

2016 ANNUAL REPORT

SANDPOINT URBAN RENEWAL AGENCY

AGENCY ANNUAL REPORT

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1st through September 30th. Consequently, any formal financial statement would be limited to a report through the end of the Agency's fiscal year. Under Idaho Code section 67-450B, local government entities must complete an audit of its statements at the conclusion of its fiscal year. A copy of the Agency's September 30, 2016 audited financial statement is attached as Exhibit 1. Additionally, as of FY2013/2014, the Agency must also submit certain information to the Legislative Services Office under Idaho Code § 67-450(E). The Agency completed the submission of the information prior to the March 1, 2016, deadline.

AGENCY BACKGROUND/PROJECT AREAS

Downtown Urban Renewal Area

The Sandpoint City Council formally approved the Downtown Urban Renewal Plan in November of 2005 through Ordinance No. 1141. Since that approval, the Urban Renewal Agency has commenced with the implementation of the Downtown Plan.

In 2009, the Agency began considering updating the Downtown Plan to (1) recognize changes in the Idaho Urban Renewal Law and the Economic Development Act adopted by the state legislature since 1996, (2) update the Agency's activities, (3) provide projections of Agency activities through 2029, and (4) to amend the boundaries of the urban renewal project area. In December 2009, the City Council amended the boundaries of the urban renewal project area to include an area referred to as the area bounded by 2nd Ave., Church Street, 3rd Ave., and Pine Street accepted by City Council Ordinance No. 1223 on December 16, 2009. On July 6, 2010, the Agency recommended approval of the Amended and Restated Downtown Plan and forwarded the plan to the City Council for its consideration. On August 18, 2010, the City Council adopted Ordinance No. 1241 approving the 2010 Amended Urban Renewal Plan for the Downtown Area.

FY2015/16 funded projects (Downtown area):

- ◆ Church Street-1st Avenue to 5th Avenue Improvements. The Agency funded \$587,179.88 for capital improvements constructed on Church Street between First and Fifth Avenue as part of the City's Downtown Revitalization Plan and the Agency's approved funding for the revitalization project. This project was approved in FY2014/15 with \$587,179.88 funded during FY2015/16 with carryover funds of \$7,753.35 to be paid out in FY2016/17 to complete the project.
- ◆ Sandpoint BID Grant. The Agency approved a \$45,000 Grant to the Sandpoint BID for Economic Vitalization Funds. The funds are managed by the BID for various projects and programs within the BID. The programs and projects include but are not limited to: beautification, economic development, and marketing. In FY2015/16 the Agency funded \$10,609.30 carryover funds from the FY2014/15 grant and \$35,826.44 towards the FY2015/16 grant. With the approval of the 2016/17 budget, SURA has discontinued funding this grant (this grant was reviewed annually for SURA funding).
- ◆ Public Art. The Agency allocates 5% (with the approval of the FY2016/17 budget this allocation has been reduced to 2.5%) of the tax increment received annually towards public art within the Downtown Area. Art projects are reviewed and approved by the Sandpoint Arts Commission and then approved by resolution of the City Council prior to SURA funding. In FY2015/16 funded \$30,000 in public art projects.
- ◆ Panida Grant. The Agency funded \$33,636.54 in capital improvements to the Panida Theatre. During 2011 the Agency approved a \$450,000 Grant to the Panida for renovation and restoration projects. The \$450,000 Grant was allocated over five (5) years with annual contributions of \$90,000. As of FY2015/16 the Agency had provided funding-to-date totaling \$407,071.24 related to this project. The remaining maximum commitment on this project at September 30, 2016 was \$42,928.76.
- ◆ 3rd-Cedar to Alder. The Agency funded its second \$50,000 installment towards capital improvements constructed on Third Ave. between Cedar and Alder. SURA entered into a developer agreement to reimburse the developer \$200,000 towards capital improvements to 3rd Ave. as part of the Bonner General Hospital expansion. SURA's reimbursement to the developer is in four (4) equal installments of \$50,000 at 0% interest. As of FY2015/16 the agency has a remaining commitment of \$100,000.

Northern Urban Renewal Area

The Sandpoint City Council formally approved the Northern Urban Renewal Plan in November of 1995 through Ordinance No. 1140. Since that approval, the Urban Renewal Agency has commenced with the implementation of the Northern Plan.

In 2009, the Agency began considering updating the Northern Plan to (1) recognize changes in the Idaho Urban Renewal Law and the Economic Development Act adopted by the state

legislature since 1996, (2) update the Agency's activities, (3) provide projections of Agency activities through 2029, and (4) to amend the boundaries of the urban renewal project area. In December 2009, the City Council amended the boundaries of the urban renewal project area to include an area referred to as the former LP Mill area accepted by City Council Ordinance No. 1222 on December 16, 2009. On July 6, 2010, the Agency recommended approval of the Amended and Restated Northern Plan and forwarded the plan to the City Council for its consideration. On August 18, 2010, the City Council adopted Ordinance No. 1240 approving the 2010 Amended Urban Renewal Plan for the Northern Area.

FY2015/16 funded projects (Northern area):

- ◆ Milltown Public Improvements. The Agency completed funding of \$513,500 for the extension of sewer and domestic water lines, installation of public streets, sidewalks, curbs and gutters, storm water drainage facilities, street lights, and fire hydrants within the Milltown development.
- ◆ Farmin Stidwell. The Agency funded \$134,709.83 in improvements to Spruce Street. Improvements included upgrade water main, and sidewalk and curb construction. The project had a budget of \$169,000. Project is completed and was \$34,290.17 under budget.
- ◆ Baldy Mountain Road-Improvements. The Agency funded \$16,000 for engineering as part of the overall capital improvement project for Baldy Mountain Road as part of the City's Northern Area Revitalization Plan. and the Agency's approved funding for the revitalization project. This project \$720,000 was approved in FY2015/16 with \$16,000 funded during FY2015/16. The project is expected to be completed in 2017.
- ◆ Industrial Drive. The Agency funded \$9,910.09 in streetscape improvements, sidewalks and curbs.

FY2015/16 REVENUES

Tax Increment Revenue

The only source of Agency income, other than interest on interest bearing accounts, which equated to \$1,825.07 (\$820.42 Downtown and \$1,130.40 Northern) in FY2015/2016, is Tax Increment Revenue generated within the Downtown and Northern urban renewal project areas. In FY2015/2016, the total Tax Increment Revenue received by the Agency was \$1,053,158.89 of which \$551,107.42 for the Downtown District and \$502,051.47 for the Northern District.

FY2015/2016 OPERATING EXPENSES

The Agency has minimal operating expenses as it has no paid staff members, utilizing outside legal, secretarial and bookkeeping services. Total operating expenses, audit, legal, consulting, liability insurance and other office expenses, amounted to \$8,883.91 (\$3,836.71 Downtown and \$5,047.20 Northern).

ASSETS

The Agency's Assets are comprised solely of cash accounts and property taxes receivable. The major portions of property taxes are received twice per year (end of March and August) with smaller amounts of delinquent taxes received during the course of the year.

LIABILITIES AND DEBT

On August 8, 2011, the Agency issued a \$2,000,000 revenue allocation note, with an interest rate of 3.50% per annum. The purpose of the note is for the acquisition, construction and installation of public improvements within the Downtown District. The note requires semi-annual payments of \$125,435 beginning on March 15, 2012, and matures on March 15, 2021. As of FY2015/2016 the balance was \$1,035,976.64.

The balance of the Agency's liabilities consists only of current accounts payable and deferred revenue.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

There were no significant changes in the Agency's financial position in FY2015/2016.

The Agency is, to a degree, dependent upon other public agencies, such as the City of Sandpoint, as to what projects can be funded and implemented within a specific timeframe. The Agency does not have the ability to initiate and construct, for instance, street improvement projects, on its own. For this reason, the Agency works closely with agencies or the city government, such as the City of Sandpoint, to develop and fund projects that are of benefit to the residents and businesses within the urban renewal area.

Eric Paull
Chair