

Central Corridor Urban Renewal Area: Alternative Plans - 10/27/98  
Cross Functional Team: Hotchkiss, Morphey, Chambers, Tingey, Foster, Higgins

**Purpose of the Plan** (Consolidated Central Corridor Urban Renewal Area Plan: Draft 10/13/98, pg. 3-4)

1. Level or reduce City tax levy rates through increasing the tax base by more aggressively engaging in redevelopment of underutilized areas.
2. Partnering with the private sector to enhance development and to attract new or expanded businesses to improve the Pocatello economy.
3. Target areas in need of public infrastructure improvements.

**Objectives of the Cross Functional Team** (PDA directive)

1. Financial feasibility - tax impacts, financing structure, term, other savings
2. Significant infrastructure improvements conducive to business retention and expansion
3. Protect the opportunity window
4. Verify accuracy of the formulas and numbers
5. Prioritize the projects list
6. Develop "menu" of options

**Assumptions incorporated into the calculations:**

1. Numbers for valuations are valid as of 9/8/98, based on records from the County Assessor's office.
2. Projections for the Alvin Ricken TIF assume that AMI will receive 75% of the \$18 million property tax adjustment it has requested.
3. Future base tax valuation for the taxing districts do not include any new generators or increased valuation through expansion of existing generators.
4. The combined tax levy rate will remain static at .02558678 from 1999-2008, and none of the taxing entities will take advantage of the 3% cap.
5. Projected reduction of TIF tax values are due to equipment depreciation at the rate of 5% per year for years 1-5, and 3% per year for years 6-10. No increased valuations are included for new or replacement equipment.
6. Project will be bonded from inception.
7. Bond interest rates will be 4.5% or lower.
8. The maximum school district levy is applied each year.
9. The plan will not be regarded as a stand-alone effort, but will be supported by effective economic development efforts targeted at infill, new generators, and expansion of existing generators; appropriate use of CDBG and LID programs in residential areas abutting the Urban Renewal project sites; and partnership with the private sector via Business Improvement Districts and entrepreneurial reinvestment; and utilization of external funding sources; i.e., brownfields grants.

Property Tax Reduction Potential  
Return of Alvin Ricken TIF to Tax Base for FY 2001

Alvin Ricken base value	\$64,565,274.00		
Current Valuation (9/8/98)	\$184,313,799.00		
Tax appeal request	\$18,000,000.00		
75% of appeal request	\$12,000,000.00		
Adjusted market value w/ 75% of appeal	\$172,313,799.00	(\$184,313,799-\$12,000,000)	
Increment taxable value	\$107,748,525.00	(\$172,313,799-\$64,565,274)	
TIF expiration date	12/31/00		
First year impact on tax roles	FY 2001		
Market value in 2001	\$106,993,518.00	1998 assessment-depreciation-base)	
Projected combined levy rate in 2001	0.02558678		
New income (relief dollars) into funds	\$2,737,619.61		
TTL valuation projection for 2001	\$1,214,215,223.00	in 1998 dollars	
Tax-based income to districts in 2001	\$31,067,857.78		
Relief % differential	8.81%	(= \$2,737,620 / \$31,067,858)	
Avg. home mkt. value 1997	\$91,000.00	source: MLS history	
Homeowner's exemption	\$45,500.00		
Taxable value	\$45,500.00		
Tax \$\$ w/ 2001 levy rate @ .02558768	\$1,164.20	annual	\$8.55 per month**
8.81% relief differential (annual)	\$102.59		
Rental property valued at \$91,000 in 1997	\$91,000.00		
Homeowner's exemption	\$0.00		
Taxable value	\$91,000.00		
Tax \$\$ w/ 2001 levy rate @ .02558768	\$2,328.40	annual	
8.81% relief differential (annual)	\$205.17		

\*\*NOTE: If the storm sewer projects are not done with the TIF plan, the City will have to impose a storm sewer utility fee to pay for Federally-mandated runoff mitigation. Today's estimated cost is a range between \$2.65/month and \$5.00/month per residence. Thus, net savings with the property tax pass-through plan would be between \$3.55/month and \$5.90 per month

Commercial property valued @ \$200,000	\$200,000.00
Property tax @ .02558678	\$5,117.00
Annual savings @ 8.81%	\$414.50

Storm sewer utility fees for commercial property would be assessed on a per-square-foot basis, calculated on total drainage area of the site.

Central Corridor Projects List and Budget

Project Description*	Projected Cost	Source of Funds	Other Funds
*for additional detail see draft plan 10/13/98, Table 1 pg. 7-9			
(1) Storm sewer - Halliday project	\$3,393,780.00	TIF	
(2) Water line - Main St. project	\$475,000.00	TIF	
(3) Storm sewer - Main St. project	\$300,000.00	TIF	
(4) Engineering & contingency: projects 1-3 calculated at 15% of project cost	\$554,067.00	TIF	
(5) Curb, gutter, sidewalk, lighting - Main St.	\$1,307,412.00	TIF/LID	\$189,500 (LID)
(6) Curb, gutter, sidewalk, lighting - 4th & 5th Sts.	\$2,051,400.00	TIF/LID	\$195,300 (LID)
(7) Engineering & contingency: 4th & 5th Sts. calculated at 15% of project cost	\$307,710.00	TIF	
(8) Brownfields development	\$300,000.00	TIF	
(9) Commercial acquisition & building improvemen	\$425,000.00	TIF	
(10) Parks improvement	\$240,000.00	TIF	
(11) Downtown parking	\$250,000.00	TIF	
Total Projects Cost	\$9,604,369.00	TIF/LID	
Other Revenue (LID)	\$384,800.00		
Net Project Cost	\$9,219,569.00		

**Bond Cost Calculations**

**10-year bond**

**Application of Funds**

Projects Budget (gross)	\$9,604,369.00	
Liquidation of remaining TIF debt	\$5,020,000.00	
Bonding and debt issuance fees	\$3,647,422.00	assumes vanilla, non-call bond at 4.25% interest; interest income
<b>Total Program Cost</b>	<b>\$18,271,791.00</b>	from escrow funds is not included in this calculation

**Sources of Funds: 1999-2009**

**Revenue Available to PDA**      First Security Capital Mkts., Public Finance Dept.

1999	\$2,429,675.00
2000	\$2,240,034.00
2001	\$2,065,345.00
2002	\$1,904,421.00
2003	\$1,756,170.00
2004	\$1,619,583.00
2005	\$1,520,150.00
2006	\$1,426,619.00
2007	\$1,338,594.00
2008	\$1,255,795.00
2009	\$1,224,517.00
<b>Total</b>	<b>\$18,780,903.00</b>

Revenue Available	\$18,780,903.00
Other Income (LID)	\$384,800.00
<b>Total Program Cost</b>	<b>\$18,271,791.00</b>
<b>Surplus Margin</b>	<b>\$893,912.00</b>

**Rationale for bonding from inception of program:**

1. Current bond interest rates are lower than the rate of inflation.
2. We can't predict bond interest rates in the future.
3. Immediate bond vs. cash + bond approach avoids inflation-based escalation of project costs.
4. Unused project money has zero cost until spent, due to reinvestment potential. Unused balance of bond fund in the first two years can be invested in safe instruments and interest income used to pay debt.
5. The Cross Functional Team recommends that all income from the four TIF districts included in the program be applied to early accrual of debt balance in escrow.

Property Tax Reduction Potential  
 Return of Alvin Ricken TIF to Tax Base in FY 2010

**SCHEDULE 1: No Increase in assessed valuations**

Alvin Ricken base value	\$64,565,274.00	
Projected market value: 12/31/2009	\$184,313,799.00	draft 10/13/98: chart pg 14
Less 10-year depreciation	(\$42,516,692.00)	
Less base valuation	(\$64,565,274.00)	
Assessed valuation: 12/31/2009	\$77,231,833.00	
Combined levy rate	0.02558768	
Income to taxing districts	\$1,976,183.43	
Total Districts Valuation 2010	\$1,214,215,223.00	
Combined levy rate	0.02558768	
Tax-based income to districts in 2010	\$31,068,950.58	
Relief % differential	6.36%	

Avg. home mkt. value 1997	\$91,000.00	source: MLS history
Homeowner's exemption	\$45,500.00	
Taxable value	\$45,500.00	
Tax \$\$ w/ 2010 levy rate @ .02558768	\$1,164.20	annual
6.36% relief differential	\$74.05	annual savings
Rental property valued at \$91,000 in 1997	\$91,000.00	
Homeowner's exemption	\$0.00	
Taxable value	\$91,000.00	
Tax \$\$ w/ 2010 levy rate @ .02558768	\$2,328.40	annual
6.36% relief differential (annual)	\$148.10	annual savings

**Projected Taxpayer Savings with Increased URA Valuation**

based on the valuation increase experience of Old Town Pocatello = 33% from inception to present

Projected Valuation in 2010	\$82,353,797.00
* 50% of OTP experience	16.50%
Adjusted Valuation in 2010	\$95,942,174.00
Adjusted Total Taxing Dist. Valuation 2010	\$1,227,803,600.00
2010 combined levy rate	0.02558768
Income with adjusted valuation	\$31,416,645.62
Income w/o valuation increase	\$31,068,950.58
Additional income	\$347,695.04
% increase	1.12%
Relief differential w/ increased valuation	7.48%