



# PDA Urban Renewal

## 2016 Annual Report



	Pocatello City Boundary
	North Yellowstone URATIF
	North Portneuf URATIF
	Naval Ordnance URATIF
	Pocatello Airport URATIF



## **Board of Directors**

**Scott Smith (Chair)**  
*Attorney, Legal*

**Russ Meyers (Vice-Chair)**  
*Communications*

**Brian Blad**  
*Mayor*

**Steve Brown**  
*City Council*

**Larry Fisher**  
*Lodging, Development*

**Devin Hillam**  
*Bannock Co. Representative*

**Chad Carr**  
*Utilities*

**Thomas Ottaway, PhD**  
*ISU College of Business*

**Scott Turner (Retired)**  
*Business & Development*

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**John Regetz (Ex-Officio)**  
*Bannock Development Corp.*

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### **City Staff**

**A. Dean Tranmer**  
*Legal Counsel*

**Tiffany Olsen**  
*Secretary*

**Joyce Stroschein**  
*Treasurer*

**Merril Quayle**  
*Public Works Engineer*

## **Profile of the Pocatello Development Authority**

The Pocatello Development Authority was created by the City of Pocatello in 1988 pursuant to Resolution 1988-13 in accordance with the Urban Renewal law of 1965 and the Local Economic Development Act. The Authority is an independent public body corporate and politic, entirely separate and distinct from the City of Pocatello.

The purpose of the Pocatello Development Authority is to undertake urban renewal projects in areas designated by the City of Pocatello to be deteriorating and to implement the rehabilitation, conservation, redevelopment, or a combination thereof of such area, or areas, in the interest of the public health, safety, morals or welfare of the residents of the City of Pocatello. The Authority is to afford maximum opportunity, consistent with the needs of the City of Pocatello as a whole, to the rehabilitation or redevelopment of the urban renewal areas by private enterprise.

The Board of Commissioners of the Pocatello Development Authority consists of nine members. Membership is constituted as follows: the Chairman of the Pocatello City Council; one member of the Board of County Commissioners (or their designee); the Mayor of the City of Pocatello; one member with financial expertise such as accounting, banking or lending-institution experience; one member from the education community; and four other members from the citizenry at large. Each commissioner shall serve a four (4) year term. Commissioners may serve up to two (2) consecutive terms or eight (8) years. Terms are staggered in such a fashion that no more than two expire in any given year.

The Board of Commissioners elects the Chairman and the Vice-Chairman from the ranks of the commission for a term of one year. The Secretary and Treasurer are appointed positions. Elections are at the regular meeting in October.

The Chairman of the Board is chief presiding officer of the Pocatello Development Authority. The Chairman executes all deeds, bonds, contracts and other legal documents authorized by the Board. Some of the Chairman's duties may be delegated by the Board to the Executive Director of the Authority.



## How Does the PDA Work?

The Pocatello Development Authority works with the City of Pocatello, the Bannock Development Corporation and the private sector to remedy blighted or deteriorating/deteriorated urban areas within the city in accordance with Idaho State Law. Pocatello Development Authority administers the funding mechanism for this process using Tax Increment Financing according to an urban renewal plan approved by the local legislative body.

The City of Pocatello (via the City Council) is responsible for determining which areas of the City qualify under urban renewal law to be categorized as deteriorated or deteriorating and considered for an urban renewal area (URA). These areas typically lack adequate infrastructure which may include water, sewer, power, roads or access. These improvements are in most cases too costly for a developer (or the City) to fund up-front and in many cases includes property outside of the primary developer's control.

Once an urban renewal area is established, the City recruits businesses or works through other recruiting efforts such as Bannock Development Corporation to attract businesses to these areas. Businesses that are interested in moving are looking for a site that makes business sense and, in some instances, will consider moving if there is financial aid for infrastructure development or other construction costs such as demolition. This is where the PDA steps in again, through the use of Tax Increment Financing (TIF).

Tax increment financing is a mechanism that allows for funding of urban renewal projects according to an adopted urban renewal plan. When the City establishes a TIF district the value of the property in the district is frozen at its current valuation. The property taxes collected on the frozen or base value continue to be distributed to the various taxing entities providing services to that property, (i.e., Bannock County, School District 25, and City of Pocatello), but the property taxes paid on the increased valuation goes to the Pocatello Development Authority (property values typically increase due to new development based on added value). The PDA can issue bonded debt, based upon expected valuation increases, to provide funding for infrastructure or site development necessary for the business to build in the district. Approximately two (2) years after the business has moved in, property taxes begin to be collected only on the increased valuation and it is allocated to the Authority to pay debt. If the debt is paid prior to the maximum 20 year period the district may be closed "early" and the added increment is returned to the various taxing districts.

More recently the Authority and businesses have been working hand in hand to accomplish infrastructure and site development without bonded debt. Businesses moving into a URA have been able to provide funding for improvements up front with security from the TIF. Afterward, the Authority repays the businesses their infrastructure development costs by refunding increased incremental tax within the TIF (taxes paid by the businesses returning to the businesses for what is quite often public infrastructure).

### PDA Administers Urban Renewal Areas

- PDA recommends District establishment after finding of need by the Planning & Zoning Commission
- PDA recommends District Plan which proposes use of tax funds, as limited by state law and as may be further limited by the plan
- City Council approves the District Plan via ordinance
- PDA executes the plan (includes negotiation of development agreements)
- PDA can issue bonded debt to provide funding for infrastructure, or reimburse qualifying debt over time incurred by development, by increased tax revenue through increased property valuation

## What is a Redevelopment Agency?

- A Redevelopment Agency is an Independent Authority Established by the Local Elected Officials
- Established by the City to implement "urban renewal"
- Urban Renewal Law supports local economic development
- Successful and most significant and flexible economic development tool in Idaho to attract or provide assistance to potential new business/jobs by assisting with infrastructure, property acquisition, or clean up/removal of deteriorated land/buildings
- Uses incremental tax dollars from new development to benefit that new development/Urban Renewal Area and/or foster yet more new development

## 2016 Annual Report - Pocatello Development Authority

The mission of the PDA is to promote and support projects that achieve sustainable economic growth and vitality to enhance the community.

Pursuant to Idaho Code §50-2006(c), urban renewal agencies are to provide an annual report by March 31<sup>st</sup> of each year to the jurisdiction's governing body.

The PDA will hold a public hearing on the annual report at their regularly scheduled meeting on March 15, 2017 with the required notice provisions being met.

## How Projects are Funded

Projects are funded by either: 1) being located in a current tax increment finance district; or 2) by a contribution (grant or loan) from the authority's General Fund.

The General Fund is financed through closed TIF balance or by an annual administrative fee transferred from the active Districts per Idaho Code §50-2903(14)(e).

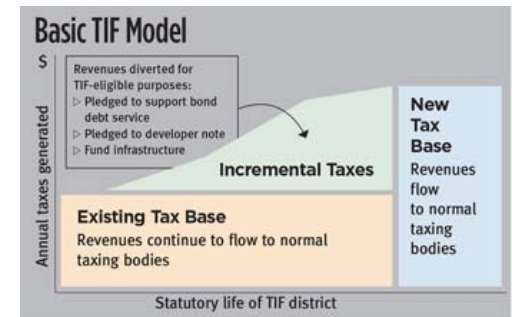
November 2015 transfer to the General Fund:

North Yellowstone District \$130,961.38  
 Naval Ordnance District \$ 21,855.78  
Central Corridor (closed) \$ 11,000.00

**\$163,817.16**

*(Excludes Airport and North Portneuf Districts)*

General Fund Balance 9/30/16 =  
**\$3,438,648**



# Achievements 2016



PDA agreed to pay up to \$200k for power upgrades at the Naval Ordnance Plant to attract new and retain existing businesses (Independent Electrical/Power Source).

PDA assigned its lease with JH Kelly, LLC to V.A. Metals, LLC, an Idaho company who is owned by a group of investors from India. V.A. Metals also purchased the existing assets on the property from JH Kelly.



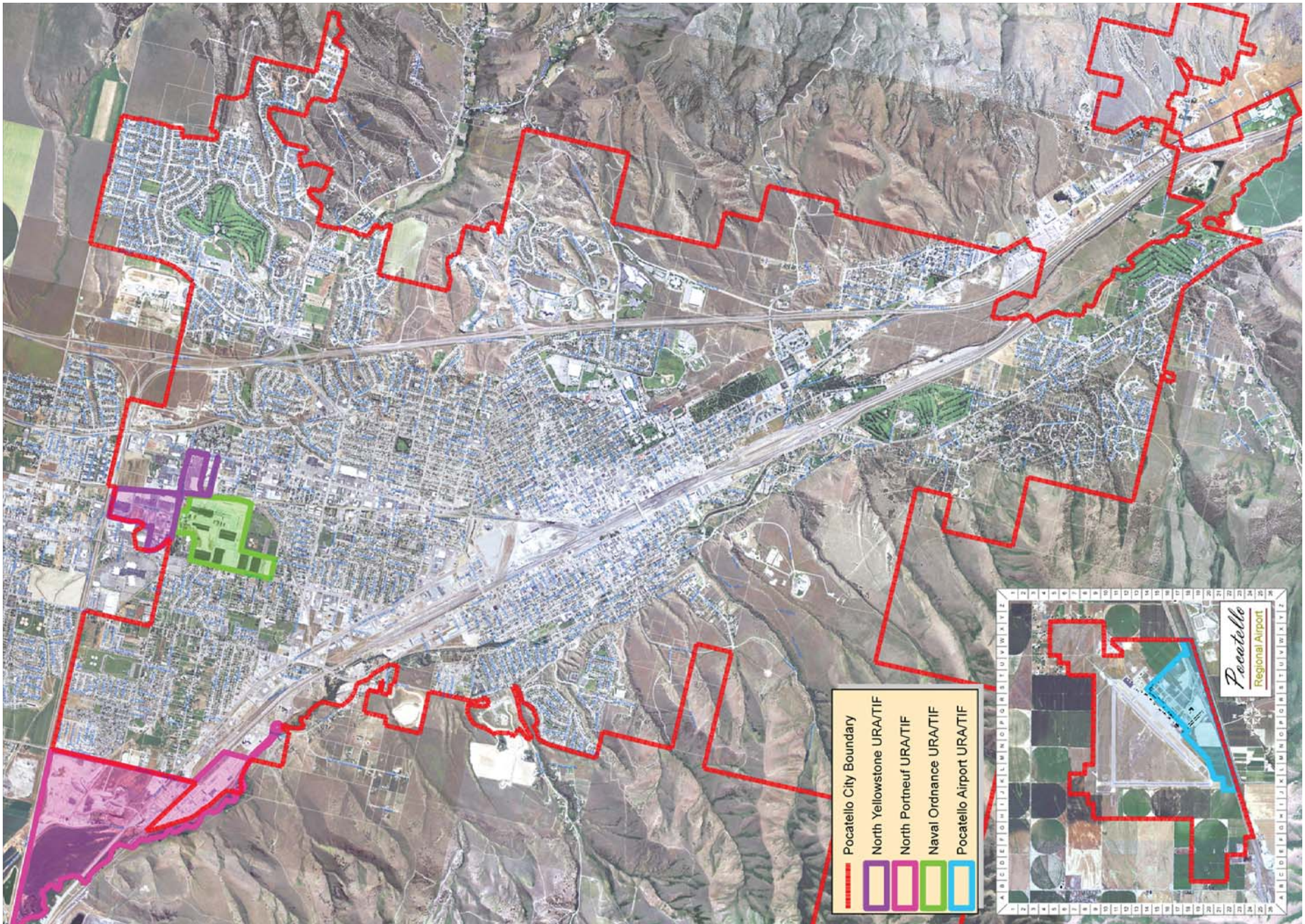
PDA acquired the Positron facility located at 1500 Alvin Ricken Dr. by judicial foreclosure proceedings in July 2016. The ISU Idaho Accelerator Center is now leasing the facility (including payment of the utilities) from the PDA for 60 months.



BBAD Investments, LLC - In March 2004, the PDA loaned BBAD \$200,000 for property improvements in the South Cliffs Subdivision. Loan repayment was due in April 2018, however, payment in full was received in June 2016.



PDA has supported the Redevelopment Association of Idaho in legislative efforts to save/enhance urban renewal laws for Idaho.



Urban Renewal Areas in Pocatello



The PDA contributed \$3.3M toward the design and construction of the South Valley Connector Project.

POCATELLO  
**LITHIA**  
CHRYSLER JEEP DODGE RAM

**LOWE'S**

**ASHLEY**  
FURNITURE  
HomeStore

**TETON**  
Honda

JENSEN

MACKENZIE  
RIVER  
PIZZA Co.

**BUFFALO WILD WINGS**  
GRILL & BAR

**MATTRESS FIRM**

**DICK'S**  
SPORTING GOODS

**NAPA**  
AUTO PARTS

PizzaPieCafe  
real american pizza

AMERICA'S BEST  
CONTACTS & EYEGLASSES

**JOANN**  
fabrics and crafts

HOUSE

T-Mobile

DOWNEAST  
basics

AT&T

**ROSS**  
DRESS FOR LESS

**BIG 5**  
SPORTING GOODS

**BED BATH & BEYOND**

JIMMY JOHN'S  
GOURMET SANDWICHES

**STAPLES**

North Yellowstone URA

North Yellowstone



# North Yellowstone URA

- **Established:** 2004
- **Expires:** 2028
- **2015 Increment:** \$1,260,449
- **Present Balance:** \$2,427,777
- **Added Value:** **\$73,117,903**
- **Bonded Debt:** Hurley Drive project
  - Borrowed \$7,755,000 in Dec 2004
  - Funded \$6,000,000 construction
  - Rest was debt service reserve, initial 3 years of interest
  - Debt was refinanced through Zions Bank in 2012; reduced rate saving district \$1.8 million interest and 3-4 years in life of TIF term
- **Non-Bonded Debt:** Annual employment incentive payment to Costco of \$122,000 for 10 years. \* Last payment in 2017.
- **Improvements:** \$9.3 million in new infrastructure, \$7,150,000 in bonds to pay for public infrastructure; roads, curb & gutter, sidewalks, sanitary sewer, water, storm water, roads, lighting, up-grades on 3 traffic signals, up-grades on utilities (gas, power, communications).
- Named "Best Planning Project" in the State, 2005
- **Employee Statistics:** As of October 2016, the North Yellowstone URA included 1,137 employees with an estimated annual wage of \$20,799.75 (Source: Idaho Department of Labor, Communications and Research).

## Major Companies in North Yellowstone District

- Americas Best Contacts & Eyeglasses
- Ashley Furniture
- AT&T
- Bank of Commerce
- Bed, Bath & Beyond
- Big 5 Sporting Goods
- Buffalo Wild Wings
- Chili's
- Costa Vida
- Costco
- Dick's Sporting Goods
- DL Evans Bank
- Downeast Clothing
- Firehouse Grill
- Five Guys
- Great Wall Express
- Jensen Jewelers
- Jo-Ann's
- Kiwi Loco
- Lowes
- Mattress Firm
- McKenzie River Pizza & Pub
- Pizza Pie Cafe
- Ross Dress for Less
- Staples
- Texas Roadhouse
- Verizon



## New Businesses in 2016!

- Napa Auto Parts
- Lithia Chrysler Jeep Dodge Ram
- Teton Honda

Naval Ordnance Plant URA



Naval Ordnance

# Naval Ordnance Plant URA

- **Established:** 2006
- **Expires:** 2026
- **2015 Increment:** \$223,661
- **Present Balance:** \$420,396
- **Added Value:** **\$13,414,054**
- **Bonded Debt:** None
- **Non-bonded Debt:** \$750,000 paid from General Fund to make RDA payment for employment incentive to keep Petersen Inc in Pocatello (versus Ogden, Utah).
- **Improvements:** Power upgrades, rail & pavement upgrades, sewer pump station, monitoring station, and building upgrades to retain manufacturing
- **Employee Statistics:** As of October 2016, the Naval Ordnance Plant URA included 455 employees with an estimated average wage of \$40,386.57.

(Source: Idaho Department of Labor, Communications and Research)



## Major Companies in Naval Ordnance District:

- SME Steel
- Virginia Transformer
- Eaton Metal Products
- ATCO Structures & Logistics
- Western Industrial



# Pocatello Airport

Pocatello Airport URA



# Pocatello Airport URA

- **Established:** 2010
- **Expires:** 2033
- **2015 Increment:** \$105,437
- **Present Balance:** \$329,416
- **Added Value:** **\$5,533,078**
- **Bonded Debt:** None
- **Non-bonded Debt:** None
- **Improvements:** Upgrades to culinary and fire flow water, sewer, road, storm water, and public non-city utilities (gas, power, and communications).
- Petersen Inc. grand opening Oct 2011
- **Employee Statistics:** The Pocatello Airport URA includes 154 employees with an estimated average wage of \$41,558.57 (Source: Idaho Department of Labor, Communications and Research).
- **Petersen, Inc.:** PDA Economic Grant agreement required bench mark of 50 FTE with a minimum wage of \$14/hr for a period of fifteen years. Petersen, Inc. has exceeded expectations. They currently have 55 FTE with 51 employees earning at least \$14/hr, and an average wage of \$21.84/hr. (Source: Petersen, Inc. Semi-Annual Report dated 6/30/2016).



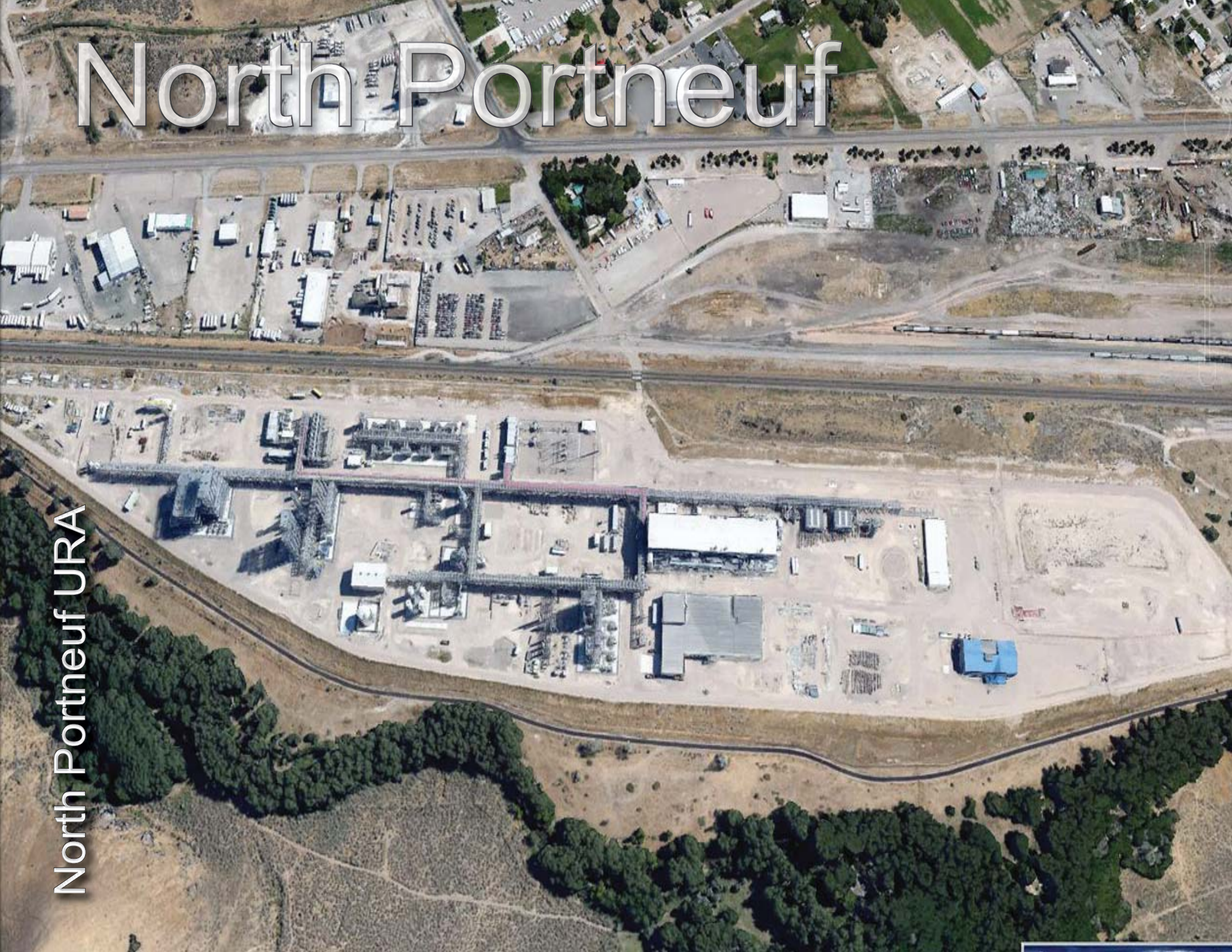
## Major Companies in Pocatello Airport District:

- Petersen Incorporated
- AV Center
- McNabb Grain & Trucking
- Utah Helicopter
- BLM
- NFS



# North Portneuf

North Portneuf URA

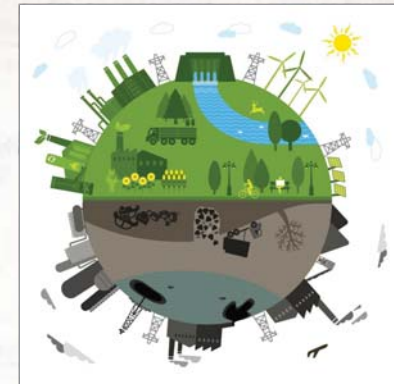


# North Portneuf URA

- **Established:** 2007
- **Expires:** 2024
- **2015 Increment:** \$83,421
- **Present Balance:** \$114,751
- **Added Value:** **\$6,868,926**
- **Bonded Debt:** None
- **Non-bonded Debt:** reimburse City of Pocatello for property purchased for this development; \$1,000,000 in exchange for property deeds.
- **Private Investment:** \$450,000,000
- **Improvements:** \$1,000,000.00 by the City to purchase land within the district, relocation of water mainlines and up-grades to non-city utilities (rail, gas, power, and communications) and possible roadway work, depending on the outcome of existing roadway agreements in place.

## Major Companies in North Portneuf District:

- Hoku Materials: declared bankruptcy in 2014
- PDA has successfully acquired property from City of Pocatello through conveyance per Idaho Code and subsequently is leasing the property to V.A. Metals, LLC. The lease expires January 15, 2017 and includes a first right to purchase. V.A. Metals has had a group of engineers performing a gap assessment of the facility since mid-October to determine what equipment will be necessary to make the plant operational.



**Pocatello Development Authority**  
**Balance Sheet by Class**  
 As of September 30, 2016

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
<b>ASSETS</b>						
<b>Current Assets</b>						
<b>Checking/Savings</b>						
Checking Wells Fargo	2,265,708.38	51,104.35	420,396.34	114,751.73	329,416.13	3,181,376.93
Savings Wells Fargo	746,345.72	36.20	0.00	0.00	0.00	746,381.92
Zions 2012 Bnd Fnd 7110526D	0.00	6.61	0.00	0.00	0.00	6.61
Zions Bnd Reserve Fnd 7110526B	0.00	677,546.02	0.00	0.00	0.00	677,546.02
Zions Rev Alloc Fnd 7110526	0.00	1,667,321.44	0.00	0.00	0.00	1,667,321.44
<b>Total Checking/Savings</b>	<u>3,012,054.10</u>	<u>2,396,014.62</u>	<u>420,396.34</u>	<u>114,751.73</u>	<u>329,416.13</u>	<u>6,272,632.92</u>
<b>Accounts Receivable</b>						
Accounts Receivable	1,814.52	0.00	0.00	0.00	0.00	1,814.52
<b>Total Accounts Receivable</b>	<u>1,814.52</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,814.52</u>
<b>Other Current Assets</b>						
A/R accounts	6,450.00	0.00	0.00	0.00	0.00	6,450.00
Accrued Interest Income	16,786.74	168.24	0.00	0.00	0.00	16,954.98
Property Tax Receivable	0.00	31,587.23	0.00	73,911.63	0.00	105,498.86
<b>Total Other Current Assets</b>	<u>23,236.74</u>	<u>31,755.47</u>	<u>0.00</u>	<u>73,911.63</u>	<u>0.00</u>	<u>128,903.84</u>
<b>Total Current Assets</b>	<u>3,037,105.36</u>	<u>2,427,770.09</u>	<u>420,396.34</u>	<u>188,663.36</u>	<u>329,416.13</u>	<u>6,403,351.28</u>
<b>Other Assets</b>						
Inventory - Leasehold	424,779.00	0.00	0.00	0.00	0.00	424,779.00
Note Receivable	50,000.00	0.00	0.00	0.00	0.00	50,000.00
<b>Total Other Assets</b>	<u>474,779.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>474,779.00</u>
<b>TOTAL ASSETS</b>	<u><u>3,511,884.36</u></u>	<u><u>2,427,770.09</u></u>	<u><u>420,396.34</u></u>	<u><u>188,663.36</u></u>	<u><u>329,416.13</u></u>	<u><u>6,878,130.28</u></u>



**Pocatello Development Authority**  
**Balance Sheet by Class**  
 As of September 30, 2016

	<u>1-General Fund</u>	<u>3-North Yellowstone</u>	<u>4-Naval Ordnance</u>	<u>6-North Portneuf</u>	<u>7-Pocatello Regional Airport</u>	<u>TOTAL</u>
<b>LIABILITIES &amp; FUND BALANCE</b>						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
<b>Other Current Liabilities</b>						
Deferred Receivables	6,450.00	0.00	0.00	0.00	0.00	6,450.00
<b>Total Other Current Liabilities</b>	<u>6,450.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,450.00</u>
<b>Total Current Liabilities</b>	6,450.00	0.00	0.00	0.00	0.00	6,450.00
<b>Long Term Liabilities</b>						
Deferred Interest Receivable	16,786.74	0.00	0.00	0.00	0.00	16,786.74
Deferred Notes Receivable Rev	50,000.00	0.00	0.00	0.00	0.00	50,000.00
Deferred Tax Revenues	0.00	0.00	0.00	73,911.63	0.00	73,911.63
<b>Total Long Term Liabilities</b>	<u>66,786.74</u>	<u>0.00</u>	<u>0.00</u>	<u>73,911.63</u>	<u>0.00</u>	<u>140,698.37</u>
<b>Total Liabilities</b>	73,236.74	0.00	0.00	73,911.63	0.00	147,148.37
<b>Fund Balance</b>						
Fund Balance	3,543,184.37	2,023,968.39	205,991.72	142,390.94	228,597.47	6,144,132.89
Net Income	-104,536.75	403,801.70	214,404.62	-27,639.21	100,818.66	586,849.02
<b>Total Fund Balance</b>	<u>3,438,647.62</u>	<u>2,427,770.09</u>	<u>420,396.34</u>	<u>114,751.73</u>	<u>329,416.13</u>	<u>6,730,981.91</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u><u>3,511,884.36</u></u>	<u><u>2,427,770.09</u></u>	<u><u>420,396.34</u></u>	<u><u>188,663.36</u></u>	<u><u>329,416.13</u></u>	<u><u>6,878,130.28</u></u>



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