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ORDINANCE NO. 523A
AMENDMENT TO ORDINANCE NO. 523
THE BONNERS FERRY URBAN RENEWAL PLAN

AN ORDINANCE AMENDING ORDINANCE 523 ADOPTING THE URBAN RENEWAL PLAN REVISED 8/9/11.

WHEREAS, pursuant to the corrected legal description,

NOW THEREFORE, be it ordained by the Mayor and Council of the City of Bonners Ferry, Idaho that the Bonners Ferry Urban Renewal Plan as revised 8/9/11 is hereby adopted.

APPROVED by the Mayor and City Council of the City of Bonners Ferry this 6th day of September, 2011.

CITY OF BONNERS FERRY, IDAHO

By: _____
Mayor

ATTEST:

_____
Clerk, City of Bonners Ferry

STATE OF IDAHO
County of Boundary } SS.
Filed by: City Bonners Ferry
on 9-16-11 at 11:50
Glenda Poston
County Recorder _____ By Deputy
Fee $ 0
Mail to City Bonners Ferry

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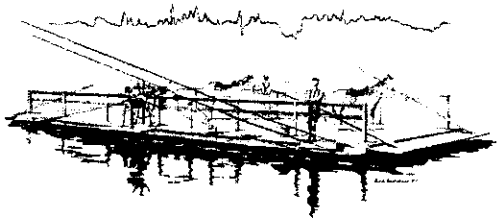

Bonners Ferry Urban Renewal Agency Urban Renewal Plan

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21 June 2011

Revised 8/9/11 (corrected legal description)

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BONNERS FERRY
URBAN RENEWAL PLAN
2011

TABLE OF CONTENTS

TABLE OF CONTENTS....2
BONNERS FERRY URBAN RENEWAL AGENCY 2011....3
CHAPTER 1 - INTRODUCTION....4
CHAPTER 2 - BOUNDARY DESCRIPTION....11
CHAPTER 3 - PROPOSED DEVELOPMENT ACTIONS....15
CHAPTER 4 - USES PERMITTED IN PROJECT AREA....18
CHAPTER 5 - PROJECT FINANCING METHODS....20
CHAPTER 6 - TAX ALLOCATION DISTRICT....24
CHAPTER 7 - ACTIONS BY THE CITY COUNCIL....27
CHAPTER 8 - ENFORCEMENT....28
CHAPTER 9 - DURATION OF THE PLAN....29
CHAPTER 10 - PLAN AMENDMENT PROCEDURES....30
CHAPTER 11 - TAX FEASIBILITY STUDY....31
CHAPTER 12 - APPENDIXES....46
APPENDIX A - PROJECT COSTS....47
APPENDIX B - IDAHO CODE SECTION 50-2008....48
APPENDIX C - NOTICE OF PUBLIC HEARINGS....50
APPENDIX D - CITY RESOLUTION 2011-03 FINDINGS OF DETERIORATION AND CREATION OF THE BONNERS FERRY URBAN RENEWAL AGENCY MAY 3, 2011....51
APPENDIX E - BFURA RESOLUTION 2011-01 - APPROVAL OF URBAN RENEWAL PLAN MAY 2, 2011....58
APPENDIX F - CITY RESOLUTION 2011-04 PUBLIC HEARING FOR CREATION BFURD....59
APPENDIX G – ORDINANCE 523 ADOPTING THE URBAN RENEWAL DISTRICT, PLAN, MAP AND FEASIBILITY STUDY JUNE 2011....60

BONNERS FERRY URBAN RENEWAL AGENCY 2011

CHAIR:	Mike Klaus
VICE CHAIR:	Mike Sloan
MEMBERS:	Cal Russell Dave Walter Jim Greenslitt

CHAPTER 1 - INTRODUCTION

BONNERS FERRY

URBAN RENEWAL PLAN

MISSION AND GOALS:

INTRODUCTION:

The City of Bonners Ferry, a community with a population of approximately 2,515, 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.

Bonners Ferry is part of an area of the northwest that is among the fastest growing in the nation. 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 500,000, Idaho Falls 150,000, and Pocatello 130,000.

This increase in growth and development has been partially realized in the areas to the south, particularly in Sandpoint, which has absorbed a large part of the commercial development of the area. A new commercial and/or industrial area is under consideration in Bonners Ferry, which is a natural occurrence in former resource-based towns that are in transition to other industries. Near the gateway to Canada, the city is in the path of progress both from its north and south.

Unfortunately, infrastructure improvements in some areas of Bonners Ferry are deficient or non-existent. These current deficiencies in the water and wastewater conditions within the City are a hindrance to expansion of the industrial, commercial and residential areas there. Dangerous conditions for motorists and pedestrians are also evident. The Bonners Ferry Urban Renewal Agency has stated that their number one concern is making improvements in these areas.

In Bonners Ferry, it is believed most of the improvements will occur in any of the following three areas of the City: The first area surrounds and includes what is commonly known as the Lantern property towards the south end of town. This area is underutilized and is limited largely by the transportation infrastructure. The improvements anticipated here are: reconstruction of Kennedy Street, sidewalks along Highway 95, improved lighting for pedestrian and vehicle traffic, an upgrade to Fire Station 2, and linking of two water zones in the Bauman Street area. For future, residential and/or commercial development on McCall Street, street, water and sewer line improvements will be needed, along with the possibility of another street from McCall to Highway 95.

The second area is the old mill site adjacent to and west of downtown. This area is largely a blank sheet of paper and improvement here cannot be well defined until a developer has a plan for this approximate 70 acre parcel. The improvements anticipated here would be new streets, pedestrian paths, and lighting. There will be significant changes to the water and sewer lines, increased capacity of the water treatment plant, and increased capacity of the sewer treatment plant. This area is also integrally tied to the fairgrounds and associated recreational opportunities. This leads to improvements of the fairgrounds, a river walk that includes North River Drive, and intertied with Riverside Park north of the river. Improvements in this area are

also related to its connectivity with the downtown area, and increase the value of a Downtown Revitalization Phase 2. A Downtown Revitalization Phase 2 would include the downtown streets west of Main Street.

The third area is east of town and commonly known as the Fodge Mill property but includes several adjacent parcels. Here the needs are primarily improvements to Cow Creek Road and sewer service to this area of town. Cow Creek Road serves a large section of Boundary County and has an urgent need for improvement for both commerce and safety.

Some areas of the city are being renovated but the progress has been slow. Although the area is beautifully situated on the Kootenai River, the waterfront area has limited development. A waterfront tribal casino located adjacent to downtown is an economic engine and has provided an economic stimulus to the city but additional infrastructure in the area would enhance the opportunity. Parks and the county fairgrounds are in the city but could use upgrades as well.

GROWTH CONCERNS AND COMPREHENSIVE PLAN:

It is anticipated that with on-going industrial, 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.

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, approximately 150 acres. The City has commissioned an economic feasibility study, which includes a fiscal impact statement. The economic feasibility study focuses on all aspects of the entire Bonners Ferry District, 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-four (24) 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 tax increment district because of interrelation of improvements and benefits with a deteriorated urban renewal district, and the inability to predict what areas exactly will benefit from an improvement made in a deteriorated urban renewal district

DETERIORATION DEFINED

Under Idaho Local Economic Development Act (Municipal Corporations Code, Sec. 50-290 et. seq.) the city council must find and determine, on the basis of 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 chapter 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(7), 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. Section 50-2903(7) of the LEDA reads as follows:

> "(7)(a) Any area, including 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, unsanitary 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 conditions 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 (see Appendix A), shall apply to open areas.
>
> (d) Any area which the local governing body certifies is in need of 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, industrial or commercial development which would promote the purposes of this chapter."

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 would provide an improved environment for allowing private industry 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, the projects can be identified for each area.

As noted earlier, the URD boundaries consist of three areas:

The first area surrounds and includes what is commonly known as the Lantern property towards the south end of town. This area is underutilized and is limited largely by the transportation infrastructure. The improvements anticipated here are: reconstruction of Kennedy Street, sidewalks along Highway 95, improved lighting for pedestrian and vehicle traffic, an upgrade to Fire Station 2, and linking of two water zones in the Bauman Street area. For future, residential and/or commercial development on McCall Street, street, water and sewer line improvements will be needed, along with the possibility of another street from McCall to Highway 95.

The second area is the old mill site adjacent to and west of downtown. This area is largely a blank sheet of paper and improvement here cannot be well defined until a developer has a plan for this approximate 70 acre parcel. The improvements anticipated here would be new streets, pedestrian paths, and lighting. There will be significant changes to the water and sewer lines, increased capacity of the water treatment plant, and increased capacity of the sewer treatment plant. This area is also integrally tied to the fairgrounds and associated recreational opportunities. This leads to improvements of the fairgrounds, a riverwalk that includes North River Drive, and intertied with Riverside Park north of the river. Improvements in this area are also related to its connectivity with the downtown area, and increase the value of a Downtown Revitalization Phase 2. A Downtown Revitalization Phase 2 would include the downtown streets west of Main Street.

The third area is east of town and commonly known as the Fodge Mill property but includes several adjacent parcels. Here the needs are primarily improvements to Cow Creek Road and sewer service to this area of town. Cow Creek Road serves a large section of Boundary County and has an urgent need for improvement for both commerce and safety.

2. Existing Social Conditions

Unsafe and hazardous traffic and pedestrian conditions exist which endanger life. Buildings and structures have conditions which are unfit or unsafe to occupy.

I. Inadequate and Unsafe Public Rights of Way

Deterioration is evident in the surfacing of roadways in the area, including Highway 2/95 leading to downtown. Highway 2 and 95 are joined through the city and the route to downtown has significant issues, including the lack of sidewalks or pathways, which means walkways are not ADA-compliant. Turn lanes on that part of Highway 2/95 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 structural conditions of buildings and poor site conditions are evident throughout portions of Bonners Ferry.

III. Age or Obsolescence

Obsolescence is mainly applicable to commercial and industrial buildings where original design features are no longer appropriate to current uses, especially if the cost to provide ADA compliant access proves too high to make a business venture viable in those buildings. This is particularly evident in the County Courthouse downtown.

Another area of deterioration is in lack of the adequate wastewater and water facilities and service lines in the City for increased growth. 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 industrial and commercial 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 and pedestrian lighting is limited or nonexistent and is not aesthetically pleasing 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 2/95 also impedes traffic flow.

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

In addition to streets and the wastewater and water plants and 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 are in need of upgrades. These upgrades will allow the plants to be expanded to allow for the potential growth in the city. Economic development is dependent upon sound utilities and investments in the wastewater and water plants will enable that to occur.

Sound economic development hinges often on a city's ability to provide life quality amenities, particularly in its park systems and pedestrian pathways. As noted above, improvements that would benefit the city include the fairgrounds as well as a riverwalk that includes North River Drive and inter-tied with Riverside Park north of the river.

Boundary County's courthouse was constructed prior to current ADA standards. This makes it difficult for some members of the public to transact business, particularly to courtrooms above ground level. Too, access to recreational areas could be improved in the downtown area to encourage visitors to stay longer.

Better public access via improved parking would benefit the City, especially in its downtown area, and would provide economic stimulus. Cities in north Idaho that

have provided additional parking, and in some cases free parking, have seen an increase in visitors and/or shoppers.

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 an 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 might eliminate the shifting of uses currently observed, or rapid changes within the structures. An example is the conversion of some of the buildings to uses other than the original use.

In addition, it's evident from recent assessments from the county assessor that there may be a prevalence of depreciated values in the deteriorated area.

This often results when buildings are vacant for a period of time or have been offered for sale at lower prices.

Impaired investments appear to be evident as some of the businesses in the deteriorated area are for sale.

This indicates the return on the owners' equity is diminished and the equity itself is in danger of being partially or totally lost.

These conditions have contributed to increasing vacancy rates as evidenced by empty lots in the deteriorated area. Increased public safety related issues are evident as well, as sidewalks and/or pathways are in poor shape or non-existent in these locations.

Economic maladjustments are prevalent in the deteriorated area, including business failures and move-outs resulting in vacant stores and buildings.

The percentage of low to moderate income residents (LMI) stands at 51.54%. This allows the City to be eligible for LMI assistance via grants and low-interest loans.

There are also existing land uses that are inappropriate to the needs of businesses, industries and residents of Bonners Ferry. This is evidenced by the existence of buildings that lack areas sufficient for expansion or proper access for customers & deliveries.

Another factor is the lack of adequate parking in the deteriorated area of Bonners Ferry, which could be remediated if vacant property could be converted to that use, or if existing open spaces devoted to a particular use could be utilized to supplement the lack of parking.

4. Other Factors

Another factor is the lack of a reliable and regular public transit system, which studies have shown in the largest impediment to sustained employment, especially in areas with a large LMI population. Deterioration tends to continue and areas further decline when employment opportunities are unavailable or not regular. Transit via the Kootenai

Tribe's casino and hotel properties would greatly benefit the area, potentially bringing visitors from areas to the south that are served with public transit providers.

Finally, it must be noted that conditions of deterioration affect nearly the entire project area. Some properties have been added in the area of deterioration because their inclusion is necessary for effective redevelopment that will fund the improvements necessary to remediate the deterioration. This includes areas as defined in Idaho Code 50-2903(8)(c), 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. "

The deteriorated area also includes city and county property with the potential to be improved and some streets in the district so the deterioration of each could be adequately addressed.

Summary:

Bonners Ferry has the potential to become a very viable business center for the future of Boundary County, especially as it is the gateway to Canada. Because of its history, location and changing industries, conditions of deterioration exist in some areas of the city, concerning the condition of its buildings, streets and utilities.

This is not a reflection of inaction on the city or its elected officials but more a result of limited property taxes over the years and the lack of investment and reinvestment by private businesses and property owners.

A district boundary (included as Exhibit A), an assessed area which is less than 10% of the city's total property tax assessment, depicts the area of deterioration and its potential development where an incremental increase in property values will pay for the infrastructure needs of the city.

CHAPTER 2 - BOUNDARY DESCRIPTION

DESCRIPTION OF THE BONNERS FERRY URBAN RENEWAL DISTRICT

An irregular tract of land situated in Sections Twenty-two (22), Twenty-six (26). Twenty-seven (27), Twenty-eight (28), Thirty-three (33), and Thirty-four (34) of Township Sixty-two (62) North, Range One (1) East of the Boise Meridian, Boundary County, Idaho; described as follows:

Beginning at the southeast corner of said Section 33; thence, west along the south line of Section 33 to the southwest corner of the Southeast Quarter of the Southeast Quarter (SE1/4 SE1/4) of Section 33; thence, north along the west line of said SE1/4 SE1/4 to the intersection with the southeasterly right of way of the Burlington Northern-Santa Fe Railway; thence, northeasterly along said right of way to the southwest corner of Lot Eight (8), Block "A" of the First Addition to Bauman View Subdivision as recorded in Book 2 of Plats, Page 19, Boundary County, Idaho records; thence, leaving said right of way, in an easterly direction along the south line of said Lot 8 to the southeast corner thereof; thence, in an easterly direction to the southwest corner of Lot Three (3). Block "A" of Bauman View Subdivision as recorded in Book 2 of Plats, Page 16, Boundary County, Idaho records; thence, in an easterly direction along the south line of Lots Three (3) and Two (2), Block "A" of said Bauman View Subdivision to the most westerly corner of Lot One (1), Block "A"; thence, in a northeasterly direction along the northwesterly line of Lot 1, Block "A" to the most northerly corner of said Lot 1, Block "A"; thence, continuing along an extension of the northwesterly line of Lot 1, Block "A", across Bauman Street, to a point on the southwesterly line of Lot Five (5), Block "C" of Bauman View Subdivision; thence, along said southwesterly line in a northwesterly direction to the most southerly corner of Lot Four (4), Block "C"; thence, in a northeasterly direction along the southeasterly lines of Lots Four (4), Three (3), and Two (2) of said Block "C" to an angle point in the southeasterly line of Lot 2; thence, along the southerly lines of Lots Two (2) and One (1) of said Block "C", in an easterly direction to the southeast corner of Lot One (1), Block "C" and the west line of Section 34; thence, north along the line between Sections 33 and 34 to the southwest corner of Block One (1) of Alderson Addition as recorded in Book 1-C of Plats, Page 80-A, Boundary County, Idaho records; thence, in an easterly direction along the south line of said Block One (1) to the intersection with the northwesterly right of way of U.S. Highway No.s 2 and 95; thence, in a northeasterly direction along said right of way through the Northwest Quarter of the Southwest Quarter (NW1/4 SW1/4), through the Southwest Quarter of the Northwest Quarter (SW1/4 NW1/4), through the Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4), through the Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4), and through a portion of the Northwest Quarter of the Northeast Quarter (NW1/4 NE1/4) of Section 34; thence, continuing along said right of way in a northerly direction through a portion of the Northwest Quarter of the Northeast Quarter (NW1/4 NE1/4) of Section 34, through the Southwest Quarter of the Southeast Quarter (SW1/4 SE1/4) and through a portion of the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4) of Section 27; thence, continuing along said right of way in a northeasterly direction through a portion of the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4), through Government Lot Eight (8), and through a portion of Government Lot Six (6) of Section 27 to the intersection with the northerly right of way of the Burlington Northern-Santa Fe railway; thence, leaving said highway right of way, in a southwesterly direction to the intersection with an extension of the westerly line of Block Four (4) Riverside Addition as recorded in Book 1-A of Plats, Page 22, Boundary County, Idaho records; thence leaving said right of way and along said extended line in a northerly direction to the southwesterly corner of said Block 4; thence, northerly along the westerly lines of Lots Three (3) through Seven (7) of Block 4 to the northwesterly corner of said Lot 3; thence, along the northerly line of Lot 3 to the northeasterly corner thereof; thence, in a northerly direction to the southeasterly corner of Block Three (3) of Riverside Addition; thence, northerly along the easterly line of Lots Eight (8) through Four (4) of Block 3; thence, in a westerly direction between Lot Four (4) and Three (3) a distance of Thirty (30) feet; thence, leaving the line between Lots 3 and 4 and parallel to the easterly line of Block 3 to the intersection with the northerly line of Block 3; thence, in a northeasterly direction to the southwesterly corner of Block Two (2) of the Amended Plat of the First Addition to Bonnerport, as recorded in Book 1-A of Plats, Page 15, Boundary County, Idaho records; thence along

the westerly lines of Blocks Two (2) and Three (3) of the Amended First Addition to Bonnerport in a northerly direction to the northwesterly corner of said Block 3 and the southerly right of way of Riverside Avenue; thence, in a westerly direction along said right of way to the intersection with the westerly right of way of the Union Pacific Railway; thence, leaving the southerly right of way of Riverside Avenue, in a southerly direction and then a westerly direction through Government Lot Five (5), the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4), and the Southwest Quarter (SW1/4) of Section 27 to the intersection with the west line of Section 27; thence, leaving said railway right of way, north along the west line of Section 27 to the intersection with the Ordinary High Water Mark of the Kootenai River; thence, leaving said west line, in a northeasterly direction along said Ordinary High Water Mark to the intersection with the westerly right of way of U.S. Highway No.s 2 and 95; thence, leaving said Ordinary High Water Mark, in a northerly direction along the westerly highway right of way to the intersection with the northwesterly right of way of the Union Pacific Railway; thence, leaving said highway right of way, in a southwesterly direction along the railroad right of way to the intersection with the northeasterly line of Block Nineteen (19) of The Amended Plat of Bonners Ferry as recorded in Book 1-C of Plats, Page 67, Boundary County, Idaho records; thence, leaving said railroad right of way and northerly along the northeasterly line of said Block 19 to the northeasterly corner thereof; thence, along the northwesterly line of said Block 19 and the southerly right of way of Chinook Street to the northwesterly corner of Block 19; thence, leaving the southerly right of way of Chinook Street in a southeasterly direction along the southwesterly line of Block 19 and the northeasterly right of way of Boundary Street to the intersection with the northwesterly right of way of the Union Pacific Railway; thence, in a southwesterly direction along said railroad right of way to the intersection with the southerly right of way of North River Drive; thence, leaving said railroad right of way and along the southerly right of way of North River Drive as platted or constructed in a southwesterly direction to the southwesterly line of said Amended Plat of Bonners Ferry; thence, leaving said right of way in a southeasterly direction along the southwesterly line of the Amended Plat of Bonners Ferry to the Ordinary High Water Mark of the Kootenai River; thence, along said Ordinary High Water Mark in a southwesterly and then a northwesterly direction to the northwesterly line of the City of Bonners Ferry Sewage Treatment Parcel as shown on Book 2 of Surveys, Page 80, Boundary County, Idaho records; thence, leaving said Ordinary High water Mark, in a northerly direction and then a southeasterly direction along the boundary of said City of Bonners Ferry Sewage Treatment Parcel to the intersection with the line between Sections 28 and 27; thence, north along said section line to the intersection with the center line of the abandoned Kootenai Valley Railway; thence, leaving said section line, in a southeasterly direction along said center line to the intersection with an extension of the northwesterly line of Lots One (1) through Four (4), Block Three (3) of Dunning's Acre Tracts as recorded in Book 1-C of Plats, Page 69, Boundary County, Idaho records; thence, leaving said center line, in a northeasterly direction along said extension to the northeasterly corner of said Lot 4; thence, in a southeasterly direction along the northeasterly line of Lot 4 to the northerly right of way of North River Drive; thence, leaving said northeasterly line in a northeasterly direction along the northerly right of way of North River Drive as platted or constructed, to a point on the southeasterly line of Lot Twenty-four (24) of Block Eighteen (18) of the Amended Plat of Bonners Ferry; thence, along said southeasterly line in a northeasterly direction to the southeasterly corner of Lot Twenty-three (23) of Block 18; thence, along the northeasterly line of Block 18 and the southwesterly line of Boundary Street, in a northwesterly direction to the northeasterly corner of Block 18; thence, crossing Chinook Street to the southeasterly corner of Block 13 of the Amended Plat of Bonners Ferry; thence, in a northeasterly direction along the northerly right of way of Chinook Street to the intersection with the westerly right of way of U.S. Highway No.s 2 and 95; thence, continuing northeasterly across the highway right of way to the intersection with the southeasterly right of way of the Union Pacific Railway; thence, along said railroad right of way, in a northeasterly direction along said railroad right of way to the most northerly corner of those parcels described in Instrument No. 162918; thence, leaving said railroad right of way, in a southerly direction along the east line of those parcels described in Instrument No. 162918 to the Ordinary High Water Mark of the Kootenai River; thence, leaving said east line in a southwesterly direction along said Ordinary High Water Mark to the intersection with the easterly right of way of U.S. Highway No.s 2 and 95; thence, leaving said Ordinary High Water Mark, in a southerly direction to the northerly right of way of Ash Street; thence, leaving said highway right of way in a southeasterly direction along the northerly right of way of Ash Street to the northerly right of way of Cow Creek Road;

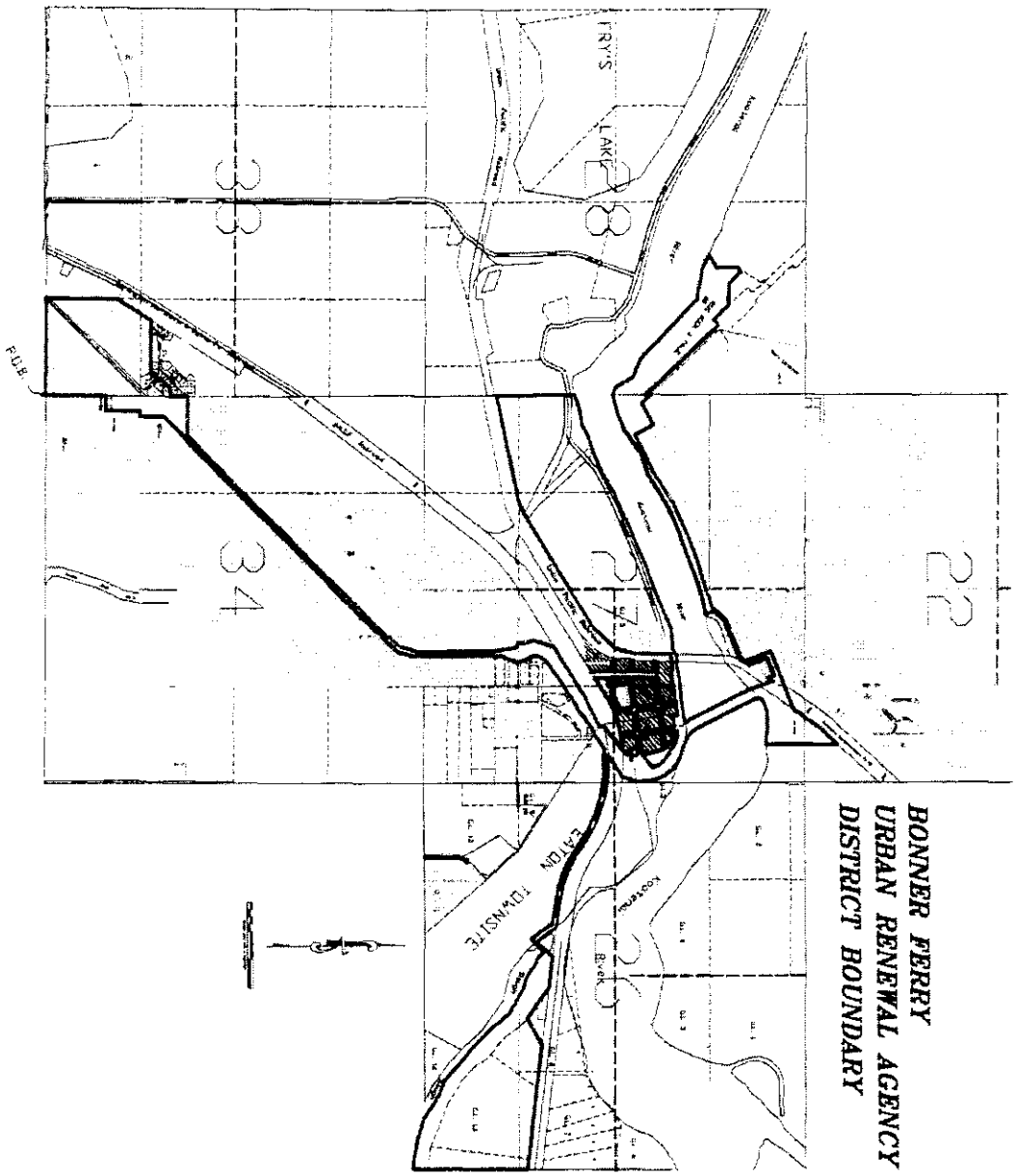
thence, leaving the northerly right of way of Ash Street, in a generally southeasterly direction along the northerly right of way of Cow Creek Road to the northwesterly right of way of an access road crossing the slough to Fodge Pulp and Cedar Products, and shown on Book 3 of Surveys, Book 250, Boundary County, Idaho records ; thence, leaving the northerly right of way of Cow Creek Road, in a northeasterly direction along the northwesterly right of way of the road crossing the slough, to the intersection with the southerly right of way of the Burlington Northern-Santa Fe Railway; thence, leaving said northwesterly right of way, in an easterly direction along the railroad right of way to the northwesterly corner of that parcel described in Instrument No. 105872 and shown on said Book 3 of Surveys, Page 250; thence, leaving said railroad right of way in a southeasterly direction along the southwesterly lines of those parcels described in Instrument No. 105782, and Instrument No. 178491 and shown on said Book 3 of Surveys, Page 250; thence, along the southeasterly line of that parcel described in Instrument No. 178491 in a northeasterly direction to the intersection with the southerly right of way of the Burlington Northern-Santa Fe Railway; thence, leaving said southeasterly line in an easterly direction along said railroad right of way to the intersection with the east line of Section 26; thence, leaving said railroad right of way, south along said east line to the intersection with a slough; thence, leaving said east line in a northwesterly direction along said slough to the intersection with the southeasterly right of way of the aforementioned access road as shown on said Book 3 of Surveys, Page 250; thence, leaving said slough in a generally southwesterly direction along the southeasterly right of way of said access road to the intersection with the northerly right of way of Cow Creek Road; thence, southwesterly perpendicular to Cow Creek Road to the intersection with the southerly right of way of Cow Creek Road; thence, in a northwesterly direction along the southerly right of way of Cow Creek Road to the intersection with the intersection with the southerly right of way of Ash Street; thence, in a generally northwesterly direction along the southerly right of way of Ash Street to the intersection with the easterly right of way of U.S. Highway No.s 2 and 95; thence, leaving the southerly right of way of Ash Street in a southwesterly direction through Government Lot Eight (8) and a portion of the NW1/4 SE1/4 of Section 27; thence, continuing along said right of way in a southerly direction through a portion of the NW1/4 SE1/4, through the SW1/4 SE1/4 of Section 27 , and through a portion of the NW1/4 NE1/4 of Section 34; thence, continuing along said right of way in a southwesterly direction through a portion of the NW1/4 NE1/4, through the NE1/4 NW1/4, through the SE1/4 NW1/4, through the SW1/4 NW1/4, and through a portion of the NW1/4 SW1/4 of Section 34 to the northwest corner of Parcel I as described in Instrument No. 245840; thence leaving said highway right of way and along the west line of that parcel described in Instrument No. 245840 to the intersection with the north line of the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section 34; thence, west along said north line to a point that is 199.50 feet east of the west line of the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section Thirty-four (34); thence, south along a line being offset 199.50 feet easterly of said west line to the southeast corner of that parcel described in Instrument No. 227833; thence, west along the line between those parcels described in Instrument No.'s 227833 and 217234 to the intersection with the west line of said SW1/4 SW1/4; thence, south along said west line to the POINT OF BEGINNING.

IN ADDITION to the above described property:

1) Main Street as platted or constructed.
2) First Street as platted or constructed.
3) Second Street as platted or constructed.
4) Third Street as platted or constructed.
5) Bonner Street as platted or constructed.
6) Kootenai Street as platted or constructed.
7) Railroad Avenue as platted or constructed.

EXCEPTED FROM the above described property:

1) Lots Six (6) through Nineteen (19), and a portion of Lot Twenty (20), Block One (1), Bonnerport.
2) Blocks Two (2), Three (3), Five (5), and Six (6), Bonnerport.
3) Lots Seven (7) through Twelve (12), Block Four (4), Bonnerport.
4) Blocks Two (2), Three (3), Four (4), Five (5), and Six (6), 1st Addition to Bonnerport.



BONNER FERRY URBAN RENEWAL AGENCY DISTRICT BOUNDARY

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, and 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, 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. Construct roadway and utility improvements to allow for better traffic and pedestrian use, including the reconstruction of Kennedy Street, sidewalks along Highway 95, plus improved lighting for pedestrian and vehicle traffic.
- **Wastewater Facility and Lines**
  Upgrade the wastewater plant 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 Facilities**
  Upgrade water facilities to allow for expansion and extend existing water lines to provide additional services and to enhance fire flow protection for the existing City. Increases in supply will likely include all options including new mains, upgrading the treatment plant, and municipal wells.
- **Public Facilities**
  Construct improvements to the Boundary County Courthouse, Fire Station No. 2 and other city facilities, including parks and the fairgrounds.
- **Rebates**
  A portion of the tax increment funds may be rebated back to the Taxing entities 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	$3,500,000	
Landscaping	500,000	
Sidewalks	500,000	
Curbs, Gutters	750,000	
Streetlights	750,000	
TOTAL STREETS		$6,000,000

Infrastructure Improvements:		
Wastewater Plant	$1,500,000	
Wastewater Lines	1,000,000	
Water Facilities	1,000,000	
Water Lines Upgrade	1,000,000	
TOTAL INFRASTRUCTURE		$4,500,000

Public Facilities:		
Boundary County Courthouse	$1,000,000	
Fire Stations	2,000,000	
Parks/Fairgrounds Improvements	2,000,000	
TOTAL PUBLIC FACILITIES		$5,000,000

Rebates:		
For Taxing Entities Operations	$2,4000,000	
TOTAL REBATES		$2,400,000

TOTAL COSTS VIA URBAN RENEWAL INCREMENT:	**$17,900,000**

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 or industrial 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 is found in the urban renewal plan area along Highway 95/2 and in the downtown 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 of a mixture of office, retail and service commercial uses as well 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 and are poorly maintained. Curbs, gutters and sidewalks are in need of repair. Street infrastructure is inadequate 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 and public bidding requirements. Construction may be by the Agency independently, in conjunction with any other public agency, or by a developer through an Owner Participation Agreement (OPA.)

Rehabilitation and Retention of Property:

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.

In Bonners Ferry's situation, a developer may wish to loan the agency the necessary startup funds, and also guarantee any loans or bonds that are sold for the infrastructure improvements. A portion, or all of the funds advanced would then be repaid by the agency pursuant to an agreement with the developer, as funds from the increment are generated.

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:

An irregular tract of land situated in Sections Twenty-two (22), Twenty-six (26). Twenty-seven (27), Twenty-eight (28), Thirty-three (33), and Thirty-four (34) of Township Sixty-two (62) North, Range One (1) East of the Boise Meridian, Boundary County, Idaho; described as follows:

Beginning at the southeast corner of said Section 33; thence, west along the south line of Section 33 to the southwest corner of the Southeast Quarter of the Southeast Quarter (SE1/4 SE1/4) of Section 33; thence, north along the west line of said SE1/4 SE1/4 to the intersection with the southeasterly right of way of the Burlington Northern-Santa Fe Railway; thence, northeasterly along said right of way to the southwest corner of Lot Eight (8), Block "A" of the First Addition to Bauman View Subdivision as recorded in Book 2 of Plats, Page 19, Boundary County, Idaho records; thence, leaving said right of way, in an easterly direction along the south line of said Lot 8 to the southeast corner thereof; thence, in an easterly direction to the southwest corner of Lot Three (3), Block "A" of Bauman View Subdivision as recorded in Book 2 of Plats, Page 16. Boundary County, Idaho records; thence, in an easterly direction along the south line of Lots Three (3) and Two (2), Block "A" of said Bauman View Subdivision to the most westerly corner of Lot One (1), Block "A"; thence, in a northeasterly direction along the northwesterly line of Lot 1, Block "A" to the most northerly corner of said Lot 1, Block "A"; thence, continuing along an extension of the northwesterly line of Lot 1, Block "A", across Bauman Street, to a point on the southwesterly line of Lot Five (5), Block "C" of Bauman View Subdivision; thence, along said southwesterly line in a northwesterly direction to the most southerly corner of Lot Four (4), Block "C"; thence, in a northeasterly direction along the southeasterly lines of Lots Four (4), Three (3), and Two (2) of said Block "C" to an angle point in the southeasterly line of Lot 2; thence, along the southerly lines of Lots Two (2) and One (1) of said Block "C", in an easterly direction to the southeast corner of Lot One (1), Block "C" and the west line of Section 34; thence, north along the line between Sections 33 and 34 to the southwest corner of Block One (1) of Alderson Addition as recorded in Book 1-C of Plats, Page 80-A, Boundary County, Idaho records; thence, in an easterly direction along the south line of said Block One (1) to the intersection with the northwesterly right of way of U.S. Highway No.s 2 and 95; thence, in a northeasterly direction along said right of way through the Northwest Quarter of the Southwest Quarter (NW1/4 SW1/4), through the Southwest Quarter of the Northwest Quarter (SW1/4 NW1/4), through the Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4), through the Northeast Quarter of the Northwest Quarter (NE1/4 NW1/4), and through a portion of the Northwest Quarter of the Northeast Quarter (NW1/4 NE1/4) of Section 34; thence, continuing along said right of way in a northerly direction through a portion of the Northwest Quarter of the Northeast Quarter (NW1/4 NE1/4) of Section 34, through the Southwest Quarter of the Southeast Quarter (SW1/4 SE1/4) and through a portion of the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4) of Section 27; thence, continuing along said right of way in a northeasterly direction through a portion of the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4), through Government Lot Eight (8), and through a portion of Government Lot Six (6) of Section 27 to the intersection with the northerly right of way of the Burlington Northern-Santa Fe railway; thence, leaving said highway right of way, in a southwesterly direction to the intersection with an extension of the westerly line of Block Four (4) Riverside Addition as recorded in Book 1-A of Plats, Page 22, Boundary County, Idaho records; thence leaving said right of way and along said extended line in a northerly direction to the southwesterly corner of said Block 4; thence, northerly along the westerly lines of Lots Three (3) through Seven (7) of Block 4 to the northwesterly corner of said Lot 3; thence, along the northerly line of Lot 3 to the northeasterly corner thereof; thence, in a northerly direction to the southeasterly corner of Block Three (3) of Riverside Addition; thence, northerly along the easterly line of Lots Eight (8) through Four (4) of Block 3; thence, in a westerly direction between Lot Four (4) and Three (3) a distance of Thirty (30) feet; thence, leaving the line between Lots 3 and 4 and parallel to the easterly line of Block 3 to the intersection with the northerly line of Block 3; thence, in a northeasterly direction to the southwesterly corner of Block Two (2) of the Amended Plat of the First Addition to Bonnerport, as recorded in Book 1-A of Plats, Page 15, Boundary County, Idaho records; thence along the westerly lines of Blocks Two (2) and Three (3) of the Amended First Addition to Bonnerport in a northerly direction to the northwesterly corner of said Block 3 and the southerly right of way of Riverside Avenue; thence, in a westerly direction along said right of way to the intersection with the westerly right of way of the Union Pacific Railway; thence, leaving the southerly right of way of Riverside Avenue, in a southerly direction and then a westerly direction through

Government Lot Five (5), the Northwest Quarter of the Southeast Quarter (NW1/4 SE1/4), and the Southwest Quarter (SW1/4) of Section 27 to the intersection with the west line of Section 27; thence, leaving said railway right of way, north along the west line of Section 27 to the intersection with the Ordinary High Water Mark of the Kootenai River; thence, leaving said west line, in a northeasterly direction along said Ordinary High Water Mark to the intersection with the westerly right of way of U.S. Highway No.s 2 and 95; thence, leaving said Ordinary High Water Mark, in a northerly direction along the westerly highway right of way to the intersection with the northwesterly right of way of the Union Pacific Railway; thence, leaving said highway right of way, in a southwesterly direction along the railroad right of way to the intersection with the northeasterly line of Block Nineteen (19) of The Amended Plat of Bonners Ferry as recorded in Book 1-C of Plats, Page 67, Boundary County, Idaho records; thence, leaving said railroad right of way and northerly along the northeasterly line of said Block 19 to the northeasterly corner thereof; thence, along the northwesterly line of said Block 19 and the southerly right of way of Chinook Street to the northwesterly corner of Block 19; thence, leaving the southerly right of way of Chinook Street in a southeasterly direction along the southwesterly line of Block 19 and the northeasterly right of way of Boundary Street to the intersection with the northwesterly right of way of the Union Pacific Railway; thence, in a southwesterly direction along said railroad right of way to the intersection with the southerly right of way of North River Drive; thence, leaving said railroad right of way and along the southerly right of way of North River Drive as platted or constructed in a southwesterly direction to the southwesterly line of said Amended Plat of Bonners Ferry; thence, leaving said right of way in a southeasterly direction along the southwesterly line of the Amended Plat of Bonners Ferry to the Ordinary High Water Mark of the Kootenai River; thence, along said Ordinary High Water Mark in a southwesterly and then a northwesterly direction to the northwesterly line of the City of Bonners Ferry Sewage Treatment Parcel as shown on Book 2 of Surveys, Page 80, Boundary County, Idaho records; thence, leaving said Ordinary High water Mark, in a northerly direction and then a southeasterly direction along the boundary of said City of Bonners Ferry Sewage Treatment Parcel to the intersection with the line between Sections 28 and 27; thence, north along said section line to the intersection with the center line of the abandoned Kootenai Valley Railway; thence, leaving said section line, in a southeasterly direction along said center line to the intersection with an extension of the northwesterly line of Lots One (1) through Four (4), Block Three (3) of Dunning's Acre Tracts as recorded in Book 1-C of Plats, Page 69, Boundary County, Idaho records; thence, leaving said center line, in a northeasterly direction along said extension to the northeasterly corner of said Lot 4; thence, in a southeasterly direction along the northeasterly line of Lot 4 to the northerly right of way of North River Drive; thence, leaving said northeasterly line in a northeasterly direction along the northerly right of way of North River Drive as platted or constructed, to a point on the southeasterly line of Lot Twenty-four (24) of Block Eighteen (18) of the Amended Plat of Bonners Ferry; thence, along said southeasterly line in a northeasterly direction to the southeasterly corner of Lot Twenty-three (23) of Block 18; thence, along the northeasterly line of Block 18 and the southwesterly line of Boundary Street, in a northwesterly direction to the northeasterly corner of Block 18; thence, crossing Chinook Street to the southeasterly corner of Block 13 of the Amended Plat of Bonners Ferry; thence, in a northeasterly direction along the northerly right of way of Chinook Street to the intersection with the westerly right of way of U.S. Highway No.s 2 and 95; thence, continuing northeasterly across the highway right of way to the intersection with the southeasterly right of way of the Union Pacific Railway; thence, along said railroad right of way, in a northeasterly direction along said railroad right of way to the most northerly corner of those parcels described in Instrument No. 162918; thence, leaving said railroad right of way, in a southerly direction along the east line of those parcels described in Instrument No. 162918 to the Ordinary High Water Mark of the Kootenai River; thence, leaving said east line in a southwesterly direction along said Ordinary High Water Mark to the intersection with the easterly right of way of U.S. Highway No.s 2 and 95; thence, leaving said Ordinary High Water Mark, in a southerly direction to the northerly right of way of Ash Street; thence, leaving said highway right of way in a southeasterly direction along the northerly right of way of Ash Street to the northerly right of way of Cow Creek Road; thence, leaving the northerly right of way of Ash Street, in a generally southeasterly direction along the northerly right of way of Cow Creek Road to the northwesterly right of way of an access road crossing the slough to Fodge Pulp and Cedar Products, and shown on Book 3 of Surveys, Book 250, Boundary County, Idaho records ; thence, leaving the northerly right of way of Cow Creek Road, in a northeasterly direction along the northwesterly right of way of the road crossing the slough, to the intersection with the southerly right of way of the Burlington Northern-Santa Fe Railway; thence, leaving said northwesterly right of way, in an easterly direction along the railroad right of way to the northwesterly corner of that parcel described in Instrument No. 105872 and shown on said Book 3 of Surveys, Page 250; thence, leaving said railroad right of way in a southeasterly direction along the southwesterly lines of those parcels described in Instrument No. 105782, and Instrument No. 178491 and shown on said Book 3 of Surveys, Page 250; thence, along the southeasterly line of that parcel described in Instrument No. 178491 in a northeasterly direction to the intersection with the southerly right of way of the Burlington Northern-Santa Fe Railway; thence, leaving said southeasterly line in an easterly direction along said railroad right of way to the intersection with the east line of Section 26; thence, leaving said railroad right of way, south along said east line to the intersection with a slough; thence, leaving said east line in a northwesterly direction along said slough to the intersection with the southeasterly right of way of the aforementioned access road as shown on said Book 3 of

Surveys, Page 250; thence, leaving said slough in a generally southwesterly direction along the southeasterly right of way of said access road to the intersection with the northerly right of way of Cow Creek Road; thence, southwesterly perpendicular to Cow Creek Road to the intersection with the southerly right of way of Cow Creek Road; thence, in a northwesterly direction along the southerly right of way of Cow Creek Road to the intersection with the intersection with the southerly right of way of Ash Street; thence, in a generally northwesterly direction along the southerly right of way of Ash Street to the intersection with the easterly right of way of U.S. Highway No.s 2 and 95; thence, leaving the southerly right of way of Ash Street in a southwesterly direction through Government Lot Eight (8) and a portion of the NW1/4 SE1/4 of Section 27; thence, continuing along said right of way in a southerly direction through a portion of the NW1/4 SE1/4, through the SW1/4 SE1/4 of Section 27 , and through a portion of the NW1/4 NE1/4 of Section 34; thence, continuing along said right of way in a southwesterly direction through a portion of the NW1/4 NE1/4, through the NE1/4 NW1/4, through the SE1/4 NW1/4, through the SW1/4 NW1/4, and through a portion of the NW1/4 SW1/4 of Section 34 to the northwest corner of Parcel I as described in Instrument No. 245840; thence leaving said highway right of way and along the west line of that parcel described in Instrument No. 245840 to the intersection with the north line of the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section 34; thence, west along said north line to a point that is 199.50 feet east of the west line of the Southwest Quarter of the Southwest Quarter (SW1/4 SW1/4) of Section Thirty-four (34); thence, south along a line being offset 199.50 feet easterly of said west line to the southeast corner of that parcel described in Instrument No. 227833; thence, west along the line between those parcels described in Instrument No.'s 227833 and 217234 to the intersection with the west line of said SW1/4 SW1/4; thence, south along said west line to the POINT OF BEGINNING.

IN ADDITION to the above described property:

1) Main Street as platted or constructed.
2) First Street as platted or constructed.
3) Second Street as platted or constructed.
4) Third Street as platted or constructed.
5) Bonner Street as platted or constructed.
6) Kootenai Street as platted or constructed.
7) Railroad Avenue as platted or constructed.

EXCEPTED FROM the above described property:

1) Lots Six (6) through Nineteen (19), and a portion of Lot Twenty (20), Block One (1), Bonnerport.
2) Blocks Two (2), Three (3), Five (5), and Six (6), Bonnerport.
3) Lots Seven (7) through Twelve (12), Block Four (4), Bonnerport.
4) Blocks Two (2), Three (3), Four (4), Five (5), and Six (6), 1st Addition to Bonnerport.

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

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-four (24) 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-four (24) 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 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

CHAPTER 11 - TAX FEASIBILITY STUDY

251848

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. Parcels in the Urban Renewal District
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 $155,000,000 over twenty-four 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	$ 7,400,000
Public Works	10,500,000
Total Project Costs	$17,900,000

Source: City of Bonners Ferry and its Urban Renewal Agency

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, 2011. 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 taxing 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 $12.6 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 150 acres of under-developed and vacant land. Most of this property is within the annexed developments and as such will be developed as commercial, industrial and/or 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, industrial and residential. With this in mind, the projected build out in the plan will be based on both commercial, industrial, 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, with each ER (Equivalent Residential) unit valued at $200,000.

TABLE 2
BONNERS FERRY REDEVELOPMENT AREA
DEVELOPMENT PROJECTION, 2011 TO 2034

Year	TOTAL ER's
2011	50
2012	100
2013	125
2014	0
2015	0
2016	500
2017	0
2018	0
2019	0
2020	0
2021	0
2022	0
2023	0
2024	0
2025	0
2026	0
2027	0
2028	0
2029	0
2030	0
2031	0
2032	0
2033	0
2034	0
TOTAL	775

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 2034:

Table 3

BONNERS FERRY REDEVELOPMENT AREA
PRIVATE SECTOR INVESTMENT GROWTH, 2011 TO 2034

Year	TOTAL INVESTMENT
2011	10,000,000
2012	20,000,000
2013	25,000,000
2014	0
2015	0
2016	100,000,000
2017	0
2018	0
2019	0
2020	0
2021	0
2022	0
2023	0
2024	0
2025	0
2026	0
2027	0
2028	0
2029	0
2030	0
2031	0
2032	0
2033	0
2034	0
TOTAL	$155,000,000

Source: Bonners Ferry Urban Renewal Agency and Developers' Estimate

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, based on the 2010 levy rates (see page 48.) Of course, as new infrastructure investment occurs in the area, the development rate will increase.

TABLE 4
BONNERS FERRY REDEVELOPMENT AREA
PROPERTY TAX GENERATION - ANNUAL, 2011 TO 2034

Year	Total
2011	88,387
2012	265,162
2013	486,130
2014	486,130
2015	486,130
2016	1,370,002
2017	1,370,002
2018	1,370,002
2019	1,370,002
2020	1,370,002
2021	1,370,002
2022	1,370,002
2023	1,370,002
2024	1,370,002
2025	1,370,002
2026	1,370,002
2027	1,370,002
2028	1,370,002
2029	1,370,002
2030	1,370,002
2031	1,370,002
2032	1,370,002
2033	1,370,002
2034	1,370,002
TOTAL	$27,841,977

Source: Bonners Ferry Urban Renewal Agency and Developers' Estimate

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

Taxing Entity	Rate/ $1,000
City of Bonners Ferry	**.003806522**
Boundary County	**.004725949**
Boundary Library District	**.000306252**
Total	**.008838723**

Source: Boundary County Clerk/Bonners Ferry City Clerk

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

Value is added for personal property (equipment, fixtures, etc.). This property is also taxed and is subject to the tax increment.

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 2012. Since taxes are not collected until the following year, the tax required to pay for bonds will be available in January 2013.

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 5.2%, a reasonable if very conservative rate based on market conditions in May 2011.

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. Their 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 method.

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Appendix 1 & 2

PARCELS IN THE URBAN RENEWAL DISTRICT AND TAX VALUATION

South Area

Parcel Number	Value	Personal
RPB00000339010A	674,390.00	104,117.00
RPB00000339031A	301,430.00	25,321.00
RPB00000339040A	184,930.00	
RPB00000339050A	101,810.00	
RPB00000339200A	167,170.00	
RPB00000339210A	347,650.00	
RPB00000339230A	141,450.00	
RPB00000339250A	-	
RPB00000339331A	152,750.00	
RPB00000339332A	47,910.00	
RPB00000339340A	202,430.00	
RPB00000339355A	186,960.00	12,916.00
RPB00000345752A	308,580.00	
RPB00000345760A	102,630.00	
RPB00000346150A	172,130.00	
RPB00000346213A	142,610.00	
RPB00000346220A	76,240.00	
RPB00000346221A	278,100.00	2,370.00
RPB00000346231A	-	
RPB00000346245A	-	
RPB00000346310A	-	
RPB00000346320A	-	
RPB00000346330A	-	
RPB00000339321A	184,740.00	
RPB00000339322A	62,520.00	
RPB00000339315A	142,990.00	2,504.00
RPB00000339171A	547,640.00	11,286.00
RPB00000339190A	208,890.00	
RPB00000339151A	348,780.00	
RPB00000339161A	44,360.00	
RPB00000339020A	129,960.00	
RPB00000337240A	123,130.00	
RPB00000337250A	88,810.00	
RPB00000345700A	145,170.00	46,455.00
RPB00000345710A	221,140.00	

RPB00000345730A	72,690.00		
RPB00000345740A	115,310.00		
RPB006000A001CA	203,890.00		28,864.00
RPB006000C005AA	356,390.00		24,785.00
RPB006000C005BA	152,490.00		
RPB006000C0060A	42,940.00		
RPB0660001002BA	53,200.00		
RPB0660001002CA	144,220.00		
RPB0660001003AA	38,700.00		
RPB0660001004BA	286,070.00	**	
RPB0660001005BA	80,570.00		
RPB006000A001BA	26,610.00		
RPB00000345720A	430,590.00		6,952.00
South Area Total	$ 7,840,970.00	$	265,570.00

Mill Area

Parcel Number	Value	Personal
RPB00000271641A	0.00	
RPB00000274811A	1,624,910.00	
RPB00000275100A	0.00	
RPB00000275400A	0.00	
RPB00000275513A	486,580.00	
RPB0900001004DA	88,250.00	824.00
RPB0900001016DA	0.00	
RPB0900002004AA	99,180.00	600.00
RPB0900002006AA	0.00	
RPB0900002008AA	0.00	
RPB0900002016AA	0.00	
RPB0900003005AA	76,990.00	
RPB0900003007AA	0.00	
RPB0900003009AA	100,300.00	
RPB0900003011AA	123,260.00	
RPB0900003014AA	80,270.00	
RPB0900003016AA	0.00	
RPB0900004003AA	0.00	
RPB0900004006AA	0.00	
RPB0900005003AA	0.00	
RPB0900005003BA	0.00	
Mill Area Total	$ 2,679,740.00	$ 1,424.00

Fodge Area

Parcel Number	Value	Personal
RPB00000268111A	73,460.00	
RPB00000268400A	191,400.00	
PPB00000268400A		1,085,664.00

RPB00000269151A	131,630.00	
PPB00000269151A		13,800.00
RPB00000269900A	7,810.00	
Fodge Area Total=	$ 404,300.00	$ 1,099,464.00

Other Personal Property

Parcel Number	Value	Personal
PPB00000000297A		9517.00
PPB0000033919A		1357.00
PPB0000034571AA		5840.00
PPB00000345720A		6952.00
PPB0000034575CA		12157.00
PPB0000034575FA		7619.00
PPB006000C005C		1710.00
PPB006000C0050A		12000.00
PPB0160002009DA		1469.00
Other Personal Total		$ 58,621.00

Summary of Property Values in URA Boundary

	Real Property Value	Personal Property Value
South Area Total=	$ 7,840,970.00	$ 265,570.00
Fodge Area Total=	$ 404,300.00	$ 1,099,464.00
Mill Area Total =	$ 2,679,740.00	$ 1,424.00
Add. Personal Prop.		$ 58,621.00
Total	**$ 10,925,010.00**	**$ 1,425,079.00**
Grand Total=	$ 12,350,089.00	
City Tax Base	$125,844,088	
10% of Tax Base=	$12,584,408.80	
Difference	$234,319.80	

Appendix 3

BASELINE PROPERTY TAX GENERATION, 2011 TO 2034

ANNUAL	Residential/ Commercial
2011	88,387
2012	265,162
2013	486,130
2014	486,130
2015	486,130
2016	1,370,002
2017	1,370,002
2018	1,370,002
2019	1,370,002
2020	1,370,002
2021	1,370,002
2022	1,370,002
2023	1,370,002
2024	1,370,002
2025	1,370,002
2026	1,370,002
2027	1,370,002
2028	1,370,002
2029	1,370,002
2030	1,370,002
2031	1,370,002
2032	1,370,002
2033	1,370,002
2034	1,370,002
TOTAL	1,370,002

Appendix 4

DEBT SERVICE SCHEDULE, MARGINS AND DISCOUNTS

Bond/Loan 2012	$6,000,000
Interest Rate	5.2%
Term	20 Years
Debt Service Margin	10%
Present Value Discount	3%
Bond/Loan Payment	$ 483,156
Total Payments	$9,663,120
Bond/Loan 2016	$11,000,000
Interest Rate	5.2%
Term	20 Years
Debt Service Margin	10%
Present Value Discount	3%
Bond/Loan Payment	$ 885,780
Total Payments	$17,715,600
Total Debt Costs Includes early payoff	$27,378,720

Note: Estimates only. Third party, such as a developer, should guarantee payments or provide improvements via an Owner Participation Agreement, subject to reimbursement if and when TIF is available. Early payoff indicates debt service retired from bond reserves in final year of the bond amortization.

Appendix 5

TAXING DISTRICT PROJECTIONS

Annual Tax Increment Available for Districts after Bond Retirement

First Year Received	**2035**
Total Annual Tax Increment	**$1,370,002**

Taxing Entity	**Increment**
City of Bonners Ferry	**590,011**
Boundary County	**732,522**
Boundary Library District	**47,469**

CHAPTER 12 - APPENDIXES

APPENDIX A - PROJECT COSTS

BONNERS FERRY TAX INCREMENT PROJECTS
ESTIMATED COSTS

Project:		Estimated Costs:
1)	Streets	$6,000,000
2)	Infrastructure	$4,500,000
3)	Public Facilities/Rebates	$7,400,000
GRAND TOTAL OVERALL COSTS:		**$17,900,000**

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 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

NOTICE OF SPECIAL MEETING AND PUBLIC HEARING BY THE CITY COUNCIL OF THE CITY OF BONNERS FERRY TO CONSIDER THE URBAN RENEWAL PLAN OF THE URBAN RENEWAL AGENCY OF BONNERS FERRY

Notice is hereby given that the Bonners Ferry City Council will hold a public hearing at a special council meeting on June 14, 2011 at 7:00 p.m. at the Bonners Ferry Visitor Center located at 6373 Bonner Street to consider the Bonners Ferry Urban Renewal Plan (the Plan) of the Urban Renewal Agency of Bonners Ferry. The Plan area is hereinafter described. The Plan proposes that the Agency undertake urban renewal projects pursuant to the Idaho Urban Renewal Law of 1965, as amended. The Plan being considered for adoption contains a revenue allocation financing provision pursuant to the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, that will cause property taxes resulting from any increases in equalized assessed valuation in excess of the equalized assessed valuation as shown on the base assessment roll as of January 1, 2011, to be allocated to the agency for urban renewal purposes.

Copies of the plan are on file for public inspection at the office of the City Clerk, City Hall, 7232 Main Street, Bonners Ferry, Idaho, between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday.

The general scope and objectives of the Plan are:

The elimination of deficiencies in the Project Area, including, among others, substandard streets or rights-of-way, and inadequate and deteriorated public improvements and facilities.

The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements and public facilities to stimulate new commercial expansion, employment and economic growth.

Improvements to the streets, rights-of-way and other public infrastructure.

Strengthening the tax base by encouraging private development, thus increasing the assessed valuation of properties within the revenue allocation area and the Project Area as a whole, and benefiting the various taxing districts in which the Urban Renewal Area is located.

Any such land uses as described in the Plan will be in conformity with the Comprehensive Plan of the City of Bonners Ferry.

The projected area herein referred to is located as follows:

Approximately 150 acres primarily consisting of what is commonly known as: 1) the old Lantern property south of town; 2) the old mill site adjacent to and west of downtown; 3) the fairgrounds; 4) area in downtown; 5) North River Drive and Riverside Park; 6) several parcels east of town including the area known as the Fodge Mill property; 7) all other areas as shown on the map in the Plan.

At the time and place noted above, all persons interested in the above matter may appear and be heard. Written comments will also be accepted until June 10, 2011 at 5:00 p.m. Any person requiring a special accommodation due to a disability condition should contact the Bonners Ferry City Clerk at (208) 267-3105. This contact should be made at least two days prior to the hearing.

Please publish: May 12, 2011

APPENDIX D - CITY RESOLUTION 2011-03 FINDINGS OF DETERIORATION AND CREATION OF THE BONNERS FERRY URBAN RENEWAL AGENCY MAY 3, 2011

CITY OF BONNERS FERRY
RESOLUTION NO. 2011-03

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.
    vi. Inadequate public parks and recreation facilities.

ADOPTED AND APPROVED THIS 3rd DAY OF May 2011

/s/ David K. Anderson, Mayor

ATTEST:

/s/ Kris Larson, City Clerk

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

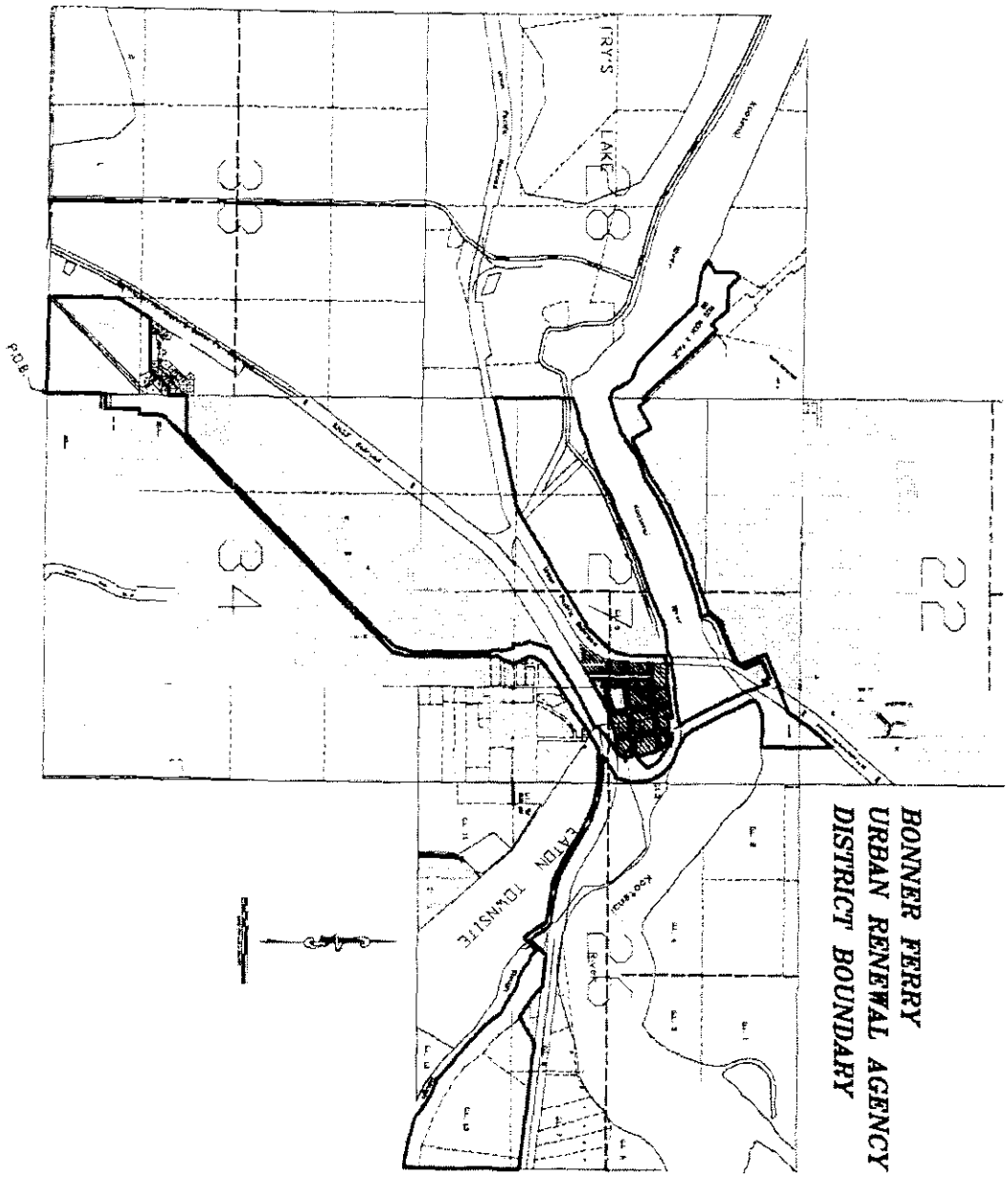

EXHIBIT B
DETAIL OF DETERIORATION

INTRODUCTION:

Under Idaho Local Economic Development Act (Municipal Corporations Code, Sec. 50-290 et. seq.) the city council has found and determined, on the basis of substantial evidence in the record, the project area as a "deteriorated area". The purpose of this detail of deterioration 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 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(7), 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. These conditions are to be found in Bonners Ferry and are addressed below. Section 50-2903(7) of the LEDA reads as follows:

> "(7)(a) Any area, including 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, unsanitary 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 conditions 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 is in need of 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."

DETERIORATION DEFINED

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 private industry 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.

The URD boundaries consist of three areas:

The first area surrounds and includes what is commonly known as the lantern property towards the south end of town. This area is underutilized and is limited largely by the transportation infrastructure. The improvements anticipated here are reconstruction of Kennedy Street, Sidewalks along Highway 95, improved lighting for pedestrian and vehicle traffic, an upgrade the Fire Station 2, and linking of two water zones in the Bauman Street area. For future development on McCall Street, residential and/or commercial, there would likely be needed street improvements, the possibility of another street from McCall to Highway 95, and water and sewer line improvements.

The second area is the old mill site adjacent to and west of downtown. This area is largely a blank sheet of paper and improvement here cannot be well defined until a developer has a plan for this approximately 70 acre parcel. The improvements anticipated here would be new streets, pedestrian paths, and lighting. There would likely need to be significant changes to the water and sewer lines, increased capacity of the water treatment plant, and increased capacity of the sewer treatment plant. This area also is integrally tied to the fairgrounds and associated recreational opportunities. This leads to improvements of the fairgrounds, a river walk that includes North River Drive, and inter-tied with Riverside Park north of the river.

Improvements in this area are also related to its connectivity with the downtown area, and increase the value of a Downtown Revitalization Phase 2. A Downtown Revitalization Phase 2 would include the downtown streets from west of Main Street.

The third area is east of town and commonly known as the Fodge Mill property but includes several adjacent parcels. Here the needs are primarily improvements to Cow Creek road and sewer service to this area of town. Cow Creek Road serves a large section of Boundary County and has an urgent need for improvement for both commerce and safety.

2. Existing Social Conditions

Unsafe and hazardous traffic and pedestrian conditions exist which endanger life. Buildings and structures have conditions which are unfit or unsafe to occupy.

I. Inadequate and Unsafe Public Rights of Way

Deterioration is evident in the surfacing of roadways in the area, including Highway 2/95 leading to downtown. Highway 2 and 95 are joined through the city and the route to downtown has significant issues, including the lack of sidewalks or pathways, which means walkways are not ADA-compliant. Turn lanes on that part of Highway 2/95 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 structural conditions of buildings and poor site conditions are evident throughout portions of Bonners Ferry.

III. Age or Obsolescence

Obsolescence is mainly applicable to commercial buildings where original design features are no longer appropriate to current uses, especially if the cost to provide ADA compliant access proves too high to make a business venture viable in those buildings. This is particularly evident in the County Courthouse downtown.

Another area of deterioration is in lack of the adequate wastewater and water service lines to this area of the City. 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 commercial 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 2/95 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 are in need of upgrades. These upgrades will allow the plants to be expanded to allow for the potential growth in the city. Economic development is dependent on sound utilities and investments in the wastewater and water plants will enable that to occur.

Sound economic development hinges often on a city's ability to provide life quality amenities, particularly in its park systems and pedestrian pathways. As noted above, improvements that would benefit the city include the fairgrounds as well as a river walk that includes North River Drive and inter-tied with Riverside Park north of the river.

Boundary County's courthouse is non-ADA compliant. This makes it difficult for some members of the public to transact business, particularly to courtrooms above ground level.

Too, access to recreational areas could be improved in the downtown area to encourage visitors to stay longer.

Better public access via improved parking would benefit the City, especially in its downtown area, and would provide economic stimulus. Cities in north Idaho that have provided additional parking, and in some cases free parking, have seen an increase in visitors and/or shoppers.

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 might eliminate the shifting of uses currently observed, or rapid changes within the structures. An example is the conversion of some of the buildings to uses other than the original use.

In addition, it's evident from recent assessments from the county assessor that there may be a prevalence of depreciated values in the deteriorated area.

This often results when buildings are vacant for a period of time or have been offered for sale at lower prices.

Impaired investments appear to be evident as some of the businesses in the deteriorated area are for sale. This indicates the return on the owners' equity is diminished and the equity itself is in danger of being partially or totally lost.

These conditions have contributed to increasing vacancy rates as evidenced by empty lots in the deteriorated area. Increased public safety related issues are evident as well, as sidewalks and/or pathways are in poor shape or non-existent in these locations.

Economic maladjustments are prevalent in the deteriorated area, including business failures and move-outs resulting in vacant stores and buildings.

The percentage of low to moderate income residents (LMI) stands at 51.54%. This allows the City to be eligible for LMI assistance via grants and low-interest loans.

There are also existing land uses that are inappropriate to the needs of businesses, industries and residents of Bonners Ferry. This is evidenced by the existence of buildings that lack areas sufficient for expansion or proper access for customers & deliveries.

Another factor is the lack of adequate parking in the deteriorated area of Bonners Ferry, which could be remediated if vacant property could be converted to that use, or if existing open spaces devoted to a particular use could be utilized to supplement the lack of parking.

4. Other Factors

Another factor is the lack of a reliable and regular public transit system, which studies have shown in the largest impediment to sustained employment, especially in areas with a

large LMI population. Deterioration tends to continue and areas further decline when employment opportunities are unavailable or not regular. Transit via the Kootenai Tribe's casino and hotel properties would greatly benefit the area, potentially bringing visitors from areas to the south that are served with public transit providers.

Finally, it must be noted that conditions of deterioration affect nearly the entire project area. Some properties have been added in the area of deterioration because their inclusion is necessary for effective redevelopment that will fund the improvements necessary to remediate the deterioration. This includes areas as defined in Idaho Code 50-2903(8)(c) 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. "

The deteriorated area also includes city and county property with the potential to be improved and some streets in the district so the deterioration of each could be adequately addressed.

Summary:

Bonners Ferry has the potential to become again a very viable business center, especially as it is the gateway to Canada. Because of its history, location and changing industries, conditions of deterioration exist in some areas of the city, concerning the condition of its buildings, streets and utilities.

This is not a reflection of inaction on the city or its elected officials but more a result of low property tax increases over the years or the lack of interest by investors to develop in the city.

A district boundary (included as Exhibit A), an assessed area which is less than 10% of the city's total property tax assessment, depicts the area of deterioration and its potential development where an incremental increase in property values will pay for the infrastructure needs of the city.

An urban renewal plan will detail the projects requiring funding to remediate their deterioration, as well as funding options to be utilized. A feasibility study will also be conducted to prove the viability of the funding options and a timeline for their implementation.

All of this effort is being undertaken to provide a forward-thinking City Council with the tools they can use to keep Bonners Ferry as the quaint and functional place it has been in the past, and will remain to be into the future.

APPENDIX E - BFURA RESOLUTION 2011-01 - APPROVAL OF URBAN RENEWAL PLAN MAY 2, 2011

BONNERS FERRY URBAN RENEWAL AGENCY
RESOLUTION NO. 2011-01

RESOLUTION OF THE BONNERS FERRY URBAN RENEWAL AGENCY, AN AGENCY OF THE CITY OF BONNERS FERRY, IDAHO, STATING THAT AN URBAN RENEWAL PLAN, FEASIBILITY STUDY AND MAP HAVE BEEN DEVELOPED TO DEAL WITH DETERIORATED AREAS IN THE CITY, AND RECOMMENDING THE BONNERS FERRY CITY COUNCIL SEND THE MAP AND PLAN TO THE PLANNING AND ZONING COMMISSION AND SET A PUBLIC HEARING TO CONSIDER ITS ADOPTION.

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 City Council of the City of Bonners Ferry desires 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

WHEREAS the Mayor and City Council of the City of Bonners Ferry appointed an urban renewal agency to study the magnitude of the deterioration, and

WHEREAS the Bonners Ferry Urban Renewal Agency has developed the following:

1. A map depicting the deteriorated area has been prepared and is attached as Exhibit 1.
2. An Urban Renewal Plan has been prepared with a project list to deal with the deteriorated and deteriorating area, and is attached as Exhibit 2.
3. A Feasibility Study as incorporated in the Urban Renewal Plan shows sufficient tax increment will be available to fund the project list to deal with the deterioration.

NOW, THEREFORE, BE IT RESOLVED BY THE BONNERS FERRY URBAN RENEWAL AGENCY AS FOLLOWS:

The Bonners Ferry Urban Renewal Agency approves the map, plan and feasibility study and recommends the following:

1. That the Bonners Ferry City Council send the map, plan and feasibility study to its Planning and Zoning Commission for comments that the map, plan and feasibility study conform to the City's Comprehensive Plan.
2. That the Bonners Ferry City Council schedules a public hearing within 30 days for consideration of the adoption of the map, plan and feasibility study.

APPROVED THIS 2ND DAY OF MAY, 2011

/s/Mike Klaus, Chairman

ATTEST
/s/ Christine McNair, Clerk

APPENDIX F - CITY RESOLUTION 2011-04 PUBLIC HEARING FOR CREATION BFURD

CITY OF BONNERS FERRY
RESOLUTION NO. 2011-04

A RESOLUTION OF THE CITY OF BONNERS FERRY STATING THAT AN URBAN RENEWAL PLAN, FEASIBILITY STUDY AND MAP HAVE BEEN DEVELOPED TO DEAL WITH DETERIORATED AREAS IN THE CITY, APPROVING THE SUBMITTAL OF THE MAP AND PLAN TO THE CITY'S PLANNING AND ZONING COMMISSION AND SETTING A PUBLIC HEARING TO CONSIDER ITS ADOPTION.

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 City Council of the City of Bonners Ferry desires 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

WHEREAS the Mayor and City Council of the City of Bonners Ferry appointed an urban renewal agency to study the magnitude of the deterioration, and

WHEREAS the Bonners Ferry Urban Renewal Agency at their meeting of May 2, 2011 has approved the following:

4. A map depicting the deteriorated area has been prepared and is attached as Exhibit 1.
5. An Urban Renewal Plan has been prepared with a project list to deal with the deteriorated and deteriorating area, and is attached as Exhibit 2.
6. A Feasibility Study as incorporated in the Urban Renewal Plan shows sufficient tax increment will be available to fund the project list to deal with the deterioration.

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

3. That City's Planning and Zoning Commission consider the map, plan and feasibility study, and to confirm that they conform to the City's Comprehensive Plan.
4. That a public hearing be scheduled on June 14, 2011 to consider of the adoption of the map, plan and feasibility study.
5. That the map, plan and feasibility study be sent to all affected agencies for comment 30 days prior to the date of the public hearing, and that a copy of each be available at Bonners Ferry City Hall for the public to review.

APPROVED THIS 3rd DAY OF MAY, 2011

/s/ David K. Anderson, Mayor

ATTEST /s/Kris Larson, City Clerk

APPENDIX G – ORDINANCE 523 ADOPTING THE URBAN RENEWAL DISTRICT, PLAN, MAP AND FEASIBILITY STUDY JUNE 2011

ORDINANCE NO. 523

AN ORDINANCE OF THE CITY OF BONNERS FERRY, A MUNICIPAL CORPORATION OF THE STATE OF IDAHO, APPROVING THE BONNERS FERRY URBAN RENEWAL PLAN; CONFIRMING THE DETERIORATED DECLARATION; ADOPTING A REVENUE ALLOCATION AREA; MAKING CERTAIN FINDINGS AND CONCLUSIONS IN SUPPORT THEREOF; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO, AND PROVIDING FOR THIS ORDINANCE TO BE EFFECTIVE UPON ITS PASSAGE AND APPROVAL.

WHEREAS the City of Bonners Ferry did by Resolution declare that a specifically described portion of the city limits of the City of Bonners Ferry was deteriorated and deteriorating, and in need of remediation by an urban renewal agency, and

WHEREAS the City Council of the City of Bonners Ferry recommended that the Mayor of the City of Bonners Ferry appoint an urban renewal commission, and

WHEREAS the appointed Board of Commissioners of the Bonners Ferry Urban Renewal Agency has retained staff to assist it with its duties, and

WHEREAS the Bonners Ferry Urban Renewal Agency has prepared an urban renewal plan pursuant to Title 50, Chapters 20 & 29, Idaho Code, for remediation of the deterioration found to exist, hereinafter referred to as the Bonners Ferry Urban Renewal Plan, and

WHEREAS the Board of Commissioners of the Bonners Ferry Urban Renewal Agency have adopted a Resolution recommending approval of the Bonners Ferry Urban Renewal Plan and feasibility study by the City Council of the City of Bonners Ferry and to set a public hearing for the Plan, and

WHEREAS the Bonners Ferry City Council conducted a public hearing on June 14, 2011 and heard public comments on the Bonners Ferry Urban Renewal Plan and Feasibility Study,

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

Section 1: The City Council hereby makes the following findings of fact:

a. The area of the proposed plan has been previously declared by the City of Bonners Ferry to be a deteriorated and deteriorating area, and the Agency finds that the deterioration described by the City Council does in fact exist.

b. The Bonners Ferry Urban Renewal Plan provides for varying methods to remediate the described deterioration and prevent future deterioration, and contains the necessary elements required by Idaho law, including a tax allocation feasibility study which finds that the estimated tax increment revenue is sufficient to repay the debt to be incurred to provide the improvements described within the Plan.

c. The Bonners Ferry Urban Renewal Plan indicates the type of improvements and rehabilitation projects that are proposed to be carried out, including land uses,

densities, building requirements, methods of financing, and a revenue allocation provision.

d. The Bonners Ferry Urban Renewal Plan describes a revenue allocation area by metes and bounds description, as described in the Plan, that does not exceed the limitations of I.C. 50-2904.(13).

e. The Bonners Ferry Urban Renewal Plan conforms to the general plan of the City of Bonners Ferry, and is in conformance with the Comprehensive Plan.

f. The Bonners Ferry Urban Renewal Plan does not anticipate the displacement of any families.

g. The Bonners Ferry Urban Renewal Plan will enhance public recreational facilities and activities within the City, and encourage private sector participation.

h. That unless the afore-mentioned conditions are improved, they will substantially impair the sound growth potential of the City of Bonners Ferry and will constitute an economic and social liability, and that further development in the area without such improvements will endanger the public health, safety and welfare.

i. That improvement of the property and the City services in the plan area are necessary and appropriate to facilitate the proper growth and development of the City in accordance with sound planning standards and local community objectives.

Section 2: The Mayor and City Council of the City of Bonners Ferry hereby adopts the Bonners Ferry Urban Renewal Plan and approves the revenue allocation area provided for in the Plan, and this Ordinance shall be effective immediately upon its adoption and approval.

ADOPTED AND APPROVED this 21st day of June, 2011.

//S//

David Anderson, Mayor

ATTEST:

//S//

Kris Larson, City Clerk

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CITY OF BONNERS FERRY

7232 Main Street
P.O. Box 149
Bonners Ferry, Idaho 83805
Phone: 208-267-3105 Fax: 208-267-4375

Memo

To: Craig Johnson

From: Kris Larson, Clerk/Treasurer

Date: 9/21/2011

Re: Urban Renewal Plan Documents

Please find enclosed a copy of the recorded Ordinance #523A Amending Ordinance 523 Adopting the Bonners Ferry Urban Renewal Plan. The reason for the amendment was to correct the legal description in the original plan.

If you have questions please call me at (208) 267-0351.

Thank you.

Kris