

**ABBREVIATED MINUTES
POCATELLO DEVELOPMENT AUTHORITY
October 13, 1998**

Members present: Greg Anderson, J.O. Cotant, Darsi Foster, Steve Hotchkiss, Joe Willes, (Tom Bernasek, excused)

Staff present: Dean Tranmer, City Attorney; Ray Burstedt and Char DeWall, Bannock Development

City staff present: Jerry Higgins, Treasurer; Robert Chambers, Tim Tingey, Steve Ernst, LeeAnn Dutton, Community Development and Research Department

1. **Preliminary matters.** The meeting was called to order at 11:03 a.m. by K. McGee. No conflicts were declared. No changes to agenda were mentioned.

2. **Minutes and financial matters.** It was MSC (Anderson, Hotchkiss) to approve the minutes from the previous meeting. C. DeWall then reviewed the financial statement, noting interest income and Old Town receipts from September; the latter will be forwarded to the bank for OT bond obligations. It was MSC (Hotchkiss, Willes) to approve the financial report.

3. **North Main.** DeWall reported that there is still insufficient money in the North Main District account to make the interest-only payment, but there is money in the unrestricted funds which could be used to make up the shortfall until the consolidated District is formed or the bonds are re-issued and the North Main District lengthened. It was MSC (Hotchkiss, Willes) to make up the shortfall with unrestricted funds.

4. **Property acquisition program.** Steve Ernst reviewed the proposal for PDA to purchase blighted property with funds provided by Community Development Block Grant funds. Ads were placed in the newspaper offering to purchase property in target neighborhoods. The area on which efforts have been concentrated (block bounded by North 3rd, Pocatello Avenue, and Fremont and Lander Streets) was chosen because there were 4 property owners from this area who indicated willingness to negotiate and there is a possibility that the whole block could be obtained for redevelopment. In response to questions from the Board, Ernst stated that there is insufficient money to purchase the remainder of the block and that not all owners are even willing to sell. Board consensus was that purchasing piecemeal and waiting for some indefinite time in the future when sufficient money was available or owners became willing to sell was not in the best interests of PDA. Ernst offered to contact all owners again and provide updated information to the Board. It was MSC (Hotchkiss, Cotant) that PDA would postpone any approval of the project until the Board receives complete project information, including total costs of acquisition (appraisals, closing costs, environmental assessments, etc.), property descriptions, ownership, position of owners on sale, and the like, in order to determine whether or not it is feasible to obtain the entire area.

5. **State Tax Commission meeting.** D. Tranmer and R. Chambers reported that the meeting with the State Tax Commission went well. The author of the legislation regarding amendment of UR plans (Mike Moore) has sent information to the Commission explaining the purpose/intent of that Code section. The Commission was reminded that every other City which has a Development Authority has used this consolidation procedure and the Commission has never mentioned altering the base year before and that the inability to complete this consolidation will jeopardize current bonded indebtedness. The Commission appeared to be satisfied with the explanations and will be forwarding a letter to bond counsel

within the next two weeks. Tranmer and Chambers received verbal assurances that the commission would no longer attempt to require the base year to be changed. PDA will be updated as soon as written confirmation is received.

6. Consolidated Urban Renewal Area. Presentation by Tim Tingey:

a. Time table showing history of discussions regarding consolidation project beginning September, 1997.

b. Presented list of proposed uses and sections of the Code which allow them.

c. Amendments to plan (revised figures pending outcome of AMI's Board of Equalization request.

d. Additional projects added as alternatives

e. Three issues to be decided: 1) scope of projects, 2) size of area, and 3) length of Revenue Allocation Provision.

Jerry Higgins discussed financial options, noting that PDA must refinance the North Main project since the district funds do not meet bond payment requirements and the unrestricted funds will not cover the shortfall; this consolidated TIF plan would take care of that problem. Additionally, refinancing of any other bonds to take advantage of low rates would require bond financing. However, PDA may choose to defer the projected improvements until the funds are available for each such improvement--a pay-as-you-go approach. He also noted the high cost of obtaining a letter of credit to allow pre-payment option; Hotchkiss questioned whether or not such a letter of credit would be needed or whether a "sinking fund" could be established to allow pre-payment.

At this time, comments were accepted from persons in attendance.

a. Jim Morphey, representative of Pocatello Rental Housing Association: Tax rates are high enough in Idaho. Current revenue allocation provisions should be allowed to expire, returning the full value of the premises in the districts to the tax rolls, which could then provide sufficient tax receipts that the mill levy on individual properties could be decreased. Noted that the group had no quarrel with previous districts and their projects--improvements to the infrastructure. Current project list includes items which will require huge additional costs for personnel and operating expenses to the taxpayer's burden.

b. Jackie Maughn, President of Bonneville Neighborhood Association. Notes that this neighborhood will be greatly impacted by the addition of the new federal building and the association believes that if the TIF district is approved, some portion of the funds should be used to improve the neighborhood, specifically improvements to Optimist Park, a list of which is available and which costs are insignificant compared to the other non-infrastructure projects under consideration.

c. Richard Carroll--businessman from Old Town Pocatello. Commends the PDA for using the process which State law provides to all Development Authorities for improving its localities. He notes that the Old Town area needs for storm sewer and storm drain improvements are extremely serious and immediate and that this type of financing allows tax money already being paid by large projects to be used specifically to pay for much-needed infrastructure which would otherwise be a major added burden on individual property owners.

d. Steve Brown. Believes that the public needs to have time to provide their comments and to receive more information about the process and the proposed projects.

e. Park Price, of Park Price Motors, whose tax monies have helped pay for the NewTown improvements. Believes in and wants to encourage the sue of TIF. Notes that the growth from which everybody in Pocatello benefits has created more hard surfaces, impacting the storm sewer system which is now inadequate to handle the heavy rains. The consolidated district would provide an opportunity which will not again be available to make these necessary infrastructure improvements at low interest rates. Believes that TIF's work, as evidenced by the ones currently in place, and urges PDA not to lose the opportunity to put tax monies which would otherwise be lost to such good use.

General discussion ensued between Board and Council members regarding various aspects, including time frame, role of Community Development Commission,

alternative financing approach (combining bonding to refinance current debt, then incorporating pay-as-you-go for other projects). Members noted that any infrastructure improvements which were approved needed to be coordinated so that the streets were only excavated once and that a variable time frame should be explored, perhaps having a threshold at the end of 10 years at which point the PDA and Council could decide whether to terminate or continue the TIF District.

Tax concerns: Taxes are high in Pocatello, partly because the tax base is so small, with several large area employers not being taxable by Bannock County or Pocatello. With certain exceptions, (revenues from new growth and annexation) counties and cities in Idaho are limited by law from receiving in any given year more than 3% of the tax dollars received in the previous year, which, when inflation is taken into account, makes it difficult just to maintain operations, and can make large infrastructure improvement projects impossible to undertake without seeking "override" bonding which increases taxes on each individual tax payer, whether homeowner or businessman. (For instance, the City's 3% amount for this year would have been only \$350,000.00). TIF's are a means of capturing a large amount of tax revenue already being paid by new developments, and putting it all into PDA's account to be used for approved projects.

Penny Pink, City Council member noted that TIF's do work, as can be seen from the ones currently in place, which have allowed several infrastructure improvement projects to be undertaken without additional taxes being levied on the general taxpayer. She noted, in fact, that the City has lowered the mill levy the last several years. Tom Katsilometes, County Commissioner, also spoke in favor of this TIF, noting that the Commissioners had similar concerns as had been voiced at this meeting, but after studying the issue further, believe that the need is great, that this consolidated TIF is a good tool, and that in the long run, tax dollars will be saved.

7. Task force. At this point, PDA determined that Robert Chambers, Tim Tingey, Bob Foster, Steve Hotchkiss, and Jim Morphey should meet to prepare alternative proposals, time lines, etc. and present them too the PDA for discussion and vote at a special meeting on Tuesday, October 27, 1998, at 11:00 a.m. Bonneville Neighborhood Association requested that a member of that group be on the Task Force, also.

8. Adjournment. There being no further business, the meeting was adjourned at 12:55 p.m.

A handwritten signature in cursive script, appearing to read "R. Whentine". The signature is written in dark ink on a white background.