

POST FALLS URBAN RENEWAL/CITY COUNCIL JOINT WORKSHOP MINUTES

November 19, 2024

CALL TO ORDER, ROLL CALL

Mayor Ron Jacobson called the meeting to order at 4:30 p.m. City Councilors Randy Westlund, Samantha Steigleder, Josh Walker and Joe Malloy were present. Urban Renewal Commission Chairman Jame Davis asked PFURA Director Johns to note the attendance of the PFURA Commissioners. Commissioners Christi Fleischman, Len Crosby, Colin Coles, Eric Clemensen, Melissa Hjeltness and Pat Leffel were present. Also present were Pete Bredeson, Shelly Enderud, Warren Wilson, Field Harrington, Bob Seale, Rhiannon O'Neill, John Beacham, Jason Faulkner, David Fair and Chief McLean.

Minor Projects Program.

Commissioner Crosby provided an overview of the characteristics of the Minor Projects Program (MPP). The program is intended to assist existing businesses seeking to expand their operations or add employees by making improvements. It also addresses past criticism voiced to the City Council that urban renewal only helps developers. When introduced at the Joint Workshop held in March, the City Council indicated there was merit in developing a small project program and encouraged the Commission to proceed. The new program was developed and immediately implemented in the Downtown URD. It does not require additional tax increment and only takes a small portion of the tax increment created. That portion of increment is allocated to assist existing businesses located in the urban renewal district that qualify for the program. In preparation for the Workshop a copy of the policy addendum implementing the program was provided to the City Council and staff. A&A Construction has agreed to have the Commission allocate a portion tax increment being created in the Downtown URD to provide funds for the program to operate in the district. The program will be included in all future districts and with all future proponents in those districts. Existing businesses can apply for the program to provide up to \$250,000 for assistance with city required or approved street frontage improvements, utility extensions, and other improvements. Participants can be property owners or business operators that rent commercial or industrial space in the district. Mayor Jacobsen asked if there were any questions. Councilman Westlund asked if there was any benefit for A&A Construction. Crosby responded there is no benefit to A&A but the program includes safeguards such as discontinuing the funding of the program two years before the termination of the district. Any program funds remaining at the end of a district will go toward reimbursement of proponent/developer obligations. Councilman Steigleder asked if the program was limited to \$250,000 total or to each small business. Crosby responded it was for each small business project. Councilman Malloy voiced that A&A does benefit in that the purpose for urban renewal is to spur economic activity in the District. Malloy added that the program will provide some consistency in appearance, improved accessibility through pedestrian and street facilities, etc. which will bring more traffic to the area helping A&A. Commissioner Clemensen characterized A&A's acceptance of the MPP in the Downtown District as a "good neighbor" gesture. They are setting the tone for developers throughout the area by promoting the overall well-being of the district. Malloy asked if proponents/developers coming into a new district would have to agree to the program. Crosby responded that the program will be included in any future districts and participant agreements. Bob Seale asked if the City was to make city improvements to a site would they be funded by the program. Crosby responded the City cannot be a MPP participant. John Beacham asked if multiple businesses came in with a project requiring city improvements, and it made sense for the City to construct them, would those improvement costs qualify within "the spirit of" the program. Crosby responded that in such instances it would make sense for the City to construct the improvements and then be reimbursed on behalf of the business owners. The program is not a grant. Participants must get City approval for the improvements, construct them, and then have the opportunity to be reimbursed. Westlund commented that a small business owner would still have to be able to get financing for whatever they are building, short-term, and then get reimbursement. Crosby described previous instances of urban renewal participants being able to provide potential lenders with their urban renewal agreement supporting their financing proposal.

Potential New Urban Renewal Areas.

Johns briefly outlined three potential areas that may benefit from the utilization of urban renewal. He highlighted the East Seltice Way vicinity as an area that is experiencing increased development activity and has a variety of public infrastructure needs. It was discussed as a potential area for urban renewal at the

previous March 2024 Joint Workshop. Additionally, an area west of the former Riverbend URD as well as the area north and east of the current PF Technology URD could be areas for urban renewal consideration. Seale commented on whether the city has had communication with parties of interest in these areas. Crosby voiced the agency's interest in creating one or two smaller urban renewal districts with shorter terms and for the Council to give direction and ideas on the subject. The areas presented are seen as corridors of growth with urban renewal being a good tool for the city to use to attract new development and new businesses. He also thinks it's possible that more ideas for urban renewal could originate as the city works through the various studies being performed to update the comprehensive plan. Malloy voiced concern about development taking place simply due to the utilization of urban renewal. The development occurring beyond the PF Technology district is already taking place apart from urban renewal. Whereas, the development of the property west of the closed Riverbend URD may necessitate a bridge or additional access development to the east, and the East Seltice area is already seeing redevelopment. He doesn't see the need for urban renewal there. Malloy also stated his viewpoint that while urban renewal presents itself as "tax neutral" he doesn't think it is and isn't supportive of opening new districts. Davis asked city staff if there were any businesses working with CdAEDC or otherwise that could be candidates to provide guidance toward a new district. Additionally, Crosby asked city staff if there was any information about a business that recently withdrew their interest in developing a larger commercial site in the Liberty Lake vicinity. Seale responded the city hasn't heard anything from the previously interested party and that their site parameters would necessitate up front infrastructure costs because of limited transportation network, water and sewer around potential sites located here. He stated the East Seltice vicinity is primed for redevelopment. However, only a few developers there are able to pay for required improvements, while owners of other development sites in the area can only manage to meet bare minimums that allow them to proceed with utilizing only a portion of their site. The public improvements required to their frontage, together with other site requirements, have significantly constrained the outcome of previous projects. Seale explained businesses could better develop their projects as intended if more of the public infrastructure improvement costs were funded through urban renewal. He sees the area as a decent option due to some early momentum the city is seeing in the area. There are a number of lots that have already been cleared and have generated interest. Some properties with older structures have changed ownership. Any proposed changes to the older structures will likely require infrastructure improvements to updated city standards. Even areas that have previous road frontage improvements will likely be required to do more. Jacobson asked Seale to clarify what a staff review of a development proposal on the property to the west of the former Riverbend URD had determined. The interested party did not want to acquire all of the available property and they were concerned about development of the remainder of the property. The party also recognized the significant amount of public infrastructure that would have to be put in place before their project could even begin. Wilson added that transportation limitations are a factor, especially for any project generating a lot of traffic. Crosby stated that being in an urban renewal district allows a developer to create more infrastructure than they otherwise would. This has been evident in the former East Post Falls URD where the sewer expansion and other related improvements were made. Having the program available and having tax increment being created allows the city to make improvements that otherwise wouldn't be able to happen without a bond or some other activity. Malloy recognized Crosby's statement, but continued by saying the City had an advantage in that they could force the other taxing districts to help pay for a city asset, such as a sewer project, since the city is taking tax increment from all of them to pay for it. Whereas if something was to benefit all the taxing districts then it made sense, like the Greensferry bridge. It's a good example of all the local taxing districts having opportunity and reason to use it. In cases where the benefit is nearly all to the City of Post Falls, if tax money is to be used, it's best to be up front about it and use tax money to build the infrastructure and let the business be done with it. Crosby clarified that urban renewal focuses only on commercial and industrial development. It is basically all about creating infrastructure that supports jobs and expands opportunities economically. He acknowledged Malloy's statement and added that there is a lot of growth, residential, multi-family, and whatever that the Council decides and whatever the Zoning/Planning Commission decide. By the same token the focus of urban renewal is to create the infrastructure necessary to support commercial and industrial growth which creates jobs. Malloy voiced that he doesn't believe the methodology used by urban renewal is wrong, it's just from a different point. Steigleder sought clarification on whether some of the larger in-fill pieces of land seeking city annexation could be candidates for urban renewal and encouraging more commercial development. Seale responded that the current land use map shows the majority of that land as low density residential. Westlund voiced interest in the idea of having walkable commercial areas close to residential. Seale recommended for that to be a topic of consideration during the comprehensive

plan process. Davis reminded everyone the focus of the agenda item was simply to get ideas out there and see what makes sense. Crosby clarified that urban renewal, in the development agreement process, allows Council to put restrictions on how re-zoning and land use occurs. The experiences of urban renewal over the years has shown that focusing on local developers has resulted in better outcomes. Seale highlighted the ongoing development that has occurred in the Riverbend and Center Point URDs as being a result of public infrastructure being installed ahead of time. The infrastructure has continued to provide for significant development after the closure of the districts. Many of the business popping up in the former Center Point district have come in after the district closed, but the district helped fund the roadway, water and sewer that's there. Crosby added that urban renewal paid for the water tower that's out there and created the opportunity for development to happen at all. Seale voiced that Riverbend is seen as one of the best industrial/manufacturing districts around. It appears that it will be fully built out relatively soon even though it's been closed a long time. Many of the businesses that have relocated there would not have been able to if the infrastructure had not already been in place. That is why urban renewal is a beneficial tool even though some say it doesn't always get done the right way. Commissioner Coles added that a focus has always been on infrastructure that is considered "above and beyond" the typical costs to a developer, such as a water tower or a major lift station. He believes a focus on those, while it limits our ability, does not look like we're trying to subsidize development. Malloy voiced that a primary concern politically is the perception that we're subsidizing growth, which isn't popular based on City Council meetings. Westlund believes the East Seltice Way area makes the most sense for a new district out of everything discussed. He believes, in general, using urban renewal for redevelopment more than for greenfield development, and the East Seltice area is a good case for it. The use of the area is probably no longer the highest and best use for that stretch. Many of the City Link stops along the route simply drop you off at an empty swale. There's already lot of infrastructure there that's ready for further development. He believes it would be a good idea to have a district there and it would be a benefit to the city. Westlund asked for clarification on whether the property located west of the former Riverbend URD could have uses not requiring the building of a bridge due to access limitations. Wilson responded that there are many things that can be done with the property but anything that generates a lot of traffic will be difficult. Seale added there is a way to loop around and create the required two egress points. That technically it could work, however the current infrastructure is still an issue for lots of traffic. Westlund asked if a bridge to the location is a necessity. Seale responded that the bridge idea is simply one brought forward in staff discussions, not a necessity. Davis asked if it was a deal breaker for development of the property. Seale responded he did not think so. Steigleder sought clarification of the property's current access as being only from the east. Seale responded that access was only from the Beck interchange. Malloy pointed out the similar situation with the Cabela's property. Seale responded that situation included additional access routes that could be developed in the future and already has multiple routes currently available off of W. Pointe Parkway.

Status of the Pleasant View Urban Renewal Area.

Wilson provided a brief overview of the origin of the district. Increases in proposed project costs since the creation of the district, together with a continued high volume of business demand, has resulted in the primary development party no longer being able to move forward with the construction of infrastructure as originally anticipated. City staff has met with Welch/Comer Engineering for the purpose of identifying options that might work for extending infrastructure some distance from the south that could spur development along that end of the corridor and create some increment. The city expects a response from the engineering firm in a matter of months, after which, the future of the district may be a little clearer. It's worth keeping the district open for the present time pending additional information. Crosby commented the city has put a great deal of time into the district, applying for federal grants several times. The School District has also been a consideration as they have property requiring sewer and water if development of the site becomes a necessity. The delay in development within the district could be problematic as the term for generating increment shortens. Davis voiced her understanding that Copper Basin Construction was not interested in leading the effort to construct the necessary infrastructure. Wilson commented the city recently met with a party looking to develop a project in the district but it couldn't be expected to generate the increment needed. Crosby stated the Commission is not opposed to closing the district entirely or leaving it open if something feasible takes shape. Seale stated a property owner to the south has become interested in starting a project that could include constructing a portion of the infrastructure. This will be given consideration in the review conducted by Welch/Comer. There are also other parties that have expressed interest in acquiring property along the corridor for development purposes if/when water and sewer become

available. Crosby suggested the city have Welch/Comer also consider shrinking the district. Seale stated there are a number of possibilities being taken into consideration as Welch/Comer conducts their analysis, including the extension of the water/sewer fully to the north and working with Copper Basin Construction on some of their other pieces in the vicinity. Copper Basin hasn't been trying to market their commercial/industrial area pending the availability of services. They would move forward with the residential portions of their development in the area if water and sewer were available. They have set aside land for the city to put in a regional lift station and a well site. The interchange project at Highway 53 is also a factor and thought to be about two years out. Westlund asked if the School District had plans for building on the high school site. Crosby replied the current demographics show a declining enrollment. It's thought they are expecting to hold the property for development in another 5-10 years. Seale voiced that getting water and sewer to the north portion of the district is necessary because of the eventual needs of the area. Coles asked if there had been any consideration of a bond to fund construction of the infrastructure through the corridor. Malloy responded that for a bond to have a prayer it has to benefit the community as a whole and something like this is going to only benefit a very specific group of people up and down the corridor which makes it a tough sell. Westlund noted that it seems the initial reasons for the district have gone away. Seale responded that only the water and sewer is being currently looked at. Any development going in will be required to put in additional lanes of a road plus multi-use trail. The current road is two lanes but it is anticipated to be five lanes. Steigland asked for clarification on the interchange at Hwy 53. Seale stated that the current train line stops traffic six hours daily. The roundabout at Pleasant View and Prairie will expand from one lane to two. Beacham added that one of the purposes of the district was to address water quality benefits. The area currently has industrial activity that utilizes septic for the office building portion of the businesses. Discharge of industrial chemicals into the septic system is not allowed. If sewer can be provided it will really open up the potential industrial uses of the property and decrease the potential of harmful events. The development of infrastructure along the corridor is intended to promote development that is more protective of our drinking water.

Urban Renewal Involvement in Comprehensive Plan.

Seale commented that the city will be providing a lot of opportunities for public comment and would like to have an Urban Renewal Commissioner be part of the committee that is put together to guide the process.

Updates on Downtown and PF Technology Districts.

Seale noted there is approximately \$1.7 Million in the district fund which has come primarily from the Foxtail development. They recently installed the roads, water and sewer for their next twenty acres of housing development. The Prairie Crossing development has completed the paving of Trade Avenue and Zoros. They are currently working on a boundary line adjustment and replat. The city has yet to sign off on it pending questions about the sewer. Several buildings have been submitted for application and appear ready to go when the plat is done. The grocery store continues to wait for completion of infrastructure around the site. There is nothing noteworthy taking place in the Tech Park portion of the district. The owner is currently focused on their other projects in the region. In the Downtown District there continues to be a lot of little re-development opportunities, which has been a great thing about the district. There is a revitalization of some buildings and lots taking place. City staff will be meeting with the Water Tower Lofts site owners to get an update on their plans. The remainder of the former Landings site is still held up in a lawsuit. A request to re-open the Idaho Street crossing has been sent to B.N.S.F. Railway. This would provide a connection between 3rd and 4th Avenues. The city has found documentation from 1953 showing the existing train line was permitted to cross the city streets and the Idaho crossing was to only be temporarily removed in favor of the mill. If the mill ever ceased to operate the crossing would be returned to the city. The former food bank location has sold to a new owner. City staff have met with the owner and it is expected the site will be redeveloped in the future. Crosby commented on the positive activity being taken by Stan Craft at the Red Lion hotel site. Plans for the site are unknown but Wilson anticipates seeing an application for the area sometime in the spring. Jacobson has heard that several areas of the hotel have been refurbished and events are being hosted at the site. Clemensen asked Seale if the city had any more information on the St. Vincent property on Seltice Avenue. Enderud commented that prices for the proposed project came in higher than expected resulting in delay. They are still working with the Idaho Housing Association seeking additional contributions. The funding program ends each year so they are looking to reestablish funding in the coming year. A new Executive Director recently took over which could bring about change depending on what their Board and the new director want to do. There is still a really nice plan in place but it is a matter of finding

available funding. Davis asked Johns if he had anything to present on the districts. In the Downtown District the current obligation is \$4.98 Million. There have been projects previously proposed in the community that may now be addressed through the Minor Projects Program. The Post Falls Technology District has a fund balance of \$1.7 Million. A request for reimbursement of infrastructure costs has yet to be received. Malloy asked how much time was left for the district. Johns responded that the Downtown and Pleasant View Districts are scheduled to terminate in 2041 while the Post Falls Technology District will terminate in 2038. Westlund voiced that there was still time in the Downtown District to see development on the parcels west of Spokane Street. Seale responded that those properties previously received urban renewal funding when the City Center District was in place. Johns commented that a recent analysis of the increment tax remittances in the Downtown District revealed a majority of the increment generated to date is the result of the Assessor's Office countywide property valuation increases in 2022. As all of the new construction taking place in the Millworx project area and throughout the district comes onto the rolls it can be expected to generate the majority of increment. Westlund asked if the Commission had any recommendations for the City to help the downtown area grow. Johns responded that the Minor Projects Program would be helpful, particularly in those instances where multiple adjoining properties/ownerships could benefit with the City heading up the associated public improvements. Westlund would like to encourage being flexible with issues involving parking or zoning when it's possible.

Urban Renewal Involvement in Public Art.

Davis stated urban renewal is happy to help fund public art when it is part of a district plan but that it is out of the Commission's scope when it comes to selecting art for the projects. The Commission's function and mission is to help assist with the funding. The Commission would like to encourage the city to reimplement a committee or commission to have an art focus for the purpose of being a sounding board for future art pieces when proposed. Jacobson expressed being in favor of the idea. Crosby described various instances of urban renewal funding of prior art installations around the city for those in attendance unfamiliar with the circumstances. Westlund likes the idea of getting more public art into the area, particularly the downtown, and likes the idea of an arts commission. He suggested having such matters come directly to the Council pending its development. Malloy asked if the City had any policy for public art and suggested having one if not. Enderud voiced that a draft policy had previously been created but not formally accepted according to her research on the subject.

Davis asked for any closing thoughts. Crosby expressed appreciation for the productivity of the session and his appreciation for the time of the Council and staff. Jacobson stated urban renewal in Post Falls is operated properly and even those opposed to it are willing to say it's done right in Post Falls. Enderud stated that city staff would like for the joint workshop to be an annual event taking place just prior to the 2nd Council Meeting each November.

ADJOURNMENT

Meeting adjourned at 5:42 p.m.

Respectfully submitted,



Joseph Johns, Executive Director



Jame Davis, Chairman