

Welcome to tonight's City Council meeting!

The elected officials of the City of Bonners Ferry are appreciative of an involved constituency. Testimony from the public is encouraged concerning issues when addressed under the Public Hearing portion of the agenda. Any individual who wishes may address the council on any issue, whether on the agenda or not, during the Public Comments period. Normal business will preclude public participation during the business portion of the meeting with the discretion left to the Mayor and Council. Special accommodations to see, hear, or participate in the public meeting should be made at City Hall within two days of the public meeting.

Vision Statement

Bonners Ferry, "The Friendliest City", strives to achieve balanced growth, builds on community strengths, respects natural resources, promotes excellence in Government, and values quality of life. We are an inclusive city that welcomes all people, regardless of race, religion, color, national origin, sex, age, disability, sexual orientation, or gender identity and encourages their participation in city government and city programs.

**AGENDA
SPECIAL CITY COUNCIL MEETING
Bonners Ferry City Hall
7232 Main Street
267-3105
December 10, 2019
5:30 pm**

NEW BUSINESS

1. City – Consider Memorandum of Understanding for the Pilot Study Proposal from Avista Development Inc. (attachment) {action item}
2. City – Consider Adopting Resolution 2019-12-10 Approving the Eligibility Report for the Urban Renewal District (attachment) {action item}
3. City – Consider Sending the Urban Renewal Plan and Feasibility Study to Planning and Zoning to Ensure Conformity with the Comprehensive Plan (attachment) {action item}
4. City – Authorize the Mayor to Sign the Contract with Blue Cross of Idaho for the Preparation of a Recreational Map (attachment) {action item}

ADJOURNMENT

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is entered into between Avista Development Inc., doing business as Avista Edge (“Avista Edge”), a Washington corporation, and the City of _____ (“City”), (sometimes referred to, individually, as a “Party” and collectively, as the “Parties”).

- 1. Background and Purpose.** Avista Edge and the City would like to explore the potential opportunity for a business to municipality to customer relationship whereby the City will serve its electric customers (“City Customers”) with fixed wireless broadband internet service (“Broadband”) through the City’s electric meter infrastructure (“City Meters”) using Avista Edge’s proprietary technology and services (“Avista Edge Services”). This project (“Project”) would include the City’s installation of Avista Edge’s proprietary electric meter collar technology that in part enables Broadband for the City’s Customers. The Project is intended to include retail billing for Broadband by the City using the same billing account as each City Customer’s electric service. The Parties also intend to have the City in the customer facing support role with Avista Edge directly supporting the City.
- 2. Overview of the Project.** As part of the exploration phase under this MOU (“Phase 0”), the Parties will collect certain radio frequency (“RF”) and geographic information system (“GIS”) data elements from the City’s electric service territory to establish the costs to deliver Avista Edge Services. The Parties will combine the above costs into an RF link budget for the City’s electric service territory (“Link Budget Data”). No personally identifiable information (“PII”) will be included in the Link Budget Data, and Avista Edge will own the Link Budget Data. In addition, the City will conduct a survey of its potential City Customers, and those survey results (“Survey Results”) will be owned by the City, with results shared with Avista Edge, including surveyed City Customer conversion rates if Broadband were offered to City Customers and the target price points for conversion. In no case will any PII be shared with Avista Edge.

The Link Budget Data and Survey Results will determine if the Parties will continue forward with a Broadband pilot by the Parties (“Pilot”). Phase 0 is confined to previously described data collection and surveys. In the event the Parties wish to expand and move forward with additional Phases and business arrangements, such additional Phases will be agreed upon in writing and set forth as Amendments to this MOU or in the form of additional written agreements.

The Parties believe the shared nominal costs associated with this MOU represent a prudent investment on behalf of the City’s Customers to demonstrate the scalability and long-term financial value of Broadband via the Avista Edge Services.

- 3. Data Ownership.**
 - 3.1** Avista Edge hereby releases all rights and license to the Survey Results to the City, and the City will own all Survey Results under this MOU but shall give Avista full access to such Survey Results, with the exception of PII.
 - 3.2** The City hereby releases all rights and license to such Link Budget Data to Avista Edge, and Avista Edge will own all Link Budget Data under this MOU.

4. City Obligations

- 4.1 The City is responsible for assisting Avista Edge with collecting the Link Budget Data, possibly including some City guided and or City supervised on site City Customer premise visits for certain Link Budget Data collection activities. . The City will be responsible for the costs of City personnel, travel, expenses and equipment related to this data collection. Only as may be required for collecting the Link Budget Data, the City grants Avista Edge and/or its contractors permission to access City Customers' premise(s) alongside city authorized personnel as may be required by City within Parties agreed to schedule, and allowing for any City required City Customer notification for such access.
- 4.2 The City will conduct the Customer Survey regarding Broadband via Avista Edge's Service at the City's expense and share summary results with Avista Edge.
- 4.3 The City will attempt in good faith to secure a federal, state or local grant ("Grant") to help cover the Parties' costs for Phase 0.
5. **Avista Edge Obligations** Avista Edge will be responsible for the cost of Avista Edge personnel, travel, expenses and equipment related to the data collection activities for Phase 0, provided, however if the City secures a Grant pursuant to subsection 4.3 above, the Avista Edge costs will be reimbursed to the extent the Grant can provide, and any such reimbursement shall be at cost.
6. **Term.** This MOU will become effective when executed by both Parties and remain in effect unless terminated in accordance with the terms of this MOU.
7. **Liability.** Each Party shall be responsible for any and all loss resulting from such damage caused by the acts or omissions of that Party, its employees, contractors, or agents.
8. **Termination.** Either party, upon 30 days prior written notice, may terminate this MOU for any reason.
9. **Party Representatives**
 - 9.1 Avista Edge's Representative David Schafer, will be the point of contact for Avista Edge in all matters requiring Avista Edge's approval, acceptance, authorization, and/or notice in connection with Avista Edge's performance under this MOU.
 - 9.2 City's Representative _____ will be the point of contact for the City in all matters in connection with City's performance under this MOU.

10. Notices to the Parties

10.1 All notices, demands, requests, and other communications under this MOU must be in writing and sent by mail (postage prepaid), or delivered to the other Party either electronically or by a recognized commercial courier, addressed as set forth below. Such notices, demands, requests, and other communications will be deemed given as of the date delivered, or if sent electronically or by mail, upon receipt.

10.2 Notices to Avista Edge:

Avista Development Inc.
PO Box 3727, MSC-8
Spokane, WA 99220-3727
Attention: David Schafer
Email: david.schafer@avistacorp.com

Notices to City:

Attn: _____
Email: _____

Either Party may change its address, designated Representative, or other point-of-contact or delegate by providing written notice to the other Party as set forth above.

This MOU constitutes the entire agreement between the parties and supersedes any prior or contemporaneous offers, proposals, agreements, or discussions between the parties. The MOU may not be modified or amended, nor may any obligation of either party be changed or modified, except in writing signed by the duly authorized officers or agents of the parties.

Avista Development Inc.

City of _____

(Signature)

(Signature)

(Printed Name)

(Printed Name)

(Title)

(Title)

(Date Signed)

(Date Signed)

CITY OF BONNERS FERRY
RESOLUTION NO. 2019-12-10

A RESOLUTION OF THE CITY OF BONNERS FERRY, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO, STATING FINDINGS THAT DETERIORATED AND DETERIORATING AREAS EXIST WITH THE CITY AND DECLARING A NEED FOR AN URBAN RENEWAL PLAN FOR THIS PURPOSE.

WHEREAS, the city of Bonners Ferry is an Idaho municipal corporation with the authority to declare all or a portion of its city limits as a deteriorated or deteriorating area pursuant to the Idaho Urban Renewal Law of 1965 (codified as Chapter 20, Title 50, Idaho Code, and

WHEREAS the Mayor and City Council of the City of Bonners Ferry has directed city representatives to study the magnitude of the deterioration and city representatives have reported to the City Council the nature of the deterioration and the area of the deterioration, and

WHEREAS the City Council of the City of Bonners Ferry desires to begin to remediate existing deterioration and prevent future deterioration, in order to protect the public health, safety, morals and welfare of the residents of the municipality, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY AS FOLLOWS:

Section 1. That there are areas within the city limits of the City of Bonners Ferry that are deteriorated and/or deteriorating as defined in I.C. 50-2018 (h) and (i), as herein described without limitation and as more fully depicted in Exhibit A, attached hereto and incorporated by reference herein, and hereinafter referred to as the area of deterioration, and as more fully described in Exhibit B, attached hereto and incorporated by reference herein, and hereinafter referred to as the detail of deterioration:

- a. Buildings, land and improvements, both residential and non-residential which by reason of dilapidation, deterioration, age and obsolescence are detrimental to the public health, safety and welfare.
- b. Inadequate public services and public buildings which substantially impairs the sound growth of the municipality and constitutes a social and economic liability, to wit:
 - i. An inadequate wastewater collection and treatment system.
 - ii. An inadequate domestic water supply system.
 - iii. Lack of water and wastewater service to areas of the City
 - iv. Inadequate public streets, sidewalks, curbs, and street lighting.
 - v. Inadequate public administration facilities

ADOPTED AND APPROVED THIS 10th DAY OF DECEMBER 2019

David Sims, Mayor

ATTEST:

Christine McNair, City Clerk

ELIGIBILITY REPORT

FOR

**THE SOUTH HILL WEST
URBAN RENEWAL DISTRICT**

BY

**John F. Austin
Austin Consulting**

FOR THE

**PANHANDLE AREA COUNCIL
11100 N. Airport Drive
Hayden, ID 83835**

August 14, 2019

ELIGIBILITY REPORT FOR THE SOUTH HILL URD

INTRODUCTION

Under Idaho Local Economic Development Act (Municipal Corporations Code, Sec. 50-290 et. seq.) the city council must find and determine, based on substantial evidence in the record, the project area as a “deteriorated area” (when adopting an ordinance approving and adopting Urban Renewal plan for a project area). The purpose of this report is to present the conditions of deterioration as set forth in the Local Economic Development Act (LEDA), to show how such conditions relate to categories of being deteriorated, and to provide examples of the types of data to illustrate and substantiate the various conditions of deterioration.

The LEDA defines a deteriorated area as an area which is characterized by one or more of the conditions set forth in Sections 50-2903(8), which conditions cause a reduction or lack of, proper utilization of the area and place a burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone:

Sections 50-2903(8):

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.

(d) Any area which the local governing body certifies needs redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.

(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

Information presented in the deteriorated section of the plan is divided in two divisions, which address the broad categories prescribed by the law. Appropriate headings for these major divisions are: "Existing Social Conditions", and "Existing Economic Conditions". Within these major divisions, subheadings are used, to the extent applicable to the particular project area.

EXISTING CONDITIONS

1. Urban Renewal Agency (URA) Projects List

In development of the Urban Renewal Agency (URA) and the Urban Renewal District (URD) the Agency Board has identified various public infrastructure improvements that if implemented provide an improved environment for allowing housing to prosper. It is anticipated that during the life of the URD the priority of project implementation will depend on when and where private development occurs. However, generally the projects can be identified for each area.

As noted earlier, the URD boundaries consist of an area on the South Hill west of Highway 95 and just north of the new retail centers. The improvements anticipated here are connecting Wilson and Solomon, with improvements for pedestrian and vehicle traffic, and an upgrade to water and sewer line improvements. The last includes a new sewer lift station and improvements to the sewer lift station #4.

2. Existing Social Conditions

Unsafe and hazardous traffic and pedestrian conditions exist which endanger life.

I. Inadequate and Unsafe Public Rights of Way

Deterioration is evident in the surfacing of roadways in the area, leading to downtown. Although Highway 95 is undergoing major upgrades, the route to downtown has significant issues, including the lack of sidewalks or pathways in the project area, which means walkways are not ADA-compliant. Turn lanes on that part of Highway 95 would greatly improve traffic flow. Cosmetic improvements to this arterial as well would enhance the experience of visitors to the city's core area. In cities throughout north Idaho general improvements to a city's main thoroughfare have shown marked improvement in retail, as well as civic pride when acquaintances visit.

II. Dilapidation or Deterioration

In the area of deterioration, the lack of arterials has resulted in major congestion issues on Highway 95. This in turn discourages residents from accessing businesses on the south hill. It also leads to major issues when the high school recesses and unleashes traffic onto Highway 95.

III. Age or Obsolescence

Obsolescence is mainly applicable to the condition of roadways, where original design features are no longer appropriate to current uses.

Another area of deterioration is in lack of the adequate wastewater and water service lines to this area. The lack of utilities is the largest detriment to managed growth and their provision would greatly enhance the ability of the City to see its housing areas develop.

3. Existing Economic Conditions

Public Rights of Way, Buildings, Structures, and Conditions as described previously which result in economic underdevelopment of the area.

I. Inadequate and sub-standard traffic movements and flow

As noted above, some of Bonners Ferry's streets, sidewalks, curbs and gutters are in disrepair.

Poor traffic circulation results from the narrow streets and the need for new pavement. Street lighting is nonexistent or in disrepair in many places within the area of deterioration.

Poor traffic circulation is evident, with inadequate space to turn around large vehicles such as fire and utility trucks. The lack of turn lanes on Highway 95 in the project area also impedes traffic flow.

II. Substantially impairs or arrests the sound growth of a municipality.

In addition to streets and the wastewater and water service lines, other public improvements are in poor physical condition, based mostly on their age and the lack of funds for their improvement over time. This is not reflective of inaction on the part of public officials but instead to the city's annual budget constraints.

The city's wastewater and water plants have undergone upgrades, which is vital to a city looking to add housing. These upgrades have allowed the plants to be expanded to allow for the potential growth. Additional capitalization fees from new development will help the utilities to meet the future demands for service.

As noted above, inadequate utilities contribute to deterioration in the area. Service lines are deteriorated or non-existent in some areas. Storm water runoff is a concern, especially if it contributes to the degradation of the Kootenai River, which flows through the city. Storm drains and street gutters would help to assist in the direction and disposal of storm water.

III. Retards the provision of housing accommodations or constitutes and economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

Upgrades in the deteriorated area would help to eliminate the shortage of housing. Residents tend to locate to areas outside the city, which means they are not contributing to the tax base of the city. Yet they shop and attend schools in the city, thus creating a burden on city services without a revenue stream to help lessen the impact. This is a common issue for rural communities and one that can be remedied with better arterials feeding large tracts that can be utilized for housing.

The percentage of low to moderate income residents (LMI) stands at 44%, which is down from over 54% in 2010. This allows the City to be eligible for LMI assistance via grants and low-interest loans.

4. Other Factors

In areas with a large LMI population, access to public transportation is vital to the development of employment. Deterioration tends to continue and areas further decline when employment opportunities are unavailable.

Finally, it must be noted that conditions of deterioration affect nearly the entire project area including areas which are “predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. “

SUMMARY:

Bonnors Ferry has in the last 8 years become again a very viable business center, thanks to the creation of the Bonners Ferry Urban Renewal Agency. It lacks, however, access to large vacant parcels that can be developed for housing, thus hampering the city from improving its tax base. Remediating the factors of deterioration will in turn allow the city to continue to invest in its infrastructure and make the city an even better place to live.

CONCLUSION:

Based on the factors listed herein, the projected area within the proposed South Hill West area is eligible to be included in an urban renewal district, as administered by the Board of Directors of the Bonners Ferry Urban Renewal Agency.

Thank you for the opportunity to work with the city and its URA on this vital project.

John Austin
Austin Consulting
For the Panhandle Area Council
11100 N. Airport Drive
Hayden, ID 83835
(208) 651-2192

**BONNERS FERRY
URBAN RENEWAL AGENCY**

**SOUTH HILL WEST
URBAN RENEWAL PLAN
2019**

TABLE OF CONTENTS

	<u>Page</u>
A. TABLE OF CONTENTS	1
B. AGENCY MEMBERS	4
1. INTRODUCTION	5
Deterioration Defined	
Identifying Deteriorated Areas	
Existing Social Conditions	
Existing Economic Conditions	
Other Factors	
2. BOUNDARY DESCRIPTION	13
Urban Renewal District Legal Description	
Urban Renewal District Map	
3. PROPOSED DEVELOPMENT ACTIONS	14
General	
Conformance with State and Local Requirements	

	Participation Opportunities	
	Opportunities for owners and tenants	
	Property Acquisition	
	Property Management	
	Relocation of Businesses, Persons and Others	
	Owner Participation Agreements	
	Agency Commitments	
	Developer Commitments	
4.	USES PERMITTED IN PROJECT AREA	20
	Comprehensive and Urban Renewal Plans	
	Designated land uses of the Comprehensive Plan	
	Regional / Community Commercial / Office	
	Public rights-of-way	
	Interim uses	
	Nonconforming uses	
	General controls and limitations	
	Construction	
	Rehabilitation and retention of property	
5.	PROJECT FINANCING METHODS	23
	General Description of Financing Methodology	
	Bond Anticipation Notes	
	Tax Increment Funds	
	Loans and Grants	
	Community Development Block Grants	
	Local Improvement Districts	
	Loans and Advances	
	Tax Increment Guarantees	
	Certificates of Participation	
	Joint Powers Authority	
	63-20 Debt	
6.	TAX ALLOCATION DISTRICT	29
	Tax Allocation District Legal Description	
	Tax Allocation District Map	
7.	ACTIONS BY THE CITY COUNCIL	32
8.	ENFORCEMENT	34

9.	DURATION OF THE PLAN	36
10.	PLAN AMENDMENT PROCEDURES	38
11.	TAX FEASIBILITY STUDY	40
	Executive Summary	
	Methodology	
	Existing Conditions	
	Size and Parcels	
	Vacant Land	
	Planned Development and Infrastructure Extensions	
	Baseline Build-out Potential	
	Resident Population	
	Development Acreage and Timing Projection	
	Private Sector Investment Potential	
	Property Tax Generation	
	Tax Allocation Projection Calculation	
	Urban Renewal District Improvements	
	Projection Assumptions	
	Levy Rates	
	Coverage Ratio	
	Personal Property Investment	
	School Payments	
	Determination of the Timing of the Required Incremental Tax Base	
	Improvement Financing	
	Fiscal Impact on Taxing Districts and Taxpayers	
	Limits on Budget Increases	
	Levy Rate Calculation	
	Feasibility of Tax Increment Financing Improvements	
	Conclusion	
12.	APPENDIXES	56
	1. Appendix A (Project Costs)	
	2. Appendix B (IDAHO CODE SECTION 50-2008)	
	3. Appendix C (NOTICE OF PUBLIC HEARINGS)	
	4. Appendix D (Resolution of Findings of Deterioration And Creation of the River Urban Renewal Agency)	
	5. Appendix E (Resolution Setting Public Hearing on Adoption of the District)	

6. Appendix F (Resolution No. 02-XX) Establishing Plan & Increment Area
7. Appendix G (Ordinance Adopting the Urban Renewal Plan and District Map)

BONNERS FERRY URBAN RENEWAL AGENCY 2019

CHAIR: David Walter

MEMBERS:

Merle Ansley, Vice-Chair

David Sims

Cal Russell

Dennis Weed

CHAPTER 1

INTRODUCTION

BONNERS FERRY URBAN RENEWAL PLAN

INTRODUCTION:

The City of Bonners Ferry, a community with a population of approximately 2,564, is located in the panhandle of northern Idaho within Boundary County. Bonners Ferry is situated near the U.S./Canadian border along the scenic Kootenai River and is approximately 38 miles north of Sandpoint, Idaho.

The Kootenai Tribe operates a casino and hotel in the city, which helps to draw visitors from throughout the northwest, and especially from Canada. Within a 100-mile radius, considered as a comfortable distance for reaching business, industry, education, medical, etc., there is in excess of a half a million people. Using the same yardstick, Boise has a market population of 730,000, Idaho Falls 150,000, and Pocatello 135,000.

The city has experienced a retail resurgence in the last decade, thanks mostly to the leadership of the city council, which in 2011 created the city's urban renewal agency (URA) and the agency's first urban renewal district (URD). The URD allowed for the construction of the Super One store, initially employing over 100. Subsequent development has resulted in new stores near Super One, including an Auto Zone and Shopko. Additional employment from these stores has joined with Super One to drive the retail growth on the south hill. Additional tax increment from these developments is expected to exceed \$120,000 per year and has allowed the city to reimburse the developers of the stores for a portion of their development costs. It has also allowed the city to seek reimbursement for costs within the URD and to provide engineering and to match funds for a Federal Lands Access Project (FLAP) near the downtown.

The URD also includes the city's historical downtown, which continues to provide areas for economic growth, and also an old mill site awaiting proper development. While these areas continue to lag behind the retail resurgence on the south hill, the potential for growth remains. Near the gateway to Canada, the city is in the path of progress both from its north and south.

Unfortunately, the lack of housing options continues to hamper the city's efforts to grow. Part of the issue is from the lack of infrastructure improvement, including water and sewer extensions, and arterials to ease traffic concerns. To this end, the Bonners Ferry Urban Renewal Agency has stated a need to address these issues in area of the city most likely to develop housing.

It is believed much of the housing will occur on the south hill, on both the west and east sides of Highway 95. This is because of the availability of large vacant parcels ideal for housing development, and because of their proximity to the retail resurgence seen on the south hill.

This area is underutilized and is limited largely by the transportation infrastructure. The improvements anticipated here are street improvements from Wilson to Solomon on the west side of Highway 95, and water and sewer extensions included.

GROWTH CONCERNS AND COMPREHENSIVE PLAN:

It is anticipated that with on-going residential and commercial development in the Bonners Ferry area, traffic problems such as congestion, coupled with a lack of signalization, roadways, lighting, sidewalks, and curbing will hamper the existing efforts to provide a safe environment for residents.

This is compounded by Bonners Ferry High School on the east side of Highway 95, and access issues from nearby. Additional arterials in the area of the south hill will help to mitigate concerns for residents’ safety and remove some of the traffic from the congestion of Highway 95.

THE PLAN:

This Urban Renewal Plan describes the project area and improvements, how those improvements will be funded and outlines the powers, duties and obligations of the Bonners Ferry Urban Renewal Agency (the Agency). This plan, by way of adopted ordinance, establishes the Bonners Ferry Urban Renewal Area and Tax Allocation District. The City has commissioned an economic feasibility study, which includes a fiscal impact statement. The economic feasibility study focuses on all aspects of the new URD, and aspects directly related to the project area. It is the intention of the Agency for much of the costs incurred by this plan to be funded by tax allocation financing, for a period not to exceed twenty (20) years.

The Bonners Ferry Urban Renewal district is proposed under the deteriorated urban renewal law. For instance, a phasing plan in these types of districts are usually unfeasible as improvements made in one part of the district, may provide benefits to another area of the district, by reducing traffic congestion, improving safety, and reducing unfavorable items such as vacant lots, crime, and poor public utilities, for example. This generally requires that the entire urban renewal district be adopted as a revenue allocation area, because of interrelation of improvements and benefits within a deteriorated urban renewal district, and the inability to predict what areas exactly will benefit from an improvement made in a deteriorated URD.

DETERIORATION DEFINED

Under Idaho Local Economic Development Act (Municipal Corporations Code, Sec. 50-290 et. seq.) the city council must find and determine, based on substantial evidence in the record, the project area as a “deteriorated area” (when adopting an ordinance approving and adopting Urban Renewal plan for a project area). The purpose of this report is to present the conditions of deterioration as set forth in the Local Economic Development Act (LEDA), to show how such conditions relate to categories of being deteriorated, and to provide examples of the types of data to illustrate and substantiate the various conditions of deterioration.

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(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest

land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

Information presented in the deteriorated section of the plan is divided in two divisions, which address the broad categories prescribed by the law. Appropriate headings for these major divisions are: “Existing Social Conditions”, and “Existing Economic Conditions”. Within these major divisions, subheadings are used, to the extent applicable to the particular project area.

EXISTING CONDITIONS

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As noted earlier, the URD boundaries consist of an area on the South Hill west of Highway 95 and just north of the new retail centers. The improvements anticipated here are connecting Wilson and Solomon, with improvements for pedestrian and vehicle traffic, and an upgrade to water and sewer line improvements. The last includes a new sewer lift station and improvements to the sewer lift station #4.

2. Existing Social Conditions

Unsafe and hazardous traffic and pedestrian conditions exist which endanger life.

I. Inadequate and Unsafe Public Rights of Way

Deterioration is evident in the surfacing of roadways in the area, leading to downtown. Although Highway 95 is undergoing major upgrades, the route to downtown has significant issues, including the lack of sidewalks or pathways in the project area, which means walkways are not ADA-compliant. Turn lanes on that part of Highway 95 would greatly improve traffic flow. Cosmetic improvements to this arterial as well would enhance the experience of visitors to the city’s core area. In cities throughout north Idaho general improvements to a city’s main thoroughfare have shown marked improvement in retail, as well as civic pride when acquaintances visit.

II. Dilapidation or Deterioration

In the area of deterioration, the lack of arterials has resulted in major congestion issues on Highway 95. This in turn discourages residents from accessing businesses on the south hill. It also leads to major issues when the high school recesses and unleashes traffic onto Highway 95.

III. Age or Obsolescence

Obsolescence is mainly applicable to the condition of roadways, where original design features are no longer appropriate to current uses.

Another area of deterioration is in lack of the adequate wastewater and water service lines to this area. The lack of utilities is the largest detriment to managed growth and their provision would greatly enhance the ability of the City to see its housing areas develop.

3. Existing Economic Conditions

Public Rights of Way, Buildings, Structures, and Conditions as described previously which result in economic underdevelopment of the area.

I. Inadequate and sub-standard traffic movements and flow

As noted above, some of Bonners Ferry's streets, sidewalks, curbs and gutters are in disrepair. Poor traffic circulation results from the narrow streets and the need for new pavement. Street lighting is nonexistent or in disrepair in many places within the area of deterioration.

Poor traffic circulation is evident, with inadequate space to turn around large vehicles such as fire and utility trucks. The lack of turn lanes on Highway 95 in the project area also impedes traffic flow.

II. Substantially impairs or arrests the sound growth of a municipality.

In addition to streets and the wastewater and water service lines, other public improvements are in poor physical condition, based mostly on their age and the lack of funds for their improvement over time. This is not reflective of inaction on the part of public officials but instead to the city's annual budget constraints.

The city's wastewater and water plants have undergone upgrades, which is vital to a city looking to add housing. These upgrades have allowed the plants to be expanded to allow for the potential growth. Additional capitalization fees from new development will help the utilities to meet the future demands for service.

As noted above, inadequate utilities contribute to deterioration in the area. Service lines are deteriorated or non-existent in some areas. Storm water runoff is a concern, especially if it contributes to the degradation of the Kootenai River, which flows through the city. Storm drains and street gutters would help to assist in the direction and disposal of storm water.

III. Retards the provision of housing accommodations or constitutes and economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

Upgrades in the deteriorated area would help to eliminate the shortage of housing. Residents tend to locate to areas outside the city, which means they are not contributing to the tax base of the city. Yet they shop and attend schools in the city, thus creating a burden on city services without a revenue stream to help lessen the impact. This is a common issue for rural communities and one that can be remedied with better arterials feeding large tracts that can be utilized for housing.

The percentage of low to moderate income residents (LMI) stands at 44%, which is down from over 54% in 2010. This allows the City to be eligible for LMI assistance via grants and low-interest loans.

4. Other Factors

In areas with a large LMI population, access to public transportation is vital to the development of employment. Deterioration tends to continue and areas further decline when employment opportunities are unavailable.

Finally, it must be noted that conditions of deterioration affect nearly the entire project area including areas which are “predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. “

Summary:

Bonnors Ferry has in the last 8 years become again a very viable business center, thanks to the creation of the Bonnors Ferry Urban Renewal Agency. It lacks, however, access to large vacant parcels that can be developed for housing, thus hampering the city from improving its tax base. Remediating the factors of deterioration will in turn allow the city to continue to invest in its infrastructure and make the city an even better place to live.

Conclusion:

Based on the factors listed herein, the projected area within the proposed South Hill West area is eligible to be included in an urban renewal district, as administered by the Board of Directors of the Bonners Ferry Urban Renewal Agency.

CHAPTER 2

BOUNDARY DESCRIPTION

CHAPTER 3
PROPOSED DEVELOPMENT ACTIONS

PROPOSED DEVELOPMENT ACTIONS:

General

The major objective of this urban renewal plan is to provide traffic improvements and other public improvements, which implement the goals of the Bonners Ferry Urban Renewal Agency (BFURA), and the City. To fulfill the goals of the Agency, the following Project Goals are integral to the Agency, which will work to:

1. Identify community-wide resources, conduct assessments, maximize their values, and the applications to create opportunities for community enhancement.
2. Promote employment with competitive wages, benefits, workforce training opportunities, and job advancements to assure sustainability of the economy, wellbeing of the community residents.
3. Target inadequate basic structure and infrastructures for value added improvements for the “Quality of Life’ in the community.
4. Promote community improvement projects that will encourage opportunities for a healthy lifestyle as recreational, for youth and adults, safety conditions, traffic management and street enhancement.
5. Promote community members input through communication such as new media, public meetings, volunteers and partnerships to improve community spirit and achievements.

The proposed projects include:

- **Streets**
Construct improvements in the deteriorated area of the city to create a more attractive and safe area, and to provide access to vacant land for the development of housing. Construct roadway and utility improvements to allow for better traffic and pedestrian use, including the connection of Wilson and Solomon, plus improved lighting for pedestrian and vehicle traffic.
- **Wastewater Facility and Lines**
Upgrade the utilities to vacant land, including a new sewer lift station and improvements to sewer lift station #4, to allow for expansion, and construct an extension to the existing sewer lines to serve potential developments in the deteriorated area of the city.
- **Water Lines**
Upgrade water facilities to allow for expansion and extend existing water lines to provide fire flow for the existing City.
- **Rebates**
A portion of the tax increment funds would be rebated back to the City to allow for the increased operating costs associated with new development and their impact on agencies.

Below are the projected costs to deal with the deficiencies in the Urban Renewal District:

Streets:		
Street Repair/Paving	\$	400,000
Landscaping/Drainage		80,000
Sidewalks		68,000
Curbs, Gutters		51,000
Engineering/Design		<u>179,700</u>
TOTAL STREETS	\$	778,700

Infrastructure Improvements:		
Wastewater – New Lift Station	\$	250,000
Wastewater – Lift Station #4		<u>100,000</u>
TOTAL INFRASTRUCTURE	\$	350,000

Rebates:		
For Agency Operations	\$	<u>1,809,150</u>
TOTAL REBATES		\$1,809,150

TOTAL COSTS VIA URBAN RENEWAL INCREMENT:	\$2,937,850
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Conformance with State and Local Requirements

The proposed redevelopment as proposed in this plan conforms to the Comprehensive Plan for the City of Bonners Ferry. This plan was reviewed by the Bonners Ferry Planning and Zoning Commission, stating that this plan is in conformity with the Bonners Ferry Comprehensive Plan.

Property Acquisition

Pursuant to State Code Section 50-2007 the URA may acquire (by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise) real property to hold, improve, renovate, rehabilitate, clear, or prepare such property for redevelopment. Absent the consent of the property owner, the URA will not acquire any property, which will not require modification or the imposition of restrictions. In conjunction with the acquisition of a site, the URA shall accomplish the relocation of existing businesses and tenants.

Property Management

The URA may convey property it has acquired for less than market value. The URA may clear or move buildings, structures or improvements from any real property acquired, and the URA may develop a building site by constructing streets, utilities, parks, playgrounds and other public improvements in order to carry out the urban renewal plan.

The URA may acquire land or other public improvements and construct facilities within and/or outside the plan area if it can determine that the improvements are of benefit to the plan area. However, the URA shall not pay for maintenance or operation of said improvement.

Relocation of Businesses, Persons and Others

If as a result of pursuing this plan individuals, families, businesses, non-profit organizations or others are required to relocate, the URA shall prepare a plan for the relocation of same. The URA shall be responsible to assist those individuals and entities in full accordance with state and federal statutes, including finding a new location and providing relocation payments.

Owner Participation Agreements

The Owner Participation Agreements are the legal documents that form Public/Private partnerships. They are used by the URA when entering into an agreement with a private developer for a specific project. The list below is merely illustrative (not all inclusive) and does not prevent the Agency from including or excluding any of the commitments below:

1. The Agency's Commitments
 - a) What it will do:
 - site acquisition
 - site improvements
 - parking
 - off-site improvements, etc.
 - b) Determines how much the public investment is, and how it will be financed

2. The Developer's Commitments
 - a) A specific development concept:
 - Emphasis on commercial use, with some potential residential
 - Public site improvements
 - Number of parking spaces
 - Quality of development, etc.
 - b) Payments to the Agency, which can be in the form of:
 - payment for fee simple sale of land
 - land payment for ground lease
 - lease payments for public facilities
 - commitments towards paying other sources of public financing, such as special assessment bonds
 - participation - percentage of future cash flows
 - loans and advances

- tax increment guarantees
- c) Firm time schedules and contingencies affecting the timing
- d) Guarantee of the bonds or loans by Bonners Ferry developers.

CHAPTER 4

USES PERMITTED IN PROJECT AREA

USES PERMITTED IN PROJECT AREA:

Comprehensive and Urban Renewal Plans

The primary objectives for the Urban Renewal Agency are to improve the quality of life, bring economic vitality and improve the aesthetics of the Bonners Ferry Area through development and redevelopment. There are two (2) differing sets of land use issues involved in this Plan. The first set of issues deal with the designated or planned land uses of the comprehensive plan and the second set of issues revolve around existing non-conforming land uses, meaning uses which don't conform to the planned uses in the comprehensive plan.

Designated Land Uses of The Comprehensive Plan

The Urban Renewal District land uses are consistent with the Generalized Land Use Map of the Bonners Ferry Comprehensive Plan. If the necessary resources are available, the Urban Renewal Agency will assist any project that desires support, but that project must be consistent with this urban renewal plan and the comprehensive plan of the city. The following is a list of the land uses in the Urban Renewal Plan as it is described in the comprehensive plan. All proposed uses must comply with the appropriate land use designation in which it will be located.

Regional / Community Commercial / Office:

Commercial designation may occur in the urban renewal plan area. The function of this designation is to provide regional, local and tourist needs in readily accessible locations. Existing compatible land uses within the plan area consists mostly as vacant properties.

Public Rights-Of-Way:

With few exceptions, most of the public rights-of-way in the area are deficient in terms of development. Curbs, gutters and sidewalks are not evident. Street infrastructure is lacking and is a major drawback to most kinds of beneficial development. The Urban Renewal Agency deems these infrastructure needs as being most critical to the attraction of new development. The Agency intends to use its resources, plus any additional assistance, which may be derived from any other public or private source for the completion of this critical component.

Interim Uses:

There may be a need for the temporary use of vacant properties, wetlands and/or structures within the plan area. If these uses are to be supported and/or assisted by the Urban Renewal Agency, they shall be compatible with the current zoning and land use designations of the comprehensive plan.

Non-Conforming Uses:

Uses which do not conform to the Bonners Ferry Urban Renewal Plan and/or the City of Bonners Ferry Comprehensive Plan and/or zoning map are not eligible for support or assistance from the Urban Renewal Agency.

General Controls and Limitations

Construction:

All construction which is funded or partially funded by the Urban Renewal Agency as a part of this plan will be required to meet all applicable city and state specifications. In addition, each project must meet any requirements made by the URA as a condition of assistance. Such requirements may be in the form of additional performance and development standards. Construction may be by the Agency independently, or in conjunction with any other public agency or by a developer through an Owner Participation Agreement (OPA.)

Rehabilitation and Retention of Property:

Although not the objective of the South Hill West URD, rehabilitation of dilapidated commercial structures is an objective of the URA, in as much as the use of the structure complies with the plan and revenues available for assistance. Except in extenuating circumstances, ownership retention will always be a priority for most projects undertaken by the URA.

CHAPTER 5

PROJECT FINANCING METHODS

PROJECT FINANCING METHODS:

General Description of Financing Methodology

State law provides that urban renewal agencies have the power to finance urban renewal (redevelopment) activities and related costs. Agencies can issue both short- and long-term debt with existing and projected revenues. The debt of an urban renewal agency can be its own, or, it can include any assignments of revenues from others. For the most part, urban renewal agencies utilize tax increment financing (TIF) as the financing tool. However, Government Code Section 50-2007(f) allows other financing mechanisms, as well. The following are merely illustrative, and is not an all-inclusive list, nor do they bind the Urban Renewal Agency to use one or any of the following financing mechanisms:

1. Advances
2. Loans
3. Grants
4. Contributions
5. Any other form of financial assistance from public or private sources

Bond Anticipation Notes

Bond Anticipation Notes (BANs) are utilized when an agency needs to raise higher levels of financing than possible with a standard financing mechanism. The basic assumption of BAN financing is that tax increments will grow substantially over several years, due in part or whole to the application of the BANs funding to agency programs, and the agency will subsequently be able to afford a standard financing to refinance the BANs when the whole principal balance becomes due. BANs will typically have interest only payments for the short duration of the financing term, with all principal coming due in anticipation of a fully amortized standard bond financing that will refinance or take out the BANs. BANs can raise substantial capital in advance of tax increment generation and project development. These notes can provide funding which can encourage private development in the early stages of the project when “seed” capital is needed most.

The customary BAN structure calls for the forecasting of tax increment revenues several years into the future, making an assumption about what interest rates will be at the end of the forecast / finance period, and then issuing short (two to three year) to medium (four to six year) notes. The financing program anticipates that the notes will be fully amortized standard bonds when the notes mature. Ban financing often includes a large component of capitalized (prepaid from note proceeds) interest, as the agency can typically not support full interest payments on the notes with tax increment funds. Thus, for \$100.00 of program funding, a BAN financing will require two sets of costs of issuance (both the BAN and permanent bond financing) totaling approximately \$7.00 per hundred, plus at least \$20.00 per hundred of capitalized interest. When the takeout bonds are issued, the agency will be borrowing over \$127.00 (plus reserves) to pay for \$100.00 of initial project funding.

Despite the higher financing costs, in a relatively stable legal, political and financial climate BANs can prove to be quite effective. The URA can borrow substantial additional funds compared to a standard financing mechanism and after investing these funds in project improvements, cause further tax increment revenue growth. The concept is an attractive and convenient one that answers the problems facing any project area. Subsidies and public investment are needed up front to spur development that generates tax increment within twelve to eighteen months following construction.

The risk is straight forward - if the tax increment does not grow as projected and is not adequate to support a standard financing to take out the BAN when it comes due, the agency faces a number of unpleasant choices, including borrowing funds from the city to help retire the note debt, rolling the BAN with a second BAN issue, or default. That is why the Bonners Ferry Urban Renewal Agency will require that the developer guarantee the public financing, in case the projected tax increment fails to materialize.

The accuracy of the tax increment forecast is absolutely critical to the success of the program, market / interest rate fluctuations are also a significant variable, and the ability to “take-out” the BAN with bonds is subject to legal and political factors which are beyond the control of the URA. A successful BAN financing must take these variables fully into account.

A taxable BAN which is to be taken out with taxable bonds make more sense than tax-exempt notes because one of the primary risks, alterations of the tax law, is essentially removed. Because taxable financing is typically utilized as bridge financing, waiting for private repayments, the short-term nature of a BAN can be most effective.

Tax Increment Funds

Tax increment financing is the principal method of financing the public costs of redevelopment. “Ad Valorem” property taxes generated from the increase in assessed valuation of property values, created by new development within a specified project area, is the major source of tax increment revenue. The assessed valuation at the time of adoption of the urban renewal plan becomes the base year value and is frozen at that level for the purpose of distribution of taxes to the various affected taxing entities. Each fiscal year, following the adoption of an urban renewal plan, the taxes generated by the assessed valuation that exceeds the base year level (known as tax increment) is paid to the urban renewal agency. The URA in turn utilizes these funds for the repayment of debt incurred by the URA in connection with redeveloping the project area.

When an urban renewal project is approved, there isn’t any tax increment immediately available to the agency. The fiscal year following the adoption of the project there is an opportunity for some tax increment to be generated, but only if the assessed valuation of the area has increased from the prior year.

Normally very little funding is available within the first two years of a project. Therefore, funding for the initial cost of a project and the costs of implementation must be provided from other sources.

Many times, the city will loan funds to the URA, or provide the capital improvements in the project area with the URA agreeing to reimburse the city when the agency receives its revenues.

Loans and Grants

Community Development Block Grants:

The Community Development Block Grants (CDBG) program replaced a number of specific aid programs (such as the former federal Urban Renewal program) to allow local communities broader discretion in the administration of community development funds. Eligible activities include acquisition of property, clearance and demolition, relocation, public facilities and historic preservation. The funds must be targeted to specific areas to benefit low and moderate-income persons or to eliminate slums and blight. CDBG funds are widely used throughout the state for economic development and senior facilities.

Local Improvement Districts:

Local Improvement Districts (LID) have been used to fund public improvements that benefit private development. LID's place upon the benefited property the costs which are not borne by the urban renewal agency (or city). The State of Idaho has determined that LID's are a legal means for the city to fund such improvements. Formation of an LID requires the approval of a majority of the property owners in the affected area. The costs of the improvements are determined, and each property is assigned its prorata share. The LID expenses are paid off via the tax rolls over a predetermined period of time.

Loans and Advances:

The URA may borrow funds for a project from the city or a lending institution. In addition, developers may advance or loan working capital to urban renewal agencies for preliminary redevelopment activities. Generally, the developer is at risk with these advances and will be repaid only if the project goes forward and increment is created.

Tax Increment Guarantees:

The willingness, or ability, of an urban renewal agency to incur project financial obligations for a specific development may be based on a projection that the development will produce tax increments in a certain amount, within a definite period of time.

As an inducement to the urban renewal agency to proceed with its part of the development activities, such as paying for the costs of public facilities to serve the development, a developer may agree to guarantee to the URA the receipt of tax increments from the development in the amount and by the time projected. As stated above, it would be wise for the Agency to ask developers to guarantee any public financing included in this plan.

Certificates of Participation:

Certificates of Participation (COP's) provide long term financing through a lease with an option to purchase, (also called a conditional sale agreement). This financing method is

used for long term financing of major projects such as public facilities, parking garages, and recreational activities.

Where applicable, this financing method can also be used to finance the acquisition of motorized equipment, communications equipment, computers, and other major items of equipment.

When a public sale of a lease, or COP's in a lease, is planned the principle parties include:

1. The public agency
2. A bank, financial institution or lender (buys the present value of future lease payments)
3. Purchasers or investors (purchase the COP's)
4. A trustee (holds security for payment of lease - if any)
5. An escrow agency (the trustee may also be the escrow agency)

Lease agreements are for one year at a time resulting in the COP's commanding a higher interest rate. The URA would also have to comply with state public bidding for construction laws, usury and legal interest rate laws authorizing the lease and disclosure requirements.

Joint Powers Authority:

By agreement multiple public entities with common powers may form a Joint Powers Authority (J.P.A.) when it is to the advantage of those agencies to consolidate their forces to construct a public use facility or issue debt for public purposes that when done separately would be less advantageous. A joint exercise of power agreement must be approved by the participating entities in order to utilize a J.P.A. The security of any issue of a J.P.A. will depend upon the existing or projected cash flows, reserves, and other capital resources of the participating agencies and the approved obligations of each agency. In some cases, it may be advantageous for the URA to form a J.P.A. before debt obligations are approved by the individual agencies.

63-20 Debt:

States and political subdivisions are authorized, under federal tax law, to issue obligations, the interest on which is exempt from federal income taxation ("Tax-exempt bond"). Each state has statutes and administrative rules that outline the terms under which tax-exempt bonds may be issued. There are circumstances, however, when a political subdivision would prefer not to issue bonds for a project. These reasons may be legal, practical or political. A facility may qualify for tax-exempt financing, because of its use by a governmental entity; nevertheless, the governmental entity elects not to finance the project with its own tax-exempt bonds.

An alternative method of obtaining tax-exempt financing is available under the Internal Revenue Code. This method of financing is commonly referred to as "63-20" financing.

The term “63-20” comes from the Department of Treasury Revenue Ruling which first described and authorized this type of tax-exempt financing (in 1963).

In a 63-20 financing, a nonprofit corporation may issue tax-exempt debt for the purpose of financing facilities as long as certain requirements are met. The most well-known requirement is that title to the facilities must be transferred to a governmental entity when the debt is retired. Interest on 63-20 debt is exempt from federal income taxation. Therefore, the cost of capital is, lower than it would be in the conventional capital markets.

Historically, 63-20 debt was primarily used for nonprofit corporations, qualified under Section 501(c)(3) of the Internal Revenue Code, to access the tax-exempt bond market. 63-20 debt is sold as tax-exempt bonds generally in the same financial markets as governmental tax-exempt bonds. The interest rates may be comparable, depending upon the credit strength of the collateral security.

If the financed facility is leased to an entity other than the nonprofit issuer of the debt, the tenant is required to be either a governmental entity or a charitable organization. An underwriter may underwrite long term (20 years or more) bonds issued by the nonprofit corporation. The credit support of the bonds may derive from the lease of the facility to the governmental agency. The bonds may be issued on a non-recourse basis to the nonprofit corporation, i.e., the bonds would be secured solely by lease revenues. In a non-recourse financing, the owners of the bonds would have no recourse against any other assets of the corporation.

CHAPTER 6

TAX ALLOCATION DISTRICT

LEGAL DESCRIPTION

URBAN RENEWAL DISTRICT

THE TAX ALLOCATION DISTRICT FOR THE BONNERS FERRY URBAN RENEWAL PROJECT AREA AS DEFINED BY THE FOLLOWING DESCRIBED BOUNDARY:

Affected Agencies

The following is a list of agencies which are affected by the “Bonners Ferry Urban Renewal Plan”.

City of Bonners Ferry
Boundary County
Boundary County Library
Boundary County Ambulance
Boundary County Road

Recent changes in Idaho tax law have neutralized the benefits and drawbacks to the creation of Tax Allocation Districts and Urban Renewal Districts. Currently, public agencies’ budgets are restricted to 3% annual growth from property taxes. At the end of a project’s life, the tax increment generated is divided among the above-mentioned agencies in accordance to their respective agency’s property tax levy rates.

CHAPTER 7

ACTIONS BY THE CITY COUNCIL

ACTIONS BY THE CITY COUNCIL:

The City shall aid and cooperate with the URA in carrying out this plan and shall take all actions necessary to ensure the continued fulfillment of the purposes and objectives of this plan. The City shall assist and support the URA in preventing and eliminating the spread and/or recurrence of conditions causing blight in the plan area. Actions by the City may include, but are not limited to, the following:

1. Institution and completion of proceedings necessary for changes and improvements in private and publicly owned utilities within or affecting the project area.
2. Revising of zoning or other standards (if necessary) within the project area to permit the development authorized by this plan.
3. Imposition, wherever necessary, through the use of special use permits or other means of appropriate controls within the limits of this plan upon parcels of land within the project area to ensure their proper development and use.
4. Where possible, preservation of historical sites, and wetlands, shall have a high priority in achieving development objectives.
5. Performance of the above actions and all other functions and services relating to public health, safety, and physical development normally rendered in accordance with the schedule which will permit the redevelopment of the project area to be commenced and carried to completion without unnecessary delays.
6. If necessary, institution and completion of proceedings for the establishment of a Local Improvement District, or districts under Chapter 17, Title 50, Idaho Code.
7. Administration of Community Development Block Grants and/or other state/federal funds that may be available and are used for the purposes of this plan.
8. The undertaking and completion of any other proceedings necessary to carry out the plan.
9. Appropriate agreements with the URA for administration, supporting services, funding sources, and other similar needs.
10. The actions listed above which are to be taken by the City do not constitute any commitment of financial outlay by the City.

CHAPTER 8
ENFORCEMENT

ENFORCEMENT

The enforcement and administration of this plan, including the preparation and execution of all the documents used for the implementation of the Bonners Ferry Plan, shall be performed by the URA and/or the City of Bonners Ferry. The provisions of the Bonners Ferry Plan and other documents used pursuant to this plan may also be enforced by court litigation instituted by either the City or the URA. Remedies include, but are not limited to the following:

1. Specific performance
2. Damages
3. Injunctions
4. Other appropriate remedies

CHAPTER 9

DURATION OF THE PLAN

DURATION OF THE PLAN

The duration of the various segments which make up this urban renewal plan for the Bonners Ferry Area are as follows:

- A. The non-discrimination and non-segregation provisions of this plan shall be effective in perpetuity.
- B. Other provisions of this plan shall be effective for twenty (20) years from the date of adoption of this plan by the Urban Renewal Agency.
- C. The Tax Allocation District and its respective revenue allocation financing shall be in effect for a period not to exceed twenty (20) years.

CHAPTER 10

PLAN AMENDMENT PROCEDURES

PLAN AMENDMENT PROCEDURES

The Bonners Ferry Urban Renewal Plan may be further modified at any time by the URA, provided that the modification, if made after disposition of real property by the URA in the plan area, must be consented to by the developer(s) or successor(s) of interest of such real property if their interest is substantially affected by the proposed modification.

Where the proposed modification substantially alters the adopted plan, the modifications must be approved by the Urban Renewal Agency Board, the City Planning and Zoning Commission (if one is by then formed) and the City Council in the same manner as the original plan. Substantial changes for Council purposes shall include revisions to the following:

1. Project area boundaries
2. Length of the Term of the District
3. Land Acquisition
4. Changes to plan objectives

The City of Bonners Ferry may also amend the plan, via a de-annexation of any parcels within the URD, at their discretion provided the de-annexation does not impact any current debt of the URA or inhibits its ability to function as an agency.

CHAPTER 11
TAX FEASIBILITY STUDY

City of Bonners Ferry

**Tax Allocation Feasibility Study
For
The Bonners Ferry Redevelopment Area**

September 2019

Tax Allocation Financing Feasibility Study For the Bonners Ferry Redevelopment Area

Table of Contents

Executive Summary	43
Methodology	43
Redevelopment Planning Area	44
Existing Conditions	44
Size and Parcels	44
Investment	44
Existing Uses.....	44
Vacant Land	44
Resident Population	45
Planned Development and Infrastructure Extensions.....	45
Baseline Build-out Potential.....	45
Resident Population	45
Commercial Development	45
Private Sector Investment Potential	46
Property Tax Generation	47
Tax Allocation Project Projection	47
Urban Renewal District Improvements	48
Projection Assumptions.....	48
Levy Rates	48
Coverage Ratio.....	48
Personal Property Investment.....	49
School Payments	49
Determination of the Timing of the Required Incremental Tax Base	49
Improvement Financing.....	49
Fiscal Impact on Taxing Districts and Taxpayers.....	49
Limits on Budget Increases	49
Levy Rate Calculation	50
Feasibility of Tax Increment Financing of Improvements.....	50
Conclusion	50

Appendices

1. Area Statistics
2. Area Tax Valuation by Parcel
3. Property Tax Generation
4. Debt Service Schedule, Margins and Discounts
5. All Taxing Districts Projection
6. Total Financial Projection

**Tax Allocation Feasibility Study
For the Bonners Ferry Redevelopment Area**

Executive Summary

The use of the Tax Allocation Financing Provision in the proposed Bonners Ferry Redevelopment Area Urban Renewal District is feasible under the existing taxing laws. Financing of the listed projects is projected by increment received through tax increment financing.

The investments listed here are in major part the result of expected development in the Bonners Ferry project, an investment expected to total \$15 million over twenty years. Increment received has been reduced in this schedule to ensure the viability of the tax increment financing.

The following table shows the dollar amount of improvements for the total Urban Renewal Plan.

**TABLE 1
SUMMARY OF INFRASTRUCTURE INVESTMENT**

Improvement	Cost
Public Facilities/Rebates	\$ 1,405,698
Public Works	350,000
Total Project Costs	\$ 1,755,698

Source: City of Bonners Ferry

Methodology

Tax allocation financing is a method of providing revenue for economic development projects in urban renewal areas. As part of an urban renewal plan, a revenue tax allocation financing provision is approved. Within the urban renewal area, a tax allocation area is created. Within the tax allocation area, a base assessment roll is established which is equal to the assessment rolls for all classes of taxable property as of January 1st of the year the urban renewal plan is adopted; in this case, 2020. As new investment increases the assessed value within the tax allocation area, the increase in tax revenues is allocated to paying off bonds issued for public improvements. By using this form of financing, local taxing districts make a short-term sacrifice in receipt of added tax revenues in exchange for a long-term tax revenue increase due to added investment in the urban renewal area. This is partly mitigated by caps on increases in spending for tax districts. However, the beneficiaries are taxpayers. With added revenues and a ceiling on increased spending, the result for taxpayers can be decreased taxes.

To determine the feasibility of a tax increment financing provision for improving the Bonners Ferry Redevelopment Area, the first task was to list all properties by parcel number. Then, for each parcel within the taxing area a market value of each, with exemptions.

With a complete inventory of properties and their existing market values, a baseline projection of tax revenues was created. This projection was based on the projected build out in the district, as estimated based on proposed development.

Growth trends in the balance of the district not included in the Bonners Ferry development were not included, since expectations are that the deteriorated area will require several years to recover, even after the project infrastructure improvements are completed.

Next, a projection of tax revenue was prepared assuming that a tax allocation provision is approved. This projection assumes a "freeze" on the amount of revenue each taxing district will receive while the bonds are being paid. It also shows the tax increases that will result when the bonds are paid and the entire tax revenue amount is allocated to reduce tax levy rate. Part of this measurement determined how long the increment would need to be in place before the improvement project could be financed with a positive cash flow. Of course, if new investment in the area occurs above the normally anticipated growth, the length of time required to create sufficient revenue decreases proportionate to the amount of new investment.

Determination of feasibility will be made by the City of Bonners Ferry in their action to either approve or disapprove the urban renewal plan and the tax allocation provision. However, a statement of feasibility has been prepared which indicated whether a tax allocation provision is financially feasible. **That statement affirms that the tax allocation provision is financially feasible.**

Redevelopment Planning Area

Existing Conditions

Size and Parcels

The Boundary County Assessor has identified the parcels within the redevelopment area. The value of each parcel constitutes the basis of the total property tax revenue the taxing districts will receive during the project build out. The value of approximately \$13 million is within the allowable ten percent of the total Bonners Ferry City valuation.

Vacant Land

Within the redevelopment area there is a total of about 500 acres of under-developed and vacant land. Most of this property is within the annexed development and as such will be developed as residential property.

Planned Development and Infrastructure Extensions

Planned infrastructure development includes improvements to streets, extension of water and sewer facilities and lines, parks and parking lots, and other miscellaneous items that will also be funded. The timing of these improvements depends upon the demand for services in the area and the amount of incremental investment made in the area. The incremental investment will provide the tax revenue necessary for issuing bonds to pay for the improvements.

Baseline Build-out Potential

Resident Population

The redevelopment area is a mix of commercial and residential. With this in mind, the projected build out in the plan will be based on both commercial and residential construction, as estimated based on discussions with potential developers.

Development Acreage and Timing Projection

A projection of development acreage and timing has been prepared to provide an overview of the likely future development of the Bonners Ferry Redevelopment Area.

The following table shows the timing projection by year.

**TABLE 2
BONNERS FERRY REDEVELOPMENT AREA
DEVELOPMENT PROJECTION, 2019 TO 2039**

<u>Year</u>	<u>TOTAL ER's</u>
2019	0
2020	1
2021	50
2022	70
2023	0
2024	0
2025	0
2026	0
2027	0
2028	0
2029	0
2030	0
2031	0
2032	0
2033	0
2034	0
2036	0
2037	0
2038	0
2039	<u>75</u>
TOTAL	75

Source: Bonners Ferry Urban Renewal Agency and Developers' Estimate

Private Sector Investment Potential

A projection of private sector investment (and market value) has been prepared for the build-out of the redevelopment area.

The developers are confident that the build out projection is reliable, and even conservative in nature. In the unlikely event that the projections are not achieved, the amount of debt financing for the projects may be reduced, or the developer may work with the Urban Renewal Agency to find alternate funding methods.

The following table shows the growth in investment through the year 2029.

**TABLE 3
BONNERS FERRY REDEVELOPMENT AREA
PRIVATE SECTOR INVESTMENT GROWTH, 2019 TO 2039**

<u>Year</u>	<u>TOTAL INVESTMENT</u>
2019	\$0
2020	200,000
2021	10,000,000
2022	14,000,000
2023	0
2024	0
2025	0
2026	0
2027	0
2028	0
2029	0
2030	0
2031	0
2032	0
2033	0
2034	0
2035	0
2036	0
2038	0
2039	15,000,000
TOTAL	<u>\$15,000,000</u>

Source: Bonners Ferry Urban Renewal Agency

Property Tax Generation

As investment occurs in the Bonners Ferry Redevelopment Area, additional taxes will be generated. The following table shows a summary of the tax generation anticipated at normal growth rates within the

redevelopment area. Of course, as new infrastructure investment occurs in the area, the development rate will increase.

**TABLE 4
BONNERS FERRY REDEVELOPMENT AREA
PROPERTY TAX GENERATION, 2010 TO 2029**

<u>Year</u>	<u>Total</u>
2019	\$0
2020	2,153
2021	107,660
2022	150,724
2023	150,724
2024	150,724
2025	150,724
2026	150,724
2027	150,724
2028	150,724
2029	150,724
2030	150,724
2031	150,724
2032	150,724
2033	150,724
2034	150,724
2035	150,724
2036	150,724
2037	150,724
2038	150,724
2039	<u>161,490</u>

TOTAL \$2.833.611

Source: Bonners Ferry Urban Renewal Agency

Tax Allocation Projection Calculation

The following projection is based on the projected growth rates described in the section above. Of course, these are merely projections and unanticipated changes in the area or economic growth rates can accelerate or slow down the estimates. However, they are made with the best available projections from the developer and the City of Bonners Ferry.

Urban Renewal District Improvements

Improvements will be thoroughly described in the Urban Renewal Plan. These improvements include curbs and gutters, sidewalks, streets, water and sewer systems, drainage and street trees. The timing of these

improvements will depend upon the growth in the area and the demand for urban services. This projection is prepared to describe a scenario based on the assumptions described previously in this report.

Projection Assumptions

Several assumptions have been made regarding the future. These assumptions are described in the following paragraphs.

Levy Rates

It is assumed that levy rates for all taxing districts affected by the Tax Allocation District will remain constant. These rates are shown in the following table.

**TABLE 5
LEVY RATES**

Boundary County	0.005091944
City of Bonners Ferry	0.004754538
Boundary Ambulance	0.000396598
Boundary County Road	0.000149316
Library	<u>0.000373593</u>
 Total	 0.010765989

Coverage Ratio:

The coverage ratio applied to the Bonners Ferry Urban Renewal Project's Tax Increment Revenues is 110%. Application of a coverage ratio greater than 100% has the effect of reducing the projected amount of revenue that can be applied to serving the bonds.

Coverage ratios are applied to create a margin of safety should tax revenues fall short of expectations. In this projection, actual revenue collected is used in the year following the year it was collected. In this way, actual revenue is accounted for and not the amount available for debt service due to the coverage ratio.

Personal Property Investment

No value is added for personal property (equipment, fixtures, etc.). This property is also taxed and is subject to the tax increment but has been omitted from the projections to provide an added measure of margin.

School Payments

Tax law changed in 2006 to remove operations and management costs from taxpayers. As such, no O and M taxes from school districts come to the URA.

Determination of the Timing of the Required Incremental Tax Base

As development occurs within the Bonners Ferry Redevelopment Area, additional investment will add incremental tax revenues. Based on the Idaho Economic Forecast's growth assumptions, there will be sufficient

increment added to the redevelopment area by the year 2020. Since taxes are not collected until the following year, the tax required to pay for bonds will be available in January 2021. The table on the following page shows this anticipated growth and the amount of incremental taxes expected.

Improvement Financing

The interest rates established for the repayment of the bonds will be according to the municipal bond market standards at the time the bonds are issued. This project anticipates an interest rate of 3.5%.

Fiscal Impact on Taxing Districts and Taxpayers

The fiscal impact on taxing districts will be to increase available revenue to the districts by collection of forgone taxes and a reduction in the levy rate applied to the valuation of their property.

Limits on Budget Increases

Limits are placed on the increase in budget a taxing district can spend even with a substantial increase in the tax base. This limitation on receipt of additional revenue is partially mitigated by the collection of “Foregone Taxes”; taxes which the district has a right to collect but has not. These taxes, which would normally be collected during the tax increment financing period, may be collected after the bonds have been paid, assuming the law remains the same. The amount of foregone taxes for any given year can be obtained by requesting the *Dollar Certification of Budget Request to Board of County Commissions L-2*, for the year in question.

Taxing districts can recover foregone taxes at any point without voter approval. However, it is more reasonable to do so if they have a sufficient source of assessed value to produce tax revenues. The Urban Renewal Project can create these sources of additional tax revenue.

Levy Rate Calculation

Idaho State law limits the increase in budgets of each taxing district. In our assumption, however, we anticipate constant levy rates because of the use of foregone taxes and new construction within each district

Feasibility of Tax Increment Financing Improvements

As a result of this analysis, the feasibility of using the Tax Allocation Financing Provision for improvements within the Bonners Ferry Redevelopment Area is positive given the assumptions included in this report.

Growth assumptions applied to the development within the redevelopment area indicate that there will be sufficient incremental tax revenues to pay for the improvements if development in the area occurs as demonstrated in this projection.

The impact on taxing districts is also likely to be positive. While there is a limit on the increase in budgets of the taxing districts, forgone taxes can be used to increase district activity to accommodate the new growth.

Conclusion

The City of Bonners Ferry is facing increasing pressure to accommodate the demand for new growth in the area. The deteriorating infrastructure only adds to the pressure faced by the City. As a burgeoning community, Bonners Ferry needs to address its current deteriorated infrastructure and plan for the future expansion requirements.

With the availability of the Tax Increment Financing provision in the City of Bonners Ferry, a suitable area where public investment in infrastructure can enhance residential growth and a positive financial outlook for application of Tax Increment Financing, the Bonners Ferry Redevelopment Area is a good candidate for use of this financing metho

AREA STATISTICS

The following table is a list of parcels within the Bonners Ferry Redevelopment Area with their respective size.

TAX VALUATION BY PARCEL

Appendix 3

BASELINE PROPERTY TAX GENERATION , 2019 TO 2039

<u>YEAR</u>	<u>VALUE</u>
2019	\$0
2020	2,153
2021	107,660
2022	150,724
2023	150,724
2024	150,724
2025	150,724
2026	150,724
2027	150,724
2028	150,724
2029	150,724
2030	150,724
2031	150,724
2032	150,724
2033	150,724
2034	150,724
2035	150,724
2036	150,724
2037	150,724
2038	150,724
2039	<u>161,490</u>
TOTAL	\$2,833,611

Appendix 4

DEBT SERVICE SCHEDULE, MARGINS AND DISCOUNTS

Bond/Loan 2021	\$1,230,000
Interest Rate	3.5%
Term	20 Years
Debt Service Margin	10%
Present Value Discount	3%
Bond/Loan Payment	\$105,516
Total Payments	\$1,608,282
Total Debt Costs	\$1,608,282

Appendix 5

TAXING DISTRICT PROJECTIONS

Tax Increment Available for Districts after Bond Retirement

<u>District</u>	<u>2039</u>
City of Bonners Ferry	\$ 95,091
Boundary County	101,839
Boundary Ambulance	7,932
Boundary County Road	2,986
Library	<u>7,472</u>
Total	\$215,730

Appendix 6

TOTAL FINANCIAL PROJECTION

See Excel Spreadsheet - Bonners Ferry Feasibility Table.xls

CHAPTER 12
APPENDIXES

APPENDIX A
PROJECT COSTS

**BONNERS FERRY TAX INCREMENT PROJECTS
ESTIMATED COSTS**

Project:	Estimated Costs:
1) Streets	\$ 780,000
2) Infrastructure	\$ 350,000
3) Public Facilities/Rebates	<u>\$ 216,200</u>
<u>GRAND TOTAL OVERALL COSTS:</u>	<u>\$1,346,200</u>

APPENDIX B

IDAHO CODE SECTION 50-2008

50-2008. Preparation and approval of plan for urban renewal project. (a) An urban renewal project for an urban renewal area shall not be planned or initiated unless the local governing body has, by resolution, determined such area to be a deteriorated area or a deteriorating area or a combination thereof and designated such area as appropriate for an urban renewal project.

(b) An urban renewal agency may itself prepare or cause to be prepared an urban renewal plan, or any person or agency, public or private, may submit such a plan to an urban renewal agency. Prior to its approval of an urban renewal project, the local governing body shall submit such plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. The planning commission shall submit its written recommendations with respect to the proposed urban renewal plan to the local governing body within thirty (30) days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission, or if no recommendations are received within said 30 days, then without such recommendations, the local governing body may proceed with the hearing on the proposed urban renewal project prescribed by subsection (c) hereof.

(c) The local governing body shall hold a public hearing on an urban renewal project, after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice shall describe the time, date, place and purpose of the hearing, shall generally identify the urban renewal area covered by the plan, and shall outline the general scope of the urban renewal project under consideration.

(d) Following such hearing, the local governing body may approve an urban renewal project and the plan therefore if it finds that (1) a feasible method exists for the location of families who will be displaced from the urban renewal area in decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families; (2) the urban renewal plan conforms to the general plan of the municipality as a whole; (3) the urban renewal plan gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety and welfare of children residing in the general vicinity of the site covered by the plan; and (4) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the rehabilitation or redevelopment of the of the urban renewal area by private enterprise:

Provided, that if the urban renewal area consists of an area of open land to be acquired by the urban renewal agency, such area shall not be so acquired unless (1) if it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design which is decent, safe and sanitary exists in the municipality;

That the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas; that the conditions of blight in the area and the shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime and constitute a menace to the public health, safety, morals, or welfare; and that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality, or

- (e) (2) if it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives, which acquisition may require the exercise of governmental action, as provided in this act, because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivision, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area.
- (f) An urban renewal plan may be modified at any time: Provided that if modified after the lease or sale by the urban renewal agency of real property in the urban renewal project area, such modification may be conditioned upon such approval of the owner, lessee or successor in interest as the urban renewal agency may deem advisable and in any event shall be subject to such rights at law or in equity as a lessee or purchaser, or his successor or successors in interest, may be entitled to assert.
- (g) Upon the approval by the local governing body of an urban renewal plan or of any modification thereof, such plan or modification shall be deemed to be in full force and effect for the respective urban renewal area, and the urban renewal agency may then cause such plan or modification to be carried out in accordance with its terms.
- (h) Notwithstanding any other provisions of this act, where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the governor of the state has certified the need for disaster assistance under Public Law 875, Eighty-first Congress, or other federal law, the local governing body may approve an urban renewal plan and an urban renewal project with respect to such area without regard to the provisions of subsection (d) of this section and the provisions of this section requiring a general plan for the municipality and a public hearing on the urban renewal project. [1965, ch. 246, § 8, p. 600.]

Compiler's notes. For words "this act" see
Compiler's notes, § 50-2001.
Public Law 875, Eighty-first Congress, referred to in this
section, was repealed.

Sec. to sec. ref. This section is referred to in §§ 50-
2018, 50-2903 and 50-2906.

APPENDIX C

NOTICE OF PUBLIC HEARINGS

APPENDIX D

RESOLUTION

OF FINDINGS OF DETERIORATION

AND CREATION OF THE

BONNERS FERRY URBAN RENEWAL AGENCY

CITY OF BONNERS FERRY
RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF BONNERS FERRY, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO, STATING FINDINGS THAT DETERIORATED AND DETERIORATING AREAS EXIST WITH THE CITY AND DECLARING A NEED FOR AN URBAN RENEWAL PLAN FOR THIS PURPOSE.

WHEREAS, the city of Bonners Ferry is an Idaho municipal corporation with the authority to declare all or a portion of its city limits as a deteriorated or deteriorating area pursuant to the Idaho Urban Renewal Law of 1965 (codified as Chapter 20, Title 50, Idaho Code, and

WHEREAS the Mayor and City Council of the City of Bonners Ferry has directed city representatives to study the magnitude of the deterioration and city representatives have reported to the City Council the nature of the deterioration and the area of the deterioration, and

WHEREAS the City Council of the City of Bonners Ferry desires to begin to remediate existing deterioration and prevent future deterioration, in order to protect the public health, safety, morals and welfare of the residents of the municipality, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY AS FOLLOWS:

Section 1. That there are areas within the city limits of the City of Bonners Ferry that are deteriorated and/or deteriorating as defined in I.C. 50-2018 (h) and (i), as herein described without limitation and as more fully depicted in Exhibit A, attached hereto and incorporated by reference herein, and hereinafter referred to as the area of deterioration, and as more fully described in Exhibit B, attached hereto and incorporated by reference herein, and hereinafter referred to as the detail of deterioration:

- a. Buildings, land and improvements, both residential and non-residential which by reason of dilapidation, deterioration, age and obsolescence are detrimental to the public health, safety and welfare.
- b. Inadequate public services and public buildings which substantially impairs the sound growth of the municipality and constitutes a social and economic liability, to wit:
 - i. An inadequate wastewater collection and treatment system.
 - ii. An inadequate domestic water supply system.
 - iii. Lack of water and wastewater service to areas of the City
 - iv. Inadequate public streets, sidewalks, curbs, and street lighting.
 - v. Inadequate public administration facilities

ADOPTED AND APPROVED THIS DAY OF 2019

, Mayor

ATTEST:

, City Clerk

EXHIBIT A
MAP OF THE URBAN RENEWAL AGENCY AREA OF DETERIORATION AND
DETERIORATING CONDITIONS

EXHIBIT B DETAIL OF DETERIORATION

INTRODUCTION

Under Idaho Local Economic Development Act (Municipal Corporations Code, Sec. 50-290 et. seq.) the city council must find and determine, based on substantial evidence in the record, the project area as a “deteriorated area” (when adopting an ordinance approving and adopting Urban Renewal plan for a project area). The purpose of this report is to present the conditions of deterioration as set forth in the Local Economic Development Act (LEDA), to show how such conditions relate to categories of being deteriorated, and to provide examples of the types of data to illustrate and substantiate the various conditions of deterioration.

The LEDA defines a deteriorated area as an area which is characterized by one or more of the conditions set forth in Sections 50-2903(8), which conditions cause a reduction or lack of, proper utilization of the area and place a burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise acting alone:

Sections 50-2903(8):

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests

the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. The provisions of section 50-2008(d), Idaho Code, shall apply to open areas.

(d) Any area which the local governing body certifies needs redevelopment or rehabilitation as a result of a flood, storm, earthquake, or other natural disaster or catastrophe respecting which the governor of the state has certified the need for disaster assistance under any federal law.

(e) Any area which by reason of its proximity to the border of an adjacent state is competitively disadvantaged in its ability to attract private investment, business or commercial development which would promote the purposes of this chapter.

(f) "Deteriorated area" does not mean not developed beyond agricultural, or any agricultural operation as defined in section 22-4502(1), Idaho Code, or any forest land as defined in section 63-1701(4), Idaho Code, unless the owner of the agricultural operation or the forest landowner of the forest land gives written consent to be included in the deteriorated area, except for an agricultural operation or forest land that has not been used for three (3) consecutive years.

Information presented in the deteriorated section of the plan is divided in two divisions, which address the broad categories prescribed by the law. Appropriate headings for these major divisions are: "Existing Social Conditions", and "Existing Economic Conditions". Within these major divisions, subheadings are used, to the extent applicable to the particular project area.

EXISTING CONDITIONS

1. Urban Renewal Agency (URA) Projects List

In development of the Urban Renewal Agency (URA) and the Urban Renewal District (URD) the Agency Board has identified various public infrastructure improvements that if implemented provide an improved environment for allowing housing to prosper. It is anticipated that during the life of the URD the priority of

project implementation will depend on when and where private development occurs. However, generally the projects can be identified for each area.

As noted earlier, the URD boundaries consist of an area on the South Hill west of Highway 95 and just north of the new retail centers. The improvements anticipated here are connecting Wilson and Solomon, with improvements for pedestrian and vehicle traffic, and an upgrade to water and sewer line improvements. The last includes a new sewer lift station and improvements to the sewer lift station #4.

2. Existing Social Conditions

Unsafe and hazardous traffic and pedestrian conditions exist which endanger life.

I. Inadequate and Unsafe Public Rights of Way

Deterioration is evident in the surfacing of roadways in the area, leading to downtown. Although Highway 95 is undergoing major upgrades, the route to downtown has significant issues, including the lack of sidewalks or pathways in the project area, which means walkways are not ADA-compliant. Turn lanes on that part of Highway 95 would greatly improve traffic flow. Cosmetic improvements to this arterial as well would enhance the experience of visitors to the city's core area. In cities throughout north Idaho general improvements to a city's main thoroughfare have shown marked improvement in retail, as well as civic pride when acquaintances visit.

II. Dilapidation or Deterioration

In the area of deterioration, the lack of arterials has resulted in major congestion issues on Highway 95. This in turn discourages residents from accessing businesses on the south hill. It also leads to major issues when the high school recesses and unleashes traffic onto Highway 95.

III. Age or Obsolescence

Obsolescence is mainly applicable to the condition of roadways, where original design features are no longer appropriate to current uses.

Another area of deterioration is in lack of the adequate wastewater and water service lines to this area. The lack of utilities is the largest detriment to managed growth and their provision would

greatly enhance the ability of the City to see its housing areas develop.

3. Existing Economic Conditions

Public Rights of Way, Buildings, Structures, and Conditions as described previously which result in economic underdevelopment of the area.

I. Inadequate and sub-standard traffic movements and flow

As noted above, some of Bonners Ferry's streets, sidewalks, curbs and gutters are in disrepair.

Poor traffic circulation results from the narrow streets and the need for new pavement. Street lighting is nonexistent or in disrepair in many places within the area of deterioration.

Poor traffic circulation is evident, with inadequate space to turn around large vehicles such as fire and utility trucks. The lack of turn lanes on Highway 95 in the project area also impedes traffic flow.

II. Substantially impairs or arrests the sound growth of a municipality.

In addition to streets and the wastewater and water service lines, other public improvements are in poor physical condition, based mostly on their age and the lack of funds for their improvement over time. This is not reflective of inaction on the part of public officials but instead to the city's annual budget constraints.

The city's wastewater and water plants have undergone upgrades, which is vital to a city looking to add housing. These upgrades have allowed the plants to be expanded to allow for the potential growth. Additional capitalization fees from new development will help the utilities to meet the future demands for service.

As noted above, inadequate utilities contribute to deterioration in the area. Service lines are deteriorated or non-existent in some areas. Storm water runoff is a concern, especially if it contributes to the degradation of the Kootenai River, which flows through the city. Storm drains and street gutters would help to assist in the direction and disposal of storm water.

III. Retards the provision of housing accommodations or constitutes and economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

Upgrades in the deteriorated area would help to eliminate the shortage of housing. Residents tend to locate to areas outside the city, which means they are not contributing to the tax base of the city. Yet they shop and attend schools in the city, thus creating a burden on city services without a revenue stream to help lessen the impact. This is a common issue for rural communities and one that can be remedied with better arterials feeding large tracts that can be utilized for housing.

The percentage of low to moderate income residents (LMI) stands at 44%, which is down from over 54% in 2010. This allows the City to be eligible for LMI assistance via grants and low-interest loans.

4. Other Factors

In areas with a large LMI population, access to public transportation is vital to the development of employment. Deterioration tends to continue and areas further decline when employment opportunities are unavailable.

Finally, it must be noted that conditions of deterioration affect nearly the entire project area including areas which are "predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality. "

SUMMARY:

Bonnors Ferry has in the last 8 years become again a very viable business center, thanks to the creation of the Bonnors Ferry Urban Renewal Agency. It lacks, however, access to large vacant parcels that can be developed for housing, thus hampering the city from improving its tax base. Remediating the factors of deterioration will in turn allow the city to continue to invest in its infrastructure and make the city an even better place to live.

CONCLUSION:

Based on the factors listed herein, the projected area within the proposed South Hill West area is eligible to be included in an urban renewal district, as administered by the Board of Directors of the Bonnors Ferry Urban Renewal Agency.

APPENDIX E

**RESOLUTION 2019-
BONNERS FERRY URBAN RENEWAL
AGENCY APPROVAL OF URBAN RENEWAL
PLAN**

APPENDIX F

**RESOLUTION
SETTING A PUBLIC HEARING
TO CONSIDER THE CREATION OF
THE BONNERS FERRY URBAN RENEWAL
DISTRICT**

APPENDIX G

**ORDINANCE 2019-
ADOPTING THE URBAN RENEWAL DISTRICT,
PLAN, MAP AND FEASIBILITY STUDY**

FEASIBILITY TABLE

BONNERS FERRY URA - WEST URD

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
SOURCES OF FUNDS																	
Equivalent Dwelling Units at \$200,000 Net Market Value																	
TAX INCREMENT FINANCING REVENUES		1	50	70	70	70	70	70	70	70	70	70	70	70	70	70	70
Increased Assessed Values	\$ -	\$ 200,000	\$ 10,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000	\$ 14,000,000
Net Incremental Tax Revenue	\$ -	\$ 2,153	\$ 107,660	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724
Levy Rates:																	
City of Bonners Ferry	0.004754528																
Boundary County	0.005091944																
Boundary County Library	0.000373593																
Boundary County Road	0.000748316																
Boundary County Ambulance	0.000396598																
Total Levy Rate	0.010765989																
BOND TO REPAY CITY INFRASTRUCTURE	\$ 15,000	\$ 15,000	\$ 1,230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Contribution (via City Reimbursement Agreement)	\$ 15,000	\$ 15,000	\$ 1,230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 15,000	\$ 17,153	\$ 1,337,660	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724	\$ 150,724
USES OF FUNDS																	
REBAITE FOR CITY OPERATIONS	50	\$ 475	\$ 533,773	\$ 533,382	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282	\$ 533,282
URA CREATION, REIMBURSEMENT, OPERATIONS	15,000	15,000	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200	9,200
CAPITAL COST ITEMS:																	
STREETS			780,000														
Street Improvements - Solomon to William 5780,000																	
WASTEWATER			250,000														
Booster Station - Residential 2250,000																	
Booster Station #4 - Lyngate 100,000																	
TOTAL CAPITAL COSTS	\$ 15,000	\$ 15,475	\$ 1,030,000	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082
TOTAL USES OF FUNDS	\$ 15,000	\$ 15,475	\$ 1,153,773	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082	\$ 543,082
ANNUAL BOND INTEREST @ 3.5% - 15 years	\$ -	\$ -	\$ -	\$ 43,850	\$ 40,864	\$ 38,001	\$ 36,250	\$ 33,835	\$ 31,336	\$ 28,729	\$ 26,013	\$ 23,260	\$ 20,381	\$ 17,402	\$ 14,318	\$ 11,126	\$ 7,822
ANNUAL PRINCIPAL REDUCTION	\$ -	\$ -	\$ -	\$ 62,466	\$ 64,652	\$ 66,635	\$ 69,257	\$ 71,681	\$ 74,190	\$ 76,787	\$ 79,473	\$ 82,156	\$ 85,135	\$ 88,114	\$ 91,198	\$ 94,290	\$ 97,694
DEBT PRINCIPAL (VNB \$100,000 Debt Reserve)	\$ -	\$ -	\$ 1,230,000	\$ 1,167,534	\$ 1,107,282	\$ 1,053,967	\$ 996,270	\$ 937,029	\$ 870,839	\$ 804,052	\$ 734,052	\$ 664,578	\$ 592,222	\$ 517,187	\$ 440,073	\$ 371,875	\$ 313,485
TOTAL CAPITAL COSTS PLUS BOND DEBT	\$ 15,000	\$ 15,475	\$ 1,153,573	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598	\$ 148,598
CASH FLOW****																	
ANNUAL CASH	\$ -	\$ 1,678	\$ 174,087	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126	\$ 2,126
EYO CUMULATIVE CASH FLOW	\$ -	\$ 1,678	\$ 175,765	\$ 177,891	\$ 180,017	\$ 182,143	\$ 184,270	\$ 186,396	\$ 188,522	\$ 190,648	\$ 192,774	\$ 194,901	\$ 197,027	\$ 199,153	\$ 201,279	\$ 203,405	\$ 205,532
ANNUAL DEBT																	
IRS-516																	

GRANT AGREEMENT

Blue Cross of Idaho Foundation for Health, Inc. (the “Foundation”) is pleased to award **the City of Bonners Ferry** (the “Grantee”) with a Foundation Grant (the “Grant”). The Grant is awarded subject to the terms and conditions stated in this Grant and any exhibits or attachments thereto. Please read the terms and conditions of the Grant carefully before signing this document as the Grantee’s signature constitutes the Grantee’s agreement and acceptance in full of all terms and conditions contained herein.

1. AMOUNT AND ADMINISTRATION OF AWARD

Subject to the terms and conditions set out in the Grant, the Foundation is pleased to award Grantee with a conditional Grant of up to Five Thousand Dollars (\$5,000), which shall include any interest or income arising therefrom (the “Maximum Grant Amount”). The Grant is conditional upon the proper execution of this Grant agreement by an authorized representative of Grantee.

2. PURPOSE AND USE OF GRANT FUNDS

The Grantee shall utilize Grant funds exclusively for the one of the following purposes: charitable, educational, scientific or literary purpose (or some approved variation) as more fully described in section 170(c)(2)(B) of the Internal Revenue Code. Specifically, Grantee’s purpose of all Grant funding from the Foundation is for the creation of a recreational caricature map of the city of Bonners Ferry. The Grantee agrees that Grant funds shall not be disbursed to any unrelated third party organizations, entities, or vendors. The Grantee agrees to make its books and/or records pertaining to the Grant available to the Foundation at reasonable times.

3. INDEMNIFICATION

In consideration for the issuance of Grant funds, the Grantee agrees to indemnify, defend and hold the Foundation and its directors, officers, employees, agents, parent company and affiliates harmless from and against all allegations, claims, actions, suits, demands, damages, liabilities, obligations, losses, settlements, judgments, costs and expenses (including without limitation reasonable attorneys’ fees and costs) which arise out of or relate to the Grant, or result from any act or omission of Grantee arising from projects funded through or related to the Grant to the extent permitted by Idaho law.

4. GRANT TERMINATION

It is expressly agreed that any use by the Grantee of the Grant proceeds for any purpose other than those specified above or if in the Foundation’s sole judgment, the Grantee becomes unable to carry out the purposes of the Grant, or ceases to be an appropriate means of accomplishing the purpose of the Grant, the Foundation may terminate the Grant at any time at its sole option. In the event of termination under this section, the Foundation shall have the right to require that all Grant amounts paid to the Grantee be repaid to it and that any outstanding Grant amount payable be cancelled.

NOW THEREFORE, the parties have read, understand and accept the terms and conditions stated in this Grant agreement. The individuals signing this Grant agreement represent and warrant that they are duly authorized to be bound by its terms. The parties do hereby execute this Grant agreement effective on the date that the BCI Foundation signs the Grant agreement.

 (“Grantee” Authorized Representative)
 By: _____
 Title: _____
 Date: _____

Blue Cross of Idaho Foundation for Health, Inc.
 By: _____
 Title: _____
 Effective Date: _____