idea being that only the developer is paying for the infrastructure. That was floated, there were a lot of questions about it. Whether or not it will actually function, there's a lot of question about that. Whether or not that would be good model that they say, well look at how good it's working over here, over there, so there's a lot of questions about that. Probably three weeks ago the official, final, legislation draft came out, for "comment", to the public. It was circulated so people could see what was in it. We have this new infrastructure district coupled with what is essentially, in my mind, almost a complete repeal of urban renewal. What's left in urban renewal is really hard to sort out because all green field development comes out, you can only do redevelopment, and then only really limited redevelopment. Not sure what's left at the end of the day, it's hard to figure out what's left.

Crosby: The thing is, it's a concept that was developed in California that failed substantially. It's called the local equipment district and it basically allows a developer to put in the local improvements, sell bonds, and reimburse himself. Then the people who buy the properties or develop the properties have an expanded tax bill because they're basically paying back the bond holders. They're not happy, the buildings they've built

aren't worth what they have to pay in taxes so their at a disadvantage if they want to sell that building. There's been a lot of defaults on these bonds, the State's had to step in, or the City's had to step in because they want to foreclose on the water and sewer system, or something like that. It's a failed concept. It came from California; I can't imagine why the Idaho adoption. I've read it, I've read the summary of it, it's a nightmare. Each district that is created is governed by three City Council members, but it takes all the decision making away from them. The developer does all the decision making, markets the bonds, sells the bonds, and then the district is on the hook for the bonds. You cannot create a district unless every single land owner, either resident land owner or non-resident land owner who owns property in that district agrees to it, and then agrees to the sale of the bonds.

Wilson: I'm skeptical about how well the new tool would work. My sense is that if it's a great tool, let's adopt the tool and see if people use it before we start repealing urban renewal. My guess is that it's probably not going to work as well. We've heard from some folks down in Twin Falls, where urban renewal was used to land Chobani and others, that those things would not have happened. Those are big economic drivers for the State. They would not have happened with this new tool; it would not have provided a sufficient payback to the developer to come in and put in the significant infrastructure they needed to be put in around those major employers. As it sits right now the bill has not been introduced. It is the baby of the Speaker of the House. We were speaking with some lobbyists earlier this week and asked, and we hadn't seen any movement. IACI, the commerce and industry lobby association, weighed in and have given the thumbs up on the infrastructure district but they wanted it to be clear that they have not signed off on the repeal of the urban renewal piece. My guess is that if this thing moves forward this session it will happen later in the session at a last minute. It will get introduced and heard on the day, and leave the Senate the next day, and be approved and the Governor's desk within forty-eight hours.

Enderud: Asked if it grandfathers in the existing districts for our agency's or does it affect the current districts?

Wilson: I think we're fine with the existing districts, you just can't amend any more. You couldn't expand them; you'd reset the base.

Crosby: You couldn't issue any bonds after July 1st.

Wilson: Yes, that all goes away.

Crosby: The said Council could basically eliminate the Urban Renewal Commission, which they've always had the right to do, unless there were any outstanding indebtedness.

Wilson: We'll see, we're watching it. I know AIC is watching it, but until something actually gets introduced there's not much more we can do. I think people have been talking with locals and their legislators trying to get (unclear).

Crosby: Another provision is any urban renewal district created after July 2024 would require every single taxing entity that is impacted by the district to approve the Urban Renewal Commission taking their increment over that period of time that the district has been created for. If one held out then you couldn't create a district.

Wilson: There are enough poison pills in it that urban renewal is repealed if it passes, in its current structure.

Westlund: So, the point of the local improvement district change is to try and shift the burden of ultimately paying for it off of the city on onto the developers.

Wilson: Yes, essentially it just gets rid of tax increment financing as a tool. Instead of it being financed with the increment that's created as property values increase through development, to saying we're going to create, essentially, a bonding mechanism that allows the developer to, over time, pay to put that infrastructure in.

Enderud: Aren't they calling it a community infrastructure district under the new legislation?

Wilson: I don't know remember the official name. I don't think it's that because the CID is the parent tool that's on the books for residential, and that legislation is currently the subject of some pretty nasty litigation in Boise where a developer created a community infrastructure district that was going to put in a bit of nice infrastructure for residents. Those residents whose taxes are twice as much as the person living across the street who are getting to use it and don't have to pay for it.

Crosby: It's called the local infrastructure development act.

Wilson: On the residential side it's proven to be a little bit controversial. I can't imagine it would work super well on the commercial side for reasons I've talked about it here. Building it to sell, if you're not going to be competitive, on top of the purchase price you're going to the cost of the reimbursement of the infrastructure, so you're going to be upside-down a little bit. Maybe if you're building to hold it might help you finance that improvement over time and that's a workable tool on that endeavor, but...

Enderud: I heard that some of the legislators, who were in the committee over this bill, were told that Chobani actually looked at it and said that it would work perfectly fine in replacement of urban renewal. The city manager of Twin Falls was in that meeting and he stood up and said they should call Chobani themselves because that is not what he was hearing and they should hear directly from Chobani what they are saying. A few folks who were looking at this bill were told that it would still continue to provide economic development benefits. That information was not exactly 100% right.

Crosby: Take a look at the real successes, Cabela's, we wouldn't have Cabela's. They would not have bought into this. The Jacklin development, Jacklin wouldn't have done it because each of the people coming in to build the industrial building that was in that project would have had higher taxes than they would have anywhere else in the city.

Malloy: I'm trying to figure out how this new infrastructure development district even presents an incentive. How is it better than getting a loan from a bank?

Crosby: It is not.

Coles: It isn't.

Malloy: So, what's the advantage in it?

Crosby: If we sell bonds they are basically, well we can sell them at tax exempt rates because we're urban renewal. But the developer will just be going out and you know. If they did that today it would probably be seven or eight percent. Whereas we financed the Greensferry Overpass at two and one-half, three percent.

Malloy: That's why I don't understand the logic behind the whole system. Am I missing something?

Enderud: It's my understanding, and I haven't read it in detail like Warren has, they would be allowed to have the tax-exempt bonds through the City. So, the City would be putting these sales either through the Agency or the City.

Wilson: I'm not a bond counselor (unclear)

Enderud: But there's a cap on (unclear). I don't know what the numbers are and I don't know if Jason does, it used to be ten million, more than ten million is not tax-exempt anymore. Is it still ten?

Faulkner: Above ten.

Wilson: I do know that they had the bond council review the bill and they've added some magic words that the bond council suggested because they wanted to make sure they'll be able to take advantage of that, and I'm not a bond counsel, it's beyond my skill set.

Malloy: I guess I'll jump off that bridge if it makes it to the floor.

Enderud: I think there was some attention for that to be in the bill, whether or not that's in the bill, I don't know.

Jacobson: So, any questions?

Enderud: And Warren is pretty good at that kind of stuff, and if he's not reading it in there, it's probably not in there.

Crosby: I think they're called special assessment bonds, and I'm not sure how they'd be rated.

Enderud: Ok.

Malloy: Can I bug you if it progresses further then?

Crosby: Absolutely.

Potential Future Districts Discussion.

Enderud: We put this agenda together with a few staff members. Direction from City Council regarding areas the commission and city staff should focus on, exploring for future urban renewal districts, including smaller and shorter districts. Under that is a conversation, and I know this is something I've heard Len quite a bit, looking at smaller districts with shorter terms, more targeted use of the districts. There are two suggested areas, the Plummer Forest Products, just as an example. No one is talking to Plummer Forest Products. And along East Seltice area. It was probably ten years ago we had a conversation and a joint workshop like this, where you have Coeur d'Alene making a lot of improvements on their end of East Seltice, and whether or not Post Falls should consider the portion that is within the Post Falls city. There was some interest from two land owners that have quite a bit of property on East Seltice, at one point, to consider a district.

Malloy: Seltice is still ITD, right?

Undetermined: No, Post Falls Highway.

Malloy: The highway district?

Enderud: Yes, a portion is ours, and a portion is ITD, and a portion is the highway district, I believe.

Beacham: That's a good summary of it. There's very little that is still Post Falls Highway District. That's where their headquarters is, I think, and a few parts of the eastern side of it are still Post Falls Highway District.

Malloy: Where is ITD's ownership then?

Beacham: Theirs is focused around the Highway 41 area. There's kind of a business loop in there that's also (unclear).

Malloy: I assume it (a new district) would extend further beyond Highway 41.

Crosby: Correct, it would extend east all the way to the city boundary, before you get into Huetter.

Malloy: Right.

Enderud: And it's mainly the properties west of Huetter that are looking at developing. When you start getting over to where the Highway District is, that area's a little more developed, and some of that is tax-exempt property because it's the Highway District and then you have the Armory that's on the north side, and then you have the Fire District. None of those parcels would produce any revenue for increment in an urban renewal district.

Coles: Right.

Crosby: You do have that big parcel, I think Ross Schlotthauer is involved in somehow, that's right there at Seltice and Huetter.

Enderud: Yes, he's one of the interested parties. And the other one is Shannon Horn's property which is on the south side of Seltice, it's Commerce Loop I believe that is the name of the street down there.

Malloy: Isn't most of that developed area?

Enderud: He's got some parcels that are not developed and some that are, are under-utilized is what I'd call them, that he's looking to do something with. I don't know what all has happened with that.

Jacobson: It is an interesting area though because of the amount of improvements Coeur d'Alene has made on their side. They've done a very nice job.

Crosby: And then the impact of what the developers and their, what Coeur d'Alene urban renewal is doing with that old mill site, that's obviously pushing development this way.

Coles: It's a bigger site. A lot more things going on.

Enderud: And some of the area down here, the wastewater is an issue, as it is everywhere. There are wastewater needs, and some of the improvement that would happen in that area may affect what happens north of I-90 on the Huetter corridor also. But I'm now talking beyond my capacity and John Beacham is here who can talk better than I could about the wastewater.

Jacobson: Could we finish our first wastewater project first. Or current, not first.

Westland: How do we have that zoned and what did we say in the comp plan about it? I think that is one of the areas of impact that was laid out, but I don't remember exactly what it said, what the zoning was.

Seale: It's currently not zoned. This is not in the city right now.

Westland: I mean East Seltice.

Enderud: Industrial/Commercial.

Seale: It's primarily commercial and industrial.

Crosby: And that's what we'd be focused on. We try not to do residential.

Seale: But is the end use appropriately zoned? Some of this stuff could definitely fit into a commercial zoning as opposed to industrial.

Westlund: There's a lot of residential right there.

Seale: The residential is all behind, on the other side of the tracks. This is the Schlotthauer site that was mentioned. They did approach us a couple of years ago to look at what kind of improvements would need to be made in order to bring that site on-line. And then when that was discussed, the next question was, well what about an urban renewal district out here? How could that help? Part of the improvements that would

be made here, I think, take part of this area (pointing to open field land north of I-90) here into consideration, depending on how that wastewater ultimately gets over to this side.

Steigleder: Don't we need to annex all of that first, before we get into an urban renewal district?

Coles: Makes sense.

Crosby: Everything west of Huetter?

Seale: The stuff west of Huetter?

Crosby: Yes.

Seale: Yes. It's not in the city limits right now, and there's no applications for that. And yes, typically it has to be in the city limits to be part of an urban renewal district.

Enderud: I think right now everyone is just focusing on the southern border area.

Seale: Yes, it's just to focus the southern part, but there were comments that if they were to build some sewer infrastructure, we want them to consider what's happening to the north because we don't want to put in one pipe and have to turn around and put in another pipe a couple of years later, depending on how it goes.

Westlund: What happens if we, say, set up an urban renewal district there and then an adjacent property was going to be annexed? Do we have to reset the urban renewal district in order to get that property in or can we change the boundaries?

Crosby: We can change the boundaries, but once we set the boundaries if we change them by more than ten percent then we go back to zero.

Westlund: By land area or by project cost?

Crosby: By land area.

Westlund: Ok.

Wilson: If we were to create a district here, we'd likely talk to Ross Schlotthauer, and we'd do like out at Pleasant View. We'd do a number of annexations off that corridor to bring that in. You can, in theory include stuff that's in the County, it's just really, really difficult and it's probably not something... well, it's doable just not something we'd want to do.

Indistinguishable.

Wilson: Yes, they did help us at Pleasant View. They probably could come close to annexing now, just looking at the map here, could probably be contiguous and annexed, so if we got serious about a district, we'd look at where would the boundaries make sense and then we'd talk to the property owners that were involved to see if they wanted to come in, if we wanted to put together a package that worked.

Crosby: Ideally, if we had a smaller footprint and a shorter term, basically a ten-year district, then if nothing happens it closes.

Coles: Shorter term has some problems because, in particular, that piece of Schlotthauer's, his increment is basically his property, so that short term doesn't work for him to get any reimbursement out of the increment. The longer term makes more sense for those type of properties.

Malloy: Well, the footprint works against it too.

Seale: If he were to try and be the proponent and lead an urban renewal district, we would probably work with him on touching base with a lot of other properties along the route and along that area that would benefit from public infrastructure and ask them to annex into the city, join the district, just like we did with Pleasant View.

Crosby: And then give us an estimated time on it, as to when they're going to develop it so we can set a realistic maturity date.

Johns: A couple of years ago, when they talked to the city, they also came over and talked to urban renewal. He has had conversations with the properties on the south side of Seltice Way. Some of the owners in there, all the way down to Maplewood, or the railroad grade, and then westward. Throughout that area he's already had some conversations with those folks. What the status is, I can't tell you, but it's been knocking around in peoples' heads for a few years now.

Seale: I think that part of the reason for needing that southern side is that this area (referring to map) is the wastewater collection plan. The line went down through here so that is the reason why I remember looking at this area. This would be part of that desire trying to figure out how to annex them in to make this work so that they could come off septic as well. Then we'd be able to install the infrastructure that way.

Jacobson: I pointed out that its critical that it's sized properly because of what could happen on the north side.

Crosby: We'd love to get some direction if you come up with ideas to some are that needs to revitalized, or has some potential. We'd love to hear from council.

Jacobson: Comments, questions?

Enderud: That is what we had for future districts. Now were just open for questions, general urban renewal questions, or any questions regarding future work in the districts. Joe, you will be doing a presentation showing the annual report, correct?

Johns: Yes.

Enderud: The Urban Renewal's Annual Report will be tonight under Ceremonies, Presentations and Announcements. Also, any feedback on, well it's been about 3 or 4 years I want to say, since we've done a workshop with the Commission. If you'd like to see this on a more regular basis, maybe every six months or something where you're getting together, getting to see each other face to face and talk about what's going on with urban renewal.

Jacobson: Well, this is, right now I'm not saying you're not busy, but you're less busy than you used to be.

Crosby: We are, we're down to three districts.

Jacobson: Yes, so now they have the time and it makes sense, especially if we contemplate, or if someone has suggestions for an additional district, or if we start doing more out on the west side.

Crosby: Sure, or if you just want us to investigate an area to see if it's reasonable, feasible.

Steigleder: I'd like to see if there's an example of a smaller, shorter-term district in Idaho that was successful.

Crosby: There's a perfect district right here. Our first district, what was the name of the company?

Coles: Harpers.

Enderud: Kimball.

Crosby: It was that site, they owned the site and said we need improvements. That was our first district. We opened it up and closed it within five years. We reimbursed them for everything. Obviously, if we had a large employer that came in and said, okay, we (unclear). That was the idea behind Pleasant View, except we had to expand the district because we didn't have sewer and water. If we had a developer that came in and said, okay, I've bought fifty acres and I want to put in some kind of a factory, or some kind of industrial project, bring the sewer and water, and road improvements, and street improvements, and that sort of thing, that would be a perfect single purpose, short term urban renewal district.

Steigleder: Okay.

Crosby: And it could all be increment and just go (unclear).

Jacobson: I'd comment again, I currently say it many times, even to those folks who are not supporters of urban renewal, some of the more vocal ones, they've said that's the reason Post Falls drives them nuts is because he hates urban renewal, but urban renewal in Post Falls is done right. That's what he says. It's hard to argue with success. And he says if all urban renewal was done the way it's done in Post Falls, he said I might feel differently. So, I think that's kudos to the Commission because I think they've done a nice job of it. And not to compare or cast stones at (unclear), but they've had two huge districts for years. And ours have been more targeted, I'll not say narrow, but targeted. And I think we've closed almost all of them early?

Crosby: Yes, early and we've paid the bonds off early on the Greensferry Overpass. I think part of that is because we work very close with the city staff. We try to do what you want us to do rather than going out and coming up with an idea and throwing that.

Ziegler: That's probably some of the context, as far as state legislation changes, is how statewide, how well is urban renewal being done well? That varies. I've had questions.

Crosby: They've had some questions in Coeur d'Alene. Questions in Boise, and as a matter of fact the Chobani development was fantastic and that was an urban renewal project. It employs four thousand, five thousand people. We've had some very good successes. There have been some, the Dover(?) development, single family housing up there. That was an urban renewal district. Not a good idea.

Ziegler: I was going to ask about the Potlatch site. Is that scalable for a small, targeted urban renewal district? Like, compared to the Kimball project, does it have that potential?

Crosby: Which site?

Ziegler: Plummer.

Crosby: It is, absolutely, redevelopment. There could some remediation of that particular site, and then conversion to something else. It was manufacturing. It's got tremendous potential.

Jacobson: Any time you get a mill you get questions. That's because of the composition of the soil. You just don't know what you're going to get.

Enderud: It's one of the things our agency does do, is when you have more of a kind of single user like that, they can go before the county and ask to have their property taxes waived, if they have less than fifty million in the, twenty-five million, it's a small number in capital improvement. If you are in an urban renewal district and going to be reimbursed, you have to forego that, so that you do pay the property taxes. I think that has occurred in some of these other districts around the state where you had the businesses build and then they go get a tax waiver and then it's difficult to pay back the bonds on those, that's been a problem.

Coles: Right.

Enderud: Our agency, when you enter an OPA with an urban renewal district here in Post Falls, you agree to not go before the county, and I think it's also in the District Plan also, if I recall. I think we have that language in there so that the City is very clear that we don't permit it also. But the County does have that authority beyond us so the County asks us those questions and asks us whether or not we're supportive, but the County does have the authority in state code to do that on their own. When we've had any businesses go forward to the County and make that request, we've been present at those meetings, and it's happened two or three times when I went there, and the County does look to the City on what are your feelings on this. So, they've been really cooperative in that way, and even about urban renewal. Commissioner Duncan is not supportive of urban renewal. When we went to them with the Pleasant View District and asked to do a Joint Powers Agreement with them so that we could go ahead and get that district created while that property was being annexed, she approved that, but she stated that it's because she believes that Post Falls is intending to do the right thing with intending to annex it. She did approve that motion before the County Commissioners, even though she's not a huge supporter of urban renewal. So, I think you get used to that cooperation because the Agency carries on so well.

Jacobson: Any comments, questions?

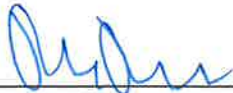
Crosby: Thank you, we appreciate your time.

Jacobson: We appreciate your time and everyone showing up. Thank you very much. Let's adjourn this meeting and head upstairs.

ADJOURNMENT

Meeting adjourned at 5:36 p.m.

Respectfully submitted,



Joseph Johns, Executive Director



Jame Davis, Chairman