

January 1, 2016– December 31, 2016

**Annual
Report**

2016

Rexburg
ID



Urban Renewal Agency

2016 ANNUAL REPORT

REXBURG URBAN RENEWAL AGENCY

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31st 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. The fiscal year for municipalities and most other political subdivisions of the State of Idaho runs from October 1st through September 30th. Consequently, any formal financial statement would be limited to a report through the end of the entity's fiscal year. By statute, an urban renewal agency shall have the same fiscal year as a municipality and is subject to the same audit requirements as a municipality. Under Idaho Code Section 67-450B an urban renewal agency whose annual expenditures are between \$100,000 and \$250,000, may elect to have its financial status audited on a biennial basis. The annual expenditures for the Rexburg Urban Renewal Agency exceed \$250,000 so a full and complete audit of its financial statements is made each fiscal year.

REXBURG URBAN RENEWAL AGENCY PROFILE

The City of Rexburg began to explore the use of tax increment financing as an economic development tool in 1990. The Rexburg Urban Renewal Agency was formed on November 6, 1991 and is a seven-member commission that oversees and coordinates redevelopment efforts in Rexburg. They have engaged in strategic planning and have implemented urban renewal projects as they saw the need.

The 1st Urban Renewal Area was formed in 1991, and included improving infrastructure in the North Highway Area to encourage commercial development in the area. This area was expanded in 1995 and again in 2001 when additional work was needed in the area to encourage additional development. The 2nd project undertaken was on 1st North and Main Street surrounding the unsafe Washington School Building. The 3rd district was originally formed downtown and included 7 city blocks bordered by 2nd West, 2nd East, 1st North, and 1st South. In 2014, the Downtown District extended one block further from 1st South to 2nd South. The area has a history of a slow growing tax base primarily attributed to inadequate and deteriorating public improvements and other deteriorating factors. The 4th development area was established in 2007, known as the University Boulevard- South 12th West District. It includes an area generally bounded by South 12 West. In 2015 the 5th district, known as the North Interchange District, was formed. This district was organized primarily to assist with the improvement of roads, sidewalks and business development associated with the construction of a Super Wal-Mart on North 2nd East.

PURPOSE AND GOALS

The purpose and goals of the Urban Renewal effort have included:

- The elimination of environmental deficiencies in the project areas.
- The assembly of land into parcels suitable for modern, integrated development with pedestrian and vehicular traffic.
- The strengthening of the tax base by encouraging private development, thus increasing the assessed valuation of properties within the Revenue Allocation Area and benefiting the various taxing districts in which the Urban Renewal Area is located.

URBAN RENEWAL EFFORTS AND IMPROVEMENTS OF 2016

The Rexburg Urban Renewal Agency held 8 meetings throughout 2016. The Agency discussed and approved several projects and improvements to the Urban Renewal areas. Each district and its 2016 project involvement will be discussed in detail below. The audit in its entirety is included as an additional document as part of this report.

REXBURG URA WEBSITE

The Rexburg Urban Renewal Agency decided that it would be beneficial to have a website so community members can better understand the Urban Renewal and for transparency of all monies that are spent. The website can be found at www.rexburgurbanrenewal.org and cost the Agency \$4,182.20. Tyler Guthrie presented the website at the January 14, 2016 meeting giving Katie Cook the ability to make any basic changes and have access to the website.

REXBURG URA FY 2015 ANNUAL REPORT

At the March 16, 2016 meeting, Richard Horner opened a public hearing at which Katie Cook from The Development Company presented the Agency's Annual Report. Richard Horner allowed the board members to ask questions or make comments. Many members shared positive comments of a job well done with the URA's work for the City. The Board also requested a monthly report from Google Analytics telling them the activity of the new website. Richard Horner asked for other comments, no other comments were made and the Public Hearing was closed. Richard Horner read Resolution No. 2016-01 and the URA approved the Annual Report Resolution.

REXBURG FY 2016 AUDIT

At the February 23, 2016 meeting, Brad Reed from Rudd & Company presented the 2015 audit. Brad told the board that the audit came back with a clean opinion, meaning there were no issues.

BOARD MEMBER CHANGES

At the January 14, 2016 meeting, with the election of board member Jerry Merrill as the new mayor for the City of Rexburg, Brad Wolfe was appointed as a new member of the board. At the July 7, 2016 meeting, it was announced that Rex Erickson and Tim Solomon submitted their resignations. At the August 10, 2016 meeting, it was announced that Mayor Merrill and the City Council appointed Randall Porter and Robert Chambers to the Board. Due to the resignation of Tim Solomon, Doug Hancey was appointed to be the new Board Secretary, motions were passed and the board changes were approved.

BUDGET FOR FY 2017

At the August 10, 2016 meeting, a public hearing was held to approve the FY 2017 budget. No objections were had from the community or agency members on this budget, and the budget seen below was approved.

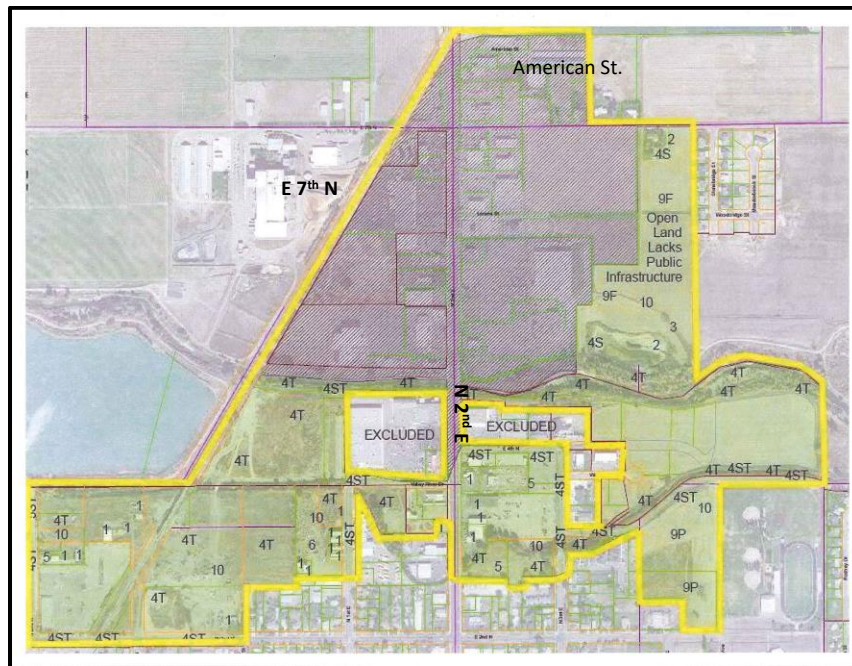
	2015 Actual	2016 Budget	2017 Budget
Revenue			
North Highway Taxes	\$ 805,181	\$ 930,000	\$ 1,050,000
North Highway Other	\$ 409	\$ 1,923	\$ 2,000
Washington School Taxes	\$ 195,420	\$ 200,000	\$ 200,000
Washington School Other	\$ -	\$ 148,200	\$ -
Downtown Taxes	\$ 553,644	\$ 700,000	\$ 770,000
Downtown Other	\$ 543,183	\$ 1,501,400	\$ 2,270,800
University Blvd. Taxes	\$ 391,275	\$ 450,000	\$ 470,000
University Blvd. Other	\$ -	\$ 1,196,200	\$ 1,1721,900
North Interchange Taxes	\$ -	\$ -	\$ 210,000
North Interchange Other	\$ -	\$ 5,365,000	\$ 3,189,600
Administrative Revenues	\$ -	\$ 50,000	\$ 70,000
Total Income	\$ 1,950,511	\$ 9,837,400	\$ 9,682,100
Expense			
North Highway	\$ 512,118	\$ 930,000	\$ 1,253,800
Washington School	\$ 3,811	\$ 5,000	\$ 5,000
Downtown	\$ 1,099,250	\$ 1,501,400	\$ 2,270,800
University Blvd.	\$ 71,731	\$ 1,646,200	\$ 2,197,900
North Interchange	\$ 12,958	\$ 5,365,000	\$ 3,189,600
Administration	\$ 26,604	\$ 46,600	\$ 70,000
Total Expense	\$ 1,976,497	\$ 9,837,400	\$ 9,682,100

NORTH HIGHWAY (2ND EAST) URBAN RENEWAL DISTRICT

IMPLEMENTED IN 1991, PROJECTED TERMINATION DATE 2022

The Rexburg Urban Renewal Agency undertook its first project in 1991 shortly following its formation. The Agency formed an urban renewal area of sixty-six acres surrounding a portion of the North Highway and funded public improvements including street and utility improvements on North Highway (2nd East) to support development in that area anchored by the construction of a Wal-Mart store and an adjoining strip mall.

The 2005 amendment to the plan was made to combat problems of physical deterioration and economic underdevelopment in the expanded area, to make public improvements, and create public facilities.



REFINANCING THE POOL BOND

At the August 10, 2016 meeting, Christian Anderson from Zions Bank discussed the process of refinancing the current income invested in the pool bond that was issued in July 2010. The original principal amount of the bond was \$4,656,000 and the principal amount of the new Bond would be \$2,553,070.03. After much discussion, the board decided to approve Christian to pursue bids and start the beginning paperwork with the actual approval of refinancing at a later meeting date. At the September 22, 2016 meeting, the board was shown three bids from banks for the refinancing of the bond. With the best interest of the URA in mind, the board chose to approve Resolution No. 2016-06 authorizing The Bank of Commerce to begin refinancing the bond. At the October 13, 2016 meeting a public hearing was held for the bond refinancing and since no members of the public were present, Richard Horner closed the comment section of the meeting. The resolution was approved by the board and the Bond funded in November 2016.

MADISON BASEBALL ASSOCIATION

At the December 6, 2016 meeting the board was given an update on the baseball fields. There is still ongoing discussion with the Madison School District regarding construction of the baseball fields. Once plans have been finalized, the urban renewal board will be informed.

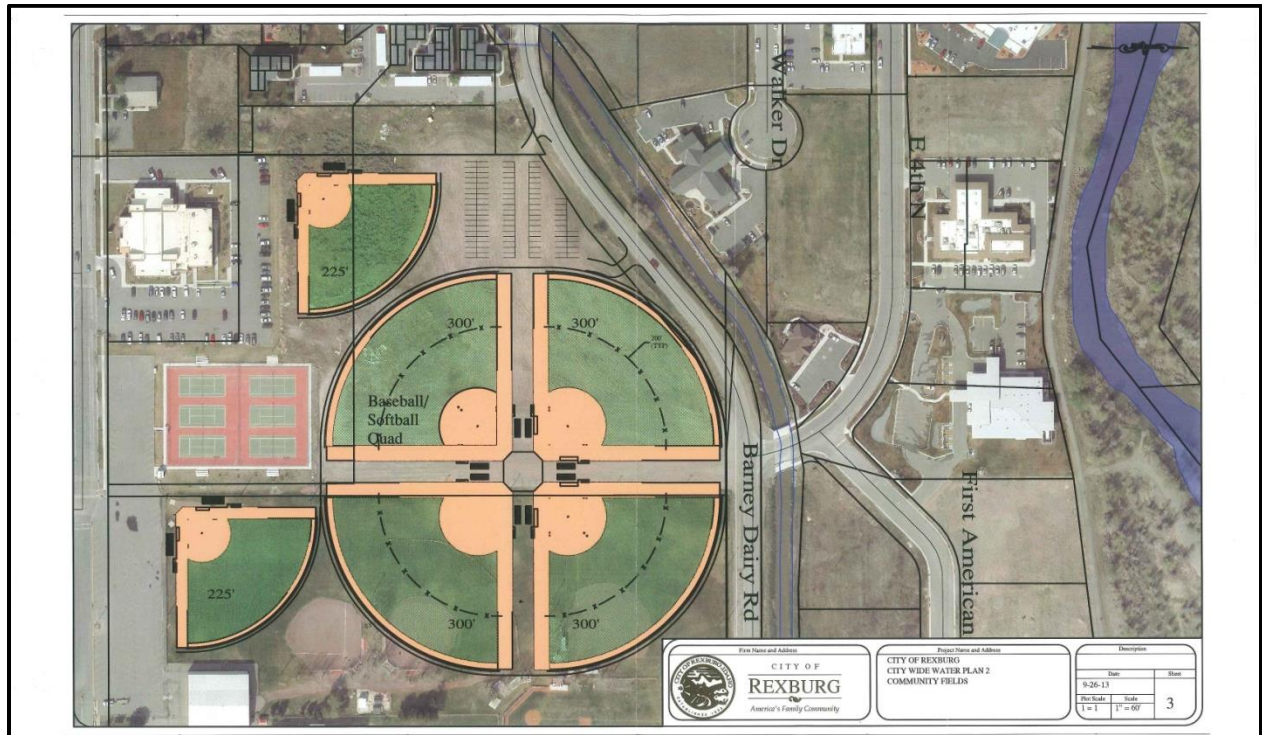


Figure 2- Madison baseball diamonds plan

**WASHINGTON SCHOOL DISTRICT
(WASHINGTON SCHOOL AREA) MAIN STREET, 1ST WEST
IMPLEMENTED IN 1998, PROJECTED TERMINATION DATE 2027**

Following its success in spurring development using tax increment financing on the North Highway, the Rexburg Redevelopment Agency formed a second Urban Renewal Area on 1st West and Main Streets and developed a public improvement project in support of commercial development on two blocks facing Main Street. This project was to improve the street and alleys, clear and remove deteriorated buildings, acquire land, improve utilities including water and sanitary sewer lines, to provide an improved environment for new and rehabilitated commercial facilities, to eliminate unsafe conditions, and to otherwise prevent the extension of deterioration and reverse the deteriorating condition of the area.



Figure 3- Map of Washington School Urban Renewal Area (GRAY)

2ND WEST 1ST NORTH CORNER

Corey Sorenson with Tru North Development stated that their biggest hurdle in developing the corner was the Mickelsen's building. The Rexburg Urban Renewal Agency decided to acquire and tear down the building, knowing that the project likely would not happen unless they did and realizing that the future tax increment would be worth the development of the property in the long run. At the December 6, 2016 meeting Corey Sorenson spoke to the board about the plans for the corner. The plan consists of 26,000 square feet of commercial space and up to 100 apartments. The project will not be funded by the New Market tax credit Corey intends to apply for unless there are letters of intent from retailers and other businesses. This project will continue to develop in 2017.



Figure 4-2nd W 1st N Corner-Commercial Space & Apartments Plan



Figure 5- Commercial Space & Apartment Plans

DOWNTOWN DISTRICT

IMPLEMENTATION DATE 2003, PROJECTED TERMINATION DATE 2027

The 2003 Downtown District was put in place to combat problems of physical deterioration and economic underdevelopment in the seven-block area, to make public improvements, and create public facilities. Key elements of the plan include initiating simultaneous projects designed to revitalize the project area, secure certain public open space in critical areas, develop new mixed-use development projects, pursue development across all land-use sectors, and develop parking facilities. In 2014 the Agency extended the Downtown district one block further from 1st South to 2nd South. (Indicated in green on the map below.)

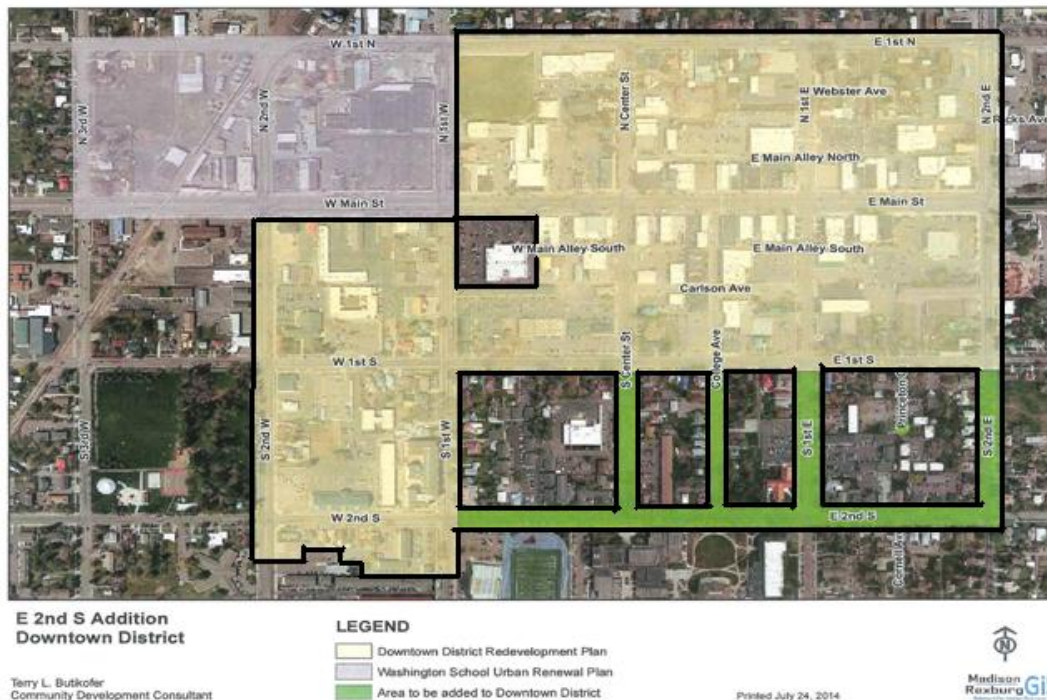


Figure 6- Map of Downtown Urban Renewal District

OLD SEMINARY BUILDING

At the August 10, 2016 meeting the board discussed the purchase the old seminary building, which could possibly be used for extra parking for the downtown area as well as provide future negotiation power for the board in the revitalization of downtown structures. This purchase has not yet taken place, but if the opportunity arises, the Agency would be interested in acquiring the property.

CREATION OF A BYU-IDAHO DISTRICT

At the December 6, 2016 meeting Scott Johnson from the City of Rexburg spoke about the Envision Madison study, for the preservation and revitalization of Downtown, and the possibility of creating a BYU-Idaho District. The University property is not currently part of an urban renewal district, so the redistricting would allow the urban renewal to help in developing other areas.

REQUESTS FOR CONSTRUCTION

At the August 10, 2016 meeting, a project was presented that consisted of roadway in the University Boulevard District, with plans to further develop the road from two to four lanes. At the December 6, 2016 meeting the Urban Renewal was presented with the need to approve money for a traffic study to be conducted for new development in the HDR2 zoning. This development will include commercial and multi-family housing. The board approved reimbursement for the traffic study not exceeding \$20,000. Sidewalk and crosswalk improvements were mentioned for the University Boulevard District. The board approved up to \$400,000 for the improvement of sidewalk signals on University Boulevard.

NORTH INTERCHANGE DISTRICT

IMPLEMENTATION DATE 2015, PROJECTED TERMINATION DATE 2035

The project area of the North Interchange District consists of 679 acres, including parcels currently located within City limits, and outside the City limits within the boundaries of Madison County and Sugar City. The parcels located in Madison County and Sugar City will be governed by an intergovernmental agreement. The primary purpose of the District is for street and utility improvements to provide an improved environment for new retail, residential and commercial facilities, public improvements or facilities, the elimination of unsafe conditions, and to otherwise prevent the extension of deterioration and reverse the deteriorating action of the area. Project improvements will also facilitate adequate vehicular and pedestrian circulation.

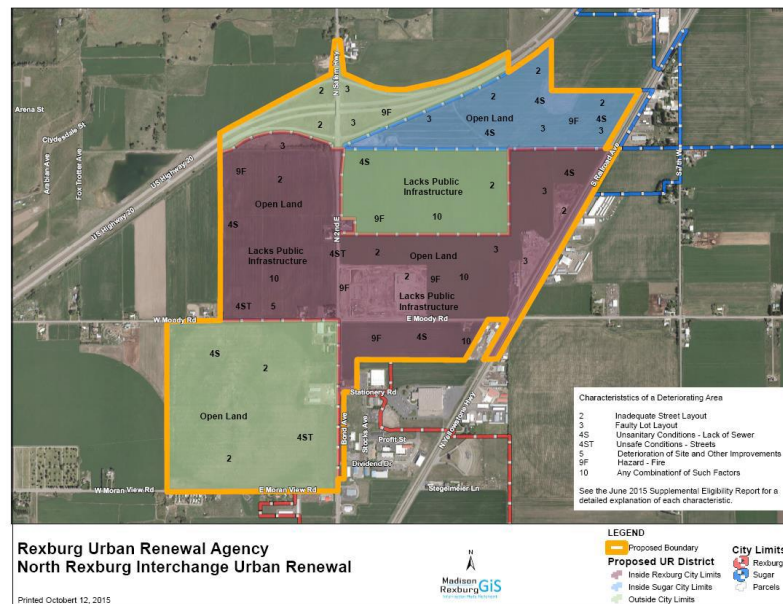


Figure 9- North Interchange Urban Renewal District Map

DEVELOPMENT OF THE NORTH INTERCHANGE DISTRICT

In order for work in the North Interchange District to begin immediately on 2nd East and Moody Rd., rather than waiting on tax increment money to come in, it was determined that a bond would need to be obtained. At the July 7, 2016 meeting the board was presented with the financing amount and rate bond proposal for the improvements for the North Highway District from DL Evans Bank. Resolution 2016-02 for the bond proposal for improvements in the North Interchange District using the 3-year constant interest rate was passed. A bond in the amount of \$3.5 million was secured through DL Evans Bank to allow the Urban Renewal Agency to assist in the much-needed improvements to 2nd East and Moody Road.

At the December 6, 2016 meeting Keith Davidson, from the City of Rexburg, stated they are looking to widen the east side of 2nd East located in the North Interchange District. There will be two lanes heading out of town and a right turn only lane. It is likely that the Urban Renewal will participate in this expansion in 2017.



Figure 10- Road Widening Needed to Facilitate the Increased Traffic

FINANCIAL STATEMENTS

The Rexburg Urban Renewal Agency is required to provide a complete financial statement setting forth its assets, liabilities, income, and operating expense. The financial statements can be found in the 2016 professional audit which is included as part of this report. Please note that the audit only covers through the end of the fiscal year so the assets, liabilities, income and expense are through September 30, 2016 and not the end of the year.