

# Victor Urban Renewal Agency (VURA) 2016 Annual Report

(January 1, 2016 – December 31, 2016)

**VURA Board**—Tom Clark, Co-Chairperson and Lance Pittman, Co-Chairperson. Commissioners: Will Frohlich, Vice Chair; Erin Gaffney, Treasurer; and Zachary Smith.

**VURA Administrator**—Cynthia Rose

**Additional City Staff Support**--Craig Sherman, City of Victor Treasurer; Herb Heimerl, City of Victor Attorney; and Josh Wilson, Victor P&Z Administrator

## The Annual Report

Pursuant to Idaho Code Section 50-2006, 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. This Report is to include a complete financial statement setting forth the Agency's assets, liabilities, income and operating expense at the end of the calendar year.

## The Year in Brief: Activities and Accomplishments

The calendar year 2016 was VURA's first following approval of both the Urban Renewal Area and the Tax Increment Financing District on December 9, 2015. In this year VURA moved to establish a close and mutually supportive working relationship with the City of Victor, to firm up its operating protocols, and to hire an experienced Administrator. In addition, it took important first steps to define its longer-term agenda. The City generously afforded VURA a loan of \$18,000 to assist it, to be repaid in ensuing years as VURA's own TIF District revenues begin to flow into its coffers. This transaction is the subject of a formal MOU, approved by both the City and VURA. With this loan VURA has been able to hire Cynthia Rose as VURA Administrator, and cover ongoing expenses associated with legal assistance, report generation, and more. Her experience has proved invaluable as we take appropriate steps to meet Idaho requirements regarding the operation of Urban Renewal Agencies in general. To this end VURA has established its own financial management system, independent of the City, now overseen by its newly appointed Treasurer, Commissioner Erin Gaffney. One distraction, now resolved, was correction of a scrivener's error in our original submission of maps to the State Tax Commission. It has been determined that this minor "ministerial" correction will not constitute an "amendment" exhausting the single plan amendment permitted under State Law.

Most importantly VURA has begun early deliberations regarding the nature of its future investments within the Urban Renewal Area. Brittany Skelton, a former member of the City Planning staff took an important first step in this regard, preparing an application—endorsed by both the City and VURA—to engage New Mobility West in offering a charrette for City officials and area citizens. This charrette resulted in a final document enumerating key places within downtown Victor in which improvements could generate significant gains in downtown social and economic viability. Five such places were designated, mapped, and folded in the New Mobility West's Final Report. In addition, VURA

representatives joined the City at the Community Builder's Community Mobility Institute in October, 2016, leading to the creation of the *Victor Placemakers*, a loose assemblage of citizens and public employees determined to enliven the City through the staging of events such as the "Snow Park", a play area for children to pursue winter-time activities off Main Street. During calendar year 2017, VURA will seek to maintain the momentum established in these seminal efforts. Future TIF District revenues will be further studied, and strategies evolved within which to guide VURA investments. Directing a fraction of these into the TIF District will be a priority as VURA seeks to bolster its future revenue stream, by internalizing the fiscal pay-offs of its own outlays. Throughout VURA intends to maintain a close working relationship with the City to ensure the maximum advantage for Victor as a result of our joint efforts. As TIF District revenues are likely to be marginal in the early years, VURA will in parallel explore alternate means for funding initial projects, taking into consideration both public and private sector grant opportunities.

Future success will depend substantially on the City and VURA together establishing an appropriate spatial template for growth in the Urban Renewal Area. To this end maps are being prepared overlaying the street grid, parcel boundaries, zoning classifications, and jurisdictional boundaries for both the VURA Plan area and within this area, the TIF District. The Victor Urban Renewal Agency is determined to make a positive difference in our City and is excited to be embarking on its 20-year effort at a time of renewed economic activity. It is doubly excited to engage in this process in concert with the City's strong and able leadership.

## **Brief History of the Agency**

The Idaho Legislature passed the Local Economic Development Act in 1988. This act states: "An authorized municipality is hereby authorized and empowered to adopt, at any time, a revenue allocation financing provision, as described in this chapter, as part of an urban renewal plan ..... . A revenue allocation financing provision may be adopted either at the time of the original adoption of an urban renewal plan or the creation by ordinance of a competitively disadvantaged border community area, or thereafter, as a modification of an urban renewal plan or the ordinance creating the competitively disadvantaged border community area." (Idaho Code 50-2904).

The Victor Urban Renewal Agency was established by Victor City Council on December 10th, 2010 by Resolution No. R-10-1201. Due to the economic conditions at the time, the Agency did not become active until 2014. A formal Urban Renewal Area, with a legal description, was not then, established in 2010. Nevertheless an Eligibility Report was prepared in that year. It addressed 4 blocks in downtown Victor, pursuant to Resolution No. R-10-1201. The resolution created and empowered the Agency, authorizing the Mayor to appoint board members to the Agency and to prepare an Urban Renewal Plan, providing an effective date, and designating a portion of the City as being deteriorated or deteriorating as defined by Idaho Code sections 50-2018(9) and 50-2903(8). On September 24th, 2014, via Resolution R-14-09-10, Victor City Council appointed five (5) local residents to serve as the Agency's Board of Commissioners and to direct the activities of the Agency. In the calendar year ending December 31, 2016 the Board consisted of the Commissioners noted above, aided by City staff as noted.

In 2015 the Agency twice updated the Eligibility Report, analyzing larger areas of land within City limits each time. The updates were presented to Victor City Council as the 2015 Supplement to the Downtown Victor Urban Renewal Eligibility Report on August 26th, 2015 and the 2015 Supplement #2 to the Downtown Victor Urban Renewal Eligibility Report on November 4th, 2015. The supplemental reports

were considered and approved by City Council via Resolution No. R-15-0826 and Resolution No. R-15-1104, respectively. In this year the Agency retained Shreeve and Associates to prepare the Victor Urban Renewal Plan. Shreeve and Associates utilized the services of sub-consultants AW Engineering of Victor, Idaho and Lon Crowell, AICP, of Pocatello in the preparation of the plan.

On December 9, 2015, then, the City of Victor approved the Victor Urban Renewal Plan via Victor City Ordinance No. 2015-12-09(3). The ordinance became effective on publication on December 17th, 2015. The area found to be deteriorated and deteriorating later became the formal Urban Renewal Area established with a legal description when City Council passed Resolution No. R-2015-12-09, which identified an Urban Renewal Area within the City of Victor and designated a Revenue Allocation Area within the Urban Renewal Area, to be known as the Downtown Victor Urban Renewal District. Otherwise known as the *Revenue Allocation Area* or the *Tax Increment Financing (TIF) District*, this District's adoption on December 9, 2015 enabled the Agency to establish its base year valuation as of January 1, 2015, utilizing the property valuations finalized by the County Assessor previously on July 1, 2014.

### **Forecasting Future TIF District Revenues**

The Victor Urban Renewal Plan conforms to the standard template for such plans in Idaho. The area to be served by the Plan—the Urban Renewal Area—is first established encircling contiguous places that in one manner or another are considered to be deteriorated or deteriorating. Within the Area the Urban Renewal Agency established a sub-area called the Revenue Allocation Area, or for short, the “TIF District”. Much of the Plan is devoted to general documentation of these two spaces, and to analyzing future revenue scenarios through our 20-year horizon. The TIF District, an option the Agency has elected to establish, is to become its principal revenue source. While the Agency has received a pump-priming loan from the City of Victor to ensure its steady operation before the time new revenues from the TIF District begin to materialize, its goal is of course to become fiscally self-sufficient and debt-free at the end of its 20-year life-time.

While the Plan documents possible opportunities to secure non-TIF grants, and strategic means with which to invest its resources, the bulk of the Plan and its Appendix is devoted to an analysis of future TIF revenue scenarios. Each scenario, of course begins at our its base year of 2015, and concludes in 2035. Incremental revenues to be generated in the TIF District—funds that may be expended throughout the Urban Renewal Area—will be produced each ensuing year beyond the base year. In each such annual increment the total revenue generated among all overlapping taxing jurisdictions within the TIF Area is compared against the 2015 base year revenue in this same District. The positive difference accrues entirely to the Agency and is to be reinvested within the Urban Renewal Area almost entirely to enhance the material presence and capacity of this Area through property acquisition and development, infrastructure development (water, sewer and so on) , and related means as enumerated under State law. Ultimately this process of constructing potential TIF revenue scenarios depends on just two variables: (1) total valuation of real and personal property within the TIF District in both the base year and each successive future year, and (2) the aggregate tax rate that sums across each of the several rates associated with the TIF District. Property reassessments in Idaho must occur at least once every five years and for any given year are not finalized by the County Assessor until June. Tax rates are not finalized until October. Typically total assessed valuation will rise from year to year as a result of appreciation of extant values plus new construction. Rapid increases in total assessed valuation within the TIF District will normally be accompanied by at least small reductions in aggregate tax rates since these two distinct figures combine to produce the level of revenue required by respective taxing jurisdictions in accordance with their annual budgets.

## Investing the Resources of the Urban Renewal Agency

Revenue allocated to Urban Renewal Agencies may only be spent to accomplish the following under Idaho law:

- Eliminate deteriorated or deteriorating areas which constitute a serious growing menace, injurious to the public health, safety, morals and welfare.
- Facilitate proper growth and development in accordance with sound planning principles and local objectives by encouraging private development that eliminates deterioration and economic disuse of property through the removal of a substantial number of deteriorated or deteriorating structures.
- Provide improved traffic facilities including the construction or improvement of streets or roads, pedestrian right-of-way acquisition and construction, bicycle right-of-way acquisition and construction, bus access or facilities, or similar, that eliminates traffic problems and substantially impaired traffic hazards.
- Provide or improve utilities, public improvements and public services currently inadequate, incomplete or non-existent.
- Eliminate underutilized areas which are causing economic under-development in the designated area, substantially impairing the sound growth of Victor in general.
- Encourage both private and public development in the Urban Renewal Area in order to diversify and improve the local economy by providing adequate public facilities.
- Encourage cooperation among taxing districts in the Victor community regarding the use of funds.
- Accomplish Plan goals in accordance with all appropriate federal, state, and local laws.

Clearly such a list is broad, but such a list does not in itself constitute a plan for future investment. Such an investment plan must posit a way forward, or in fact several possible ways forward. With this in mind, the City and the Agency worked to secure a grant from New Mobility West (NMW). This grant funded a project—a charrette—that occurred in September, 2016, resulting in a very thorough-going report. The NMW charrette drew to downtown Victor a host of citizens and city leaders, and through intensive dialogue it enabled the designation of around five or six major focal points for enhancing both Victor’s livability and its capacity for future growth. Building on the previous Envision Victor study, the NMW project allowed us all to lay out a template of specific actions that could serve as an important contributor to an overall investment strategy for the City and its principal collaborator, the Victor Urban Renewal Agency. With these results in hand, both the City and the Agency are poised to take important next steps. These will fashion an overall template of actions that will help Victor to preserve what matters most to its residents, while solving some of its intractable problems, and realizing its most ambitious hopes for the future.