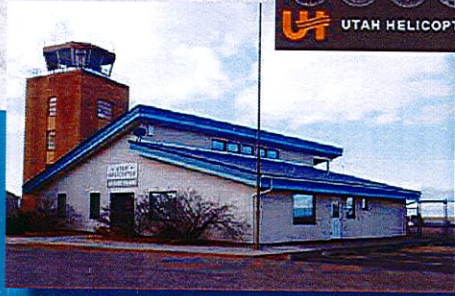


POCATELLO DEVELOPMENT AUTHORITY

2017 ANNUAL REPORT



- Pocatello City Boundary
- North Yellowstone URA/TIF
- North Portneuf URA/TIF
- Naval Ordnance URA/TIF
- Pocatello Airport URA/TIF



Board of Directors

Scott Smith (Chair)
Attorney, Legal

Chad Carr (Vice-Chair)
Utilities

Brian Blad
Mayor

Steve Brown
City Council President

Larry Fisher
Lodging, Development

Evan Frasure
Bannock Co. Commissioner

Russ Meyers
Communications

Thomas Ottaway
ISU College of Business

Scott Turner (Retired)
Business & Development

PDA/City Staff

Kirk Bybee
Legal Counsel

Melanie Gygli
Interim Executive Director

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 by 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, and a discrete component of 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 includes the President of the Pocatello City Council; a member of the Board of Bannock County Commissioners (or 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 serves a four (4) year term and 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.

At the regular meeting in October, the Board of Commissioners elects the Chairman, Vice-Chairman, Secretary, and Treasurer for a term of one year. The Board may also appoint other positions as may be determined necessary.

The Chairman of the Board is the 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 (PDA) works with the City of Pocatello, the Bannock Development Corporation and the private sector to remedy blighted and/or deteriorating or deteriorated areas in accordance with Idaho State Law. The PDA administers the funding 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, 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, also referred to as the base value. The property taxes collected on this base value continue to be distributed to the various taxing entities providing services to that property, (e.g., cities, counties, and school districts), 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 or provide reimbursement, 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 on the increased valuation and allocated to the Authority to pay debt or reimburse costs. If planned projects are completed and all 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.

Recently the Authority and businesses have been working to accomplish infrastructure and site development without bonded debt. Businesses moving into an established district have been able to provide funding for improvements up front, knowing reimbursement will be possible through the TIF district. Afterward, the Authority repays the businesses for infrastructure costs from the increased tax increment within the TIF area (taxes paid by the businesses returning to the businesses for what is quite often public infrastructure).

PDA Administers Urban Renewal Areas

- PDA recommends establishment of an urban renewal area and revenue allocation area after finding of need by the City Council
- PDA creates and recommends a plan for use of the tax increment funds, according to requirements of state law
- City Council approves the plan via ordinance
- PDA executes the plan
- PDA can issue bonded debt to provide funding for infrastructure, or reimburse qualifying debt over time incurred during development, using the increased tax revenue generated by increased property valuation

What is a Redevelopment Agency?

- A redevelopment agency is an independent authority established by the local governing body
- 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 cleanup or removal of deteriorated land/buildings
- Uses tax increment dollars from new or enhanced development to benefit that development and/or foster yet more development

2017 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 31st 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 February 21, 2018 with the required notice provisions being met.

How Projects are Funded

Projects are assisted using funds from either: 1) a current tax increment finance district; or 2) the Authority’s General Fund.

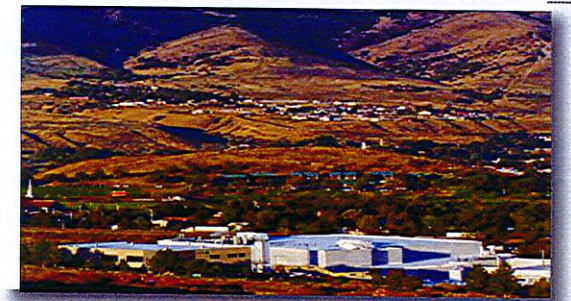
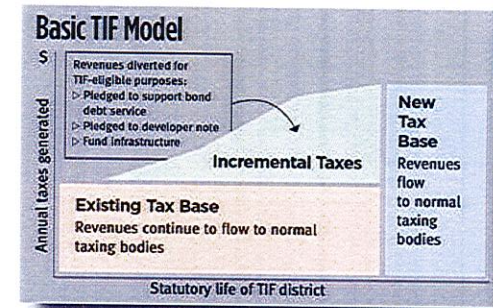
The General Fund has been financed through closed TIF balances and an annual administrative fee transferred from the active districts per Idaho Code §50-2903(14)(e).

October 2016 transfer to the General Fund:

North Yellowstone District	\$130,795.63
Naval Ordnance District	\$ 23,623.04
<u>North Portneuf</u>	<u>\$ 11,536.97</u>
	\$165,955.64

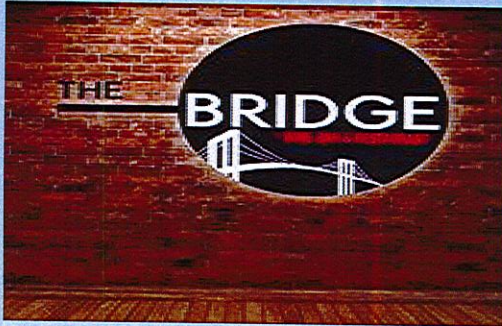
(The PDA chose not to transfer an administrative fee from the Airport District in 2016.)

General Fund Balance 9/30/17 = \$3,598,016



**Pocatello
Development
Authority**

Achievements - 2017

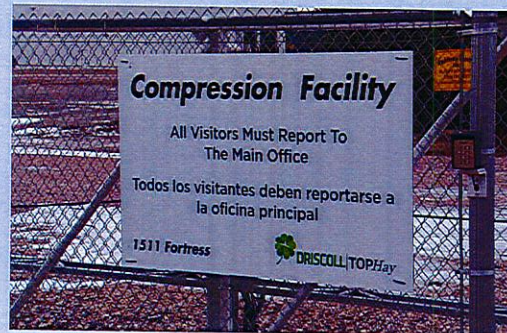


The PDA assisted The Bridge in relocating to its Old Town Pocatello location in the Yellowstone Hotel.

PDA continues to work with V.A. Metals, LLC, an Idaho company owned by a group of investors from India, on the ultimate disposition of the property previously developed by Hoku Materials.



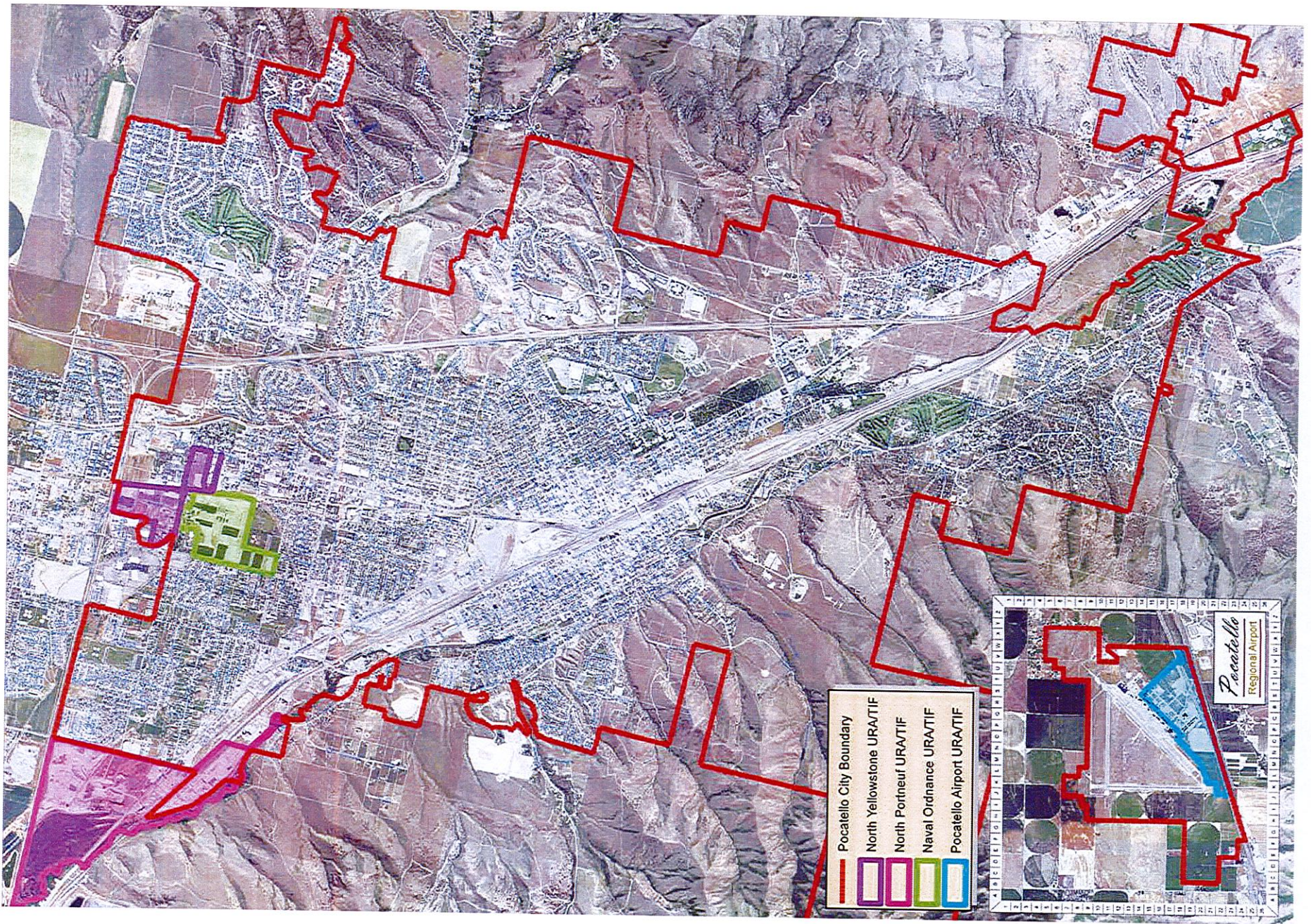
The PDA committed \$2,000,000 to assist in the construction of the new Northgate Interchange and related local road construction.



The PDA assisted Driscoll Top Hay with improvements needed for their new operation at the Pocatello Regional Airport.



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



LOWE'S

POCATELLO
LITHIA
CHRYSLER JEEP DODGE RAM

ASHLEY
FURNITURE
HomeStore

TETON
Honda

JENSEN

PETSMART
for the love of pets.

MACKENZIE
RIVER
PIZZA CO.

BUFFALO WILD WINGS
GRILL & BAR

MATTRESS
FIRM

DICK'S
SPORTING GOODS.

NAPA
AUTO PARTS

PizzaPieCafe
fresh handmade pizza

AMERICA'S BEST
CONTACTS & EYEGLASSES

JOANN
fabrics and crafts

North Yellowstone URA

HOUSE

T-Mobile

DOWNEAST
basics

AT&T

ROSS
DRESS FOR LESS

BED BATH &
BEYOND

BIG 5
SPORTING GOODS

FRANKY JOHNS
SANDWICHES

North Yellowstone

North Yellowstone URA

Major Companies in North Yellowstone District

- **Established:** 2004
- **Expires:** 2028
- **2017 Tax Increment:** \$1,349,536
- **Present Fund Balance:** \$2,856,161
- **Added Market Value:** **\$73,117,903**
- **Bonded Debt:** Hurley Drive project
 - *Borrowed \$7,755,000 in Dec 2004
 - *Funded \$6,000,000 construction
 - *Remainder is debt service reserve and initial 3 years of interest
 - *Debt was refinanced in 2012 at a reduced rate saving \$1.8 million interest and 3-4 years in the term of the TIF
- **Non-Bonded Debt:** The last payment to Costco of the annual employment incentive was made in 2017.
- **Improvements:** \$9.3 million in new infrastructure, \$7,150,000 in bonds for public infrastructure including roads, curb & gutter, sidewalks, sanitary sewer, water, storm water, lighting, traffic signal upgrades, utility upgrades (gas, power, communications).
- Named "Best Planning Project" in the State, 2005
- **Employee Statistics:** As of October 2017, the North Yellowstone URA included 1,214 employees with estimated total wages of \$7,165,575. (Source: Idaho Department of Labor)

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



Naval Ordnance Plant URA



Naval Ordnance

Naval Ordnance Plant URA

- **Established:** 2006
- **Expires:** 2026
- **2017 Tax Increment:** \$244,817
- **Present Fund Balance:** \$643,720
- **Added Market 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). Petersen is now located at the Pocatello Regional Airport.
- **Improvements:** Power upgrades, rail & pavement upgrades, sewer pump station, monitoring station, and building upgrades to retain manufacturing
- **Employee Statistics:** As of October 2017, the Naval Ordnance Plant URA included 466 employees with estimated wages of \$5,906,460. (Source: Idaho Department of Labor)



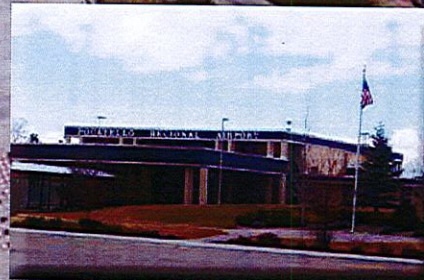
Major Companies in Naval Ordnance District:

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



Pocatello Airport

Pocatello Airport URA

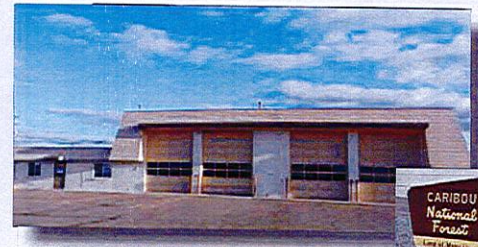


Pocatello Airport URA

- **Established:** 2010
- **Expires:** 2033
- **2017 Tax Increment:** \$113,535
- **Present Fund Balance:** \$390,468
- **Added Market 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 169 employees with estimated wages of \$1,607,274. (Source: Idaho Department of Labor)
- **Petersen, Inc.:** Terms of the grant agreement include a benchmark of 50 FTE with a minimum wage of \$14/hr for a period of 15 years. Petersen, Inc. continues to meet or exceed that requirement, currently reporting 56 FTEs with 50 employees earning at least \$14/hr, and an average wage of \$21.22/hr. (Source: Petersen, Inc. Semi-Annual Report dated 6/2017).

Major Companies Pocatello Regional Airport URA

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



North Portneuf

North Portneuf URA

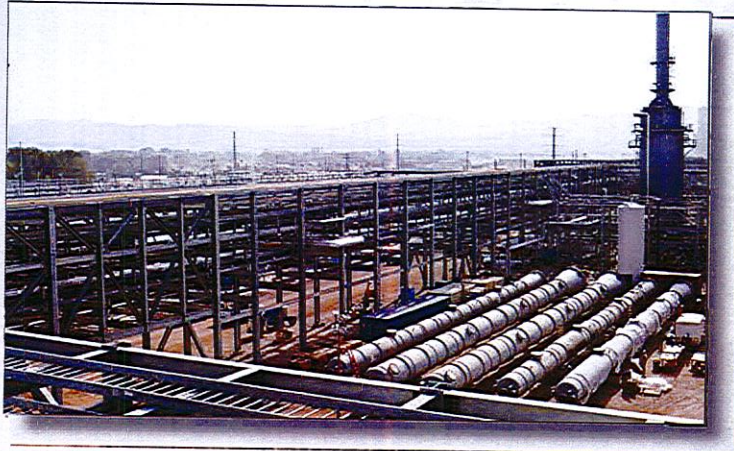


North Portneuf URA

- **Established:** 2007
- **Expires:** 2024
- **2017 Tax Increment:** \$38,309
- **Present Fund Balance:** \$270,831
- **Added Market Value:** **\$6,868,926**
- **Bonded Debt:** None
- **Non-bonded Debt:** Reimbursing City

The PDA is reimbursing the 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 by the City to purchase land within the district, relocation of water mainlines and upgrades 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
- The PDA successfully acquired the property from City of Pocatello through conveyance per Idaho Code and is leasing the property to V.A. Metals, LLC. The lease expires in January of 2018 and includes a first right to purchase. V.A. Metals is performing a gap assessment of the facility to determine what equipment will be necessary to make the plant operational for their purposes.

