

DOVER BAY AMENDED URBAN RENEWAL PLAN

EXTENSION TO 2029

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DOVER URBAN RENEWAL AGENCY 2008

CHAIR: LOUIS COLLINS

MEMBERS: KIM KEATON

DOUGLAS LIEUALLEN

CHAPTER 1

INTRODUCTION

**DOVER BAY
URBAN RENEWAL PLAN
EXTENSION TO 2029**

INTRODUCTION:

The City of Dover created the Dover Urban Renewal Agency in December, 2005, following the determination that deteriorated conditions were present in a portion of the city. An urban renewal plan and feasibility study was commissioned on behalf of the Urban Renewal Agency Board, which had been appointed by the Mayor and Council of Dover to remediate the deteriorated conditions in the city.

The plan and study detailed the projects to be utilized by the Agency to accomplish this. The plan also included cost estimates of the projects based on the best available information at the time. Further, the plan included revenue projections from funding sources, including tax increment financing, capitalization fees and grants, which would pay for the improvements. A ten-year timeline for the completion of the projects, based on the revenue estimates and project costs, was included in the feasibility study incorporated into the urban renewal plan.

In the plan, the Agency estimated that \$8.12 million in projects would be required to remediate the deterioration as defined by the city. It was also estimated that 535 housing units would develop within the urban renewal district over ten years, resulting in \$254.6 million in new construction. The feasibility study estimated that the revenues from the new construction, plus the income from capitalization fees and grants, would be sufficient to complete the projects within ten years.

Based on this plan of action, the Agency authorized a start to the remediation process, beginning with the upgrade and improvement of the wastewater facility and the construction of a fire station. The Agency also authorized the purchase of a fire apparatus to reach the highest elevations of the proposed housing units. Along with the usual and reasonable costs to operate the urban renewal agency, the Board has incurred costs in excess of \$5.2 million through December 2007.

The costs incurred to date have been authorized via owner participation agreements with a developer in the district. These OPAs have defined the projects to be funded and the basis by which they will be reimbursed, if and when sufficient revenues have been received by the Agency via the various funding sources listed above.

Based on actual revenues received, and increasing costs of the projects required to remediate the deterioration, the Agency has advised the City of Dover that the ten-year timeline to accomplish their mission will need to be extended by fourteen (14) years, to 2029. The reasons for the extension will be discussed in Chapter 2, following a brief review of the issues involving the city's deterioration.

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 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.

IDENTIFYING DETERIORATED AREAS

1. Existing Social Conditions

A. Unsafe and hazardous traffic and pedestrian conditions exist which endanger life, buildings and structures having conditions which are unfit or unsafe to occupy from,:

I. Inadequate and Unsafe Public Rights of Way

- Surfacing of roadways in deterioration
- Narrow roadways
- Partially paved streets
- Partially completed rights-of-way
- Unpaved streets
- Uncompleted (dead end) rights of way

II. Dilapidation or Deterioration

- Structural conditions of buildings and poor site conditions in comparison to remainder of City

III. Age or Obsolescence

- Age of buildings
- Obsolescence is mainly applicable to industrial and commercial buildings where size, layout, or other original design features may no longer be appropriate to current uses.

2. Existing Economic Conditions

A. 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

- Streets, sidewalks, curbs, gutters non existent or in disrepair
- Poor traffic circulation
- Street lighting non existent or in disrepair

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

a. Inadequate public improvements

- Public improvements should be surveyed to determine adequacy/inadequacy by using the following factors:
 - ✓ poor physical condition
 - ✓ age
 - ✓ deterioration
 - ✓ improper design
 - ✓ lack of sufficient capacity
 - ✓ total absence of improvement in face of demonstrable need.

b. Inadequate Public Facilities -

Need to be evaluated as in “a” (above)

- Parks
- Parking Facilities
- Fire Station/EMS
- City Beach

c. Inadequate Utilities -

Should be evaluated as in “a” (above)

- Water processing and distribution facilities
- Gas
- Electrical (above ground/underground)
- Cable television
- Telephone
- Wastewater treatment facilities
- Sewers, storm drains

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.

a. Shifting of uses:

- Rapid changes in tenants within commercial structures (this week a thrift store, used furniture the next week)
- Conversions to uses other than the original use (service station converted to fast food operation)

b. Prevalence of depreciated values

c. Prevalence of impaired investments

An “impaired investment” is a rented or leased commercial, industrial or residential property on which the values or the return on the owner’s equity are diminished or have stopped altogether, and/or the equity itself is in danger of being partially or totally lost. These conditions are evidenced by:

- Decline in gross sales or gross rents.
- Inordinate increases in expenses due to circumstances existing in the area (such as higher insurance costs, inability to obtain insurance at all or higher costs for security protection)
- Increasing vacancy rates
- Inability to sell properties at reasonable prices
- Inability to obtain loans to maintain, rehabilitate or expand
- Increased public safety related issues

d. Prevalence of economic maladjustment

- Business failures and move-outs
- Declining employment figures
- Increasing unemployment
- Vacant stores, and buildings
- Declining business registrations.
- Declining property tax revenues and increasing police and fire services
- Declining sales taxes or stagnation of same
- Inability of property owners to bear special assessments
- Low incomes of residents

e. Existing land uses inappropriate to needs of businesses, industries and residents of city.

- The existence of vacant or partially vacant buildings of recent construction
- The existence of unused or unique facilities of marginal need or usefulness
- Lack of expansion area
- Lack of proper access for customers & deliveries
- Lack of transportation facilities
- Lack of adequate parking
- Lack of necessary utilities (water, power)
- Improper zoning

3. Other Factors

The conditions of deterioration affect the entire project area. Non-blighted properties have been included because their inclusion is necessary for effective redevelopment.

CHAPTER 2
ISSUES INVOLVING THE EXTENSION

AUTHORITY TO EXTEND THE TERM OF THE DISTRICT

Idaho Code 50-2008 (f) allows for the modification of the urban renewal plan, including the term of the urban renewal district, not to exceed twenty-four (24) years. The process to extend the district is the same as that used to create it:

1. Define deteriorating areas of the city, via maps showing the areas.
2. Create a plan to remediate the deterioration, including the projects necessary for that purpose, the costs of those projects and the revenues available to fund those projects.
3. Determine the feasibility of the plan to ensure that the projects can be funded as described in the plan, within the timeframe established for the District.
4. Seek public input into the plan, from interested citizens to governmental agencies affected by the action.
5. Adopt via ordinance the plan, study and map of the District.

The Board of the Directors of the Dover Urban Renewal District, at their meeting of November 15, 2007, asked the City of Dover to extend the term of the District, not to exceed the 24-year limit on the life of a District. The reasons discussed are presented in the following sections.

DELAYS IN ADDING NEW CONSTRUCTION:

Since the District's inception in 2005, in which baseline values within the District were settled at their value of January 1, 2005, the District has seen new construction increase at a rate closely predicted in the Urban Renewal Plan adopted by the City in December of that year. Whereas the Plan estimated that \$343,363 in new tax increment would be generated in 2006 (for value increases during calendar 2005 of \$47 million), \$388,500 was actually received. This was from an increase in value of \$60 million, despite an increase in value estimated by the developer of \$103 million. In discussions with County officials, it was discovered that some \$40 million in value as cancelled during the tax process, an action partially explained by assessments questioned during 2005 by the State Tax Commission.

In 2007, for values of assessments during calendar year 2006, the Agency expected that the \$40 million in new construction (vertical improvements in the District) would be assessed. When the tax rolls were presented by the County Assessor to the County Clerk in August 2007, the same \$60 million in assessments that was on the rolls in 2005 was presented in 2006. This was despite the developer's estimates presented to the Board of Equalization in June 2007 that a proper assessment of \$103 million should be included on the rolls.

The net result is that the Agency's projections of \$625,800 in 2008 will be about 60% of that amount. The City was advised by the Agency that should these trends continue, it will be impossible to fund the list of projects needed to remediate the deterioration in the city within the ten-year timeframe.

As the Agency has worked with County officials on this issue, it is expecting some relief from the County's assessment of occupancy taxes on the new vertical construction. However, it is not expected that these revenues, some of which as a year past their proper assessment dates, will not be sufficient to make up the loss of revenues expected for 2008.

INCREASED PROJECT COSTS:

The other issue involved with the need to extend the term of the District is one of costs. Whereas the estimated costs in the 2005 plan were \$8.12 million to remediate the deterioration, new estimates confirmed by the city are for a total of \$19,649,540. The reasons for the increases are two-fold. One, the costs of public works projects have increased dramatically during the past two years, especially the cost of petroleum-based materials. Second, the City has authorized additional aspects to the original projects, specifically wastewater projects that will seriously and appropriately enhance the treatment of wastewater many years into the future. Many of these improvements are also the result of improvements in technology that will allow the City to expand the plant. Whereas the City has authorized the use of capitalization fees from new construction to pay for upgrades to the existing plant, the costs of new facilities cannot be paid for from those new fees, so tax increments from new construction must be used.

AGENCY RECOMMENDATION:

Based on the newest projections listed later in this report, the Agency recommends that the term of the District be extended from its current ten (10) years to twenty-four (24) years, an increase of fourteen (14) years.

This extension will allow for the issuance of bonds or other debt, and for the reasonable retirement of such, so that the entire project list can be realized and the deterioration in the District remediated.

OPTION TO END THE DISTRICT EARLY:

It is possible that discussions with County officials will result in the urgency to place new construction on the tax rolls as soon as an occupancy permit is issued. With this result resides the distinct possibility that the Agency can request that the City terminate the District several years before the 24 years projected herein.

The Agency's Board remains committed to retiring the debts incurred in its mission to remediate the city's deterioration in as little time as is possible, while leaving the City in a position to maintain its new facilities into perpetuity.

CHAPTER 3
PROPOSED DEVELOPMENT ACTIONS

REVISED 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 Dover Urban Renewal Agency (URA), and the City. In 2005, The URA established goals for the proposed Dover area, which were as follows:

- A. Re-design and improve existing streets in the district, including redesigning intersections, and a new entrance from Highway 2, widening of roadways, signalization, and pedestrian access
- B. Encourage and assist the development of new residential areas within the Dover Area, with little regard for commercial or industrial development
- C. Provide the necessary infrastructure support for the new residential development at Dover Bay and elsewhere in the City, including water and sewer upgrades, public facilities and parkland development.
- D. Rehabilitate existing vacant lots, including wetlands that have become collection points for junk or weeds or other underutilized purposes.

The proposed projects, some of which have been completed, and some of which have changed in their scope and cost, include:

- **Dover Bay/Highway 2 Improvement Projects**
Construct improvements to the area commonly known as West Gate, to allow for a western entrance to the city from Highway 2. Construct roadway and utility improvements allow for better traffic and pedestrian use.
- **Fire Station/EMS and Fire Boat**
Construct a Fire station/EMS facility in the Dover downtown for the West Bonner Fire District. This will strongly enhance the public safety aspects currently under-developed in the city of Dover. The boat would enhance the use of the river for the proposed waterfront residential development at Dover Bay.
- **Upgrade of the Wastewater Plant**
Construct improvements to bring the plant to a stage that the developer of the residential area may add the capacity of 600 ERs (in 2007, expanded to include 4,000 ERs) to the plant, including a new building for a lab, restrooms and offices.
- **Water Improvements**
Expansion of the water reservoir serving the city of Dover, to enhance the ability of the city to provide sufficient water pressure and flows for fire protection. Construction of a new potable water tank is also part of the plan.
- **City Beach Improvement**
Construct improvements to the area dedicated by the Dover Bay development.

- **Street Repair and Paving**
Predominantly in the downtown area of Dover, to enhance traffic and pedestrian safety.
- **Wetlands Purchase and Rehabilitation**
Areas of downtown Dover have low areas that would be developed into wetlands, to provide for protection of the area as well as storm-water drainage.
- **Rebate**
In 2007, the City authorized the Board to include a rebate to local agencies whose budgets may be impacted by the extension to 2029.

INITIAL ESTIMATED DEVELOPMENT COSTS (2005):

Below were the 2005 estimated costs for these projects:

Streets:		
Westgate Entrance from Highway 2:	\$1,300,000	
Turn Lane on Highway 2	500,000	
Street Repair and Paving	<u>900,000</u>	
TOTAL STREETS		\$2,700,000

Public Safety		
Fire Station/EMS Facility	\$700,000	
Fire Boat	100,000	
Emergency Medical Response	500,000	
Aerial Apparatus	250,000	
Other Safety Equipment	<u>10,000</u>	
TOTAL PUBLIC SAFETY		\$1,560,000

Infrastructure Improvements:		
Wastewater Plant Upgrade	\$500,000	
Wastewater Plant Building	300,000	
Sludge Truck	60,000	
Potable Water Reservoir	500,000	
Water System Upgrade (Looping)	500,000	
Water Reservoir Expansion	300,000	
High Speed Internet	500,000	
Fire Flow Capacities Upgrade	<u>200,000</u>	
TOTAL INFRASTRUCTURE		\$2,860,000

Public Facilities:		
City Beach Improvements	\$ 500,000	
Wetlands Rehabilitation	<u>500,000</u>	
TOTAL PUBLIC FACILITIES		\$1,000,000
TOTAL COSTS VIA URBAN RENEWAL INCREMENT:		\$8,120,000

NEWEST ESTIMATED DEVELOPMENT COSTS (2007):

2007 Estimated Costs:

Streets:		
Westgate Entrance from Highway 2:	\$1,300,000	
Turn lane Highway 2	500,000	
Street Repair and Paving	<u>900,000</u>	
TOTAL STREETS		\$2,700,000

Public Safety		
Fire Station/EMS Facility	\$575,386	
Aerial Apparatus	181,634	
Other Safety Equipment	<u>52,080</u>	
TOTAL PUBLIC SAFETY		\$ 809,100

Infrastructure Improvements:		
Wastewater Plant Upgrade	\$ 429,057	
Wastewater Plant (with MBR Conversion)	5,958,987	
Wastewater Phase II (Dewatering, Receiving)	3,705,896	
Water System Upgrade (including Looping)	<u>4,446,500</u>	
TOTAL INFRASTRUCTURE		\$14,540,440

Public Facilities:		
City Beach Improvements	\$ 500,000	
Wetlands Rehabilitation	<u>500,000</u>	
TOTAL PUBLIC FACILITIES		\$ 1,000,000

Rebate:		
Local Agency Budget Assistance		\$ 600,000

TOTAL COSTS VIA URBAN RENEWAL INCREMENT:	\$19,649,540
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COMPLIANCE ISSUES:

Conformance With State And Local Requirements

The proposed redevelopment as proposed in this plan conforms to the Comprehensive Plan for the City of Dover. This plan was reviewed by the Dover City Council, which acts as the City's Planning and Zoning Commission, stating that this plan is in conformity with the Dover Comprehensive Plan.

Property Acquisition

Pursuant to State Code Section 50-2008 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.

Disposition And Development Agreements

Owner Participation Agreements (OPAs) 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
 - 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 residential use
 - 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 by the Dover Bay developer.

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 Dover 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 Dover 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:

The limited commercial designation is found in the urban renewal plan area along Highway 2. 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 practically non-existent. 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 Dover Urban Renewal Plan and/or the City of Dover 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. Construction may be by the Agency independently, or in conjunction with any other public agency.

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 50-2008(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 Dover 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 (excepting schools). 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 few 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 Dover's situation, a developer will loan the agency the necessary startup funds, and he will also guarantee any bonds that are sold for the infrastructure improvements. A portion, or all of the funds advanced would be repaid by the agency pursuant to an agreement with the developer.

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 (usually 15 to 20 years).

Loans and Advances:

The URA may borrow funds for a project from the city or a lending institution. The drawback being the rate of interest. 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.

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, the Dover Bay developer will 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 DOVER BAY URBAN RENEWAL PROJECT AREA IS UNCHANGED FROM THE BOUNDARIES APPROVED IN 2005. PLEASE SEE THE DESCRIPTION IN THE PLAN ADOPTED THAT YEAR.

Affected Agencies

The following is a list of agencies which are affected by the “Dover Bay Urban Renewal Plan”.

1. City Of Dover
2. Bonner County
3. West Bonner Fire Protection District
4. Bonner County Road and Bridge
5. Pend Oreille Hospital District
6. East Bonner Library District
7. Bonner County Ambulance

Recent changes in Idaho tax law have (excepting urban renewal agencies and school districts) 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 was divided among the above-mentioned agencies in accordance to their respective agency’s property tax levy rates. As such, public agency budgets may be benefited by property taxes generated from new development via the formation of a Tax Allocation District for an Urban Renewal Agency.

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 shall 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 Dover Bay Plan, shall be performed by the URA and/or the City of Dover. The provisions of the Dover Bay 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 Dover 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 original date of adoption of this plan by the Urban Renewal Agency in 2005.
- 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 from the original date of adoption of this plan by the Urban Renewal Agency in 2005.

CHAPTER 10

PLAN AMENDMENT PROCEDURES

PLAN AMENDMENT PROCEDURES

The Dover 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 Commission (if one is by then formed) 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. Permitted land uses
3. Land Acquisition
4. Changes to plan objectives

CHAPTER 11
TAX FEASIBILITY STUDY

City of Dover

**Tax Allocation Feasibility Study
For
The Dover Bay Redevelopment Area**

January 2008

Tax Allocation Financing Feasibility Study For The Dover Bay Redevelopment Area

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Tax Allocation Feasibility Study For The Dover Bay Redevelopment Area

Executive Summary

The use of the Tax Allocation Financing Provision in the proposed Dover Bay 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 Dover Bay project, an investment expected to total \$254,600,000 over ten 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	\$2,809,100
Public Works	16,840,440
Total Project Costs	\$19,649,540

Source: City of Dover

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, 2005. 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 tax districts. However, the beneficiaries are taxpayers. With added revenues and a ceiling on increased spending, the result for taxpayers is a reduction in the levy rate and decreased taxes.

To determine the feasibility of a tax increment financing provision for improving the Dover Bay Redevelopment Area, the first task was to list all properties by parcel number. Then, for each parcel within the taxing area and 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 of the Dover Bay Project, as provided by the developer, Waterfront Property Management. Growth trends in the balance of the district not included in the Dover Bay 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 (except for the Lake Pend Oreille School 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 Dover 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 Bonner 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 \$3,123,959 is within the allowable ten percent of the total Dover City value of \$47,703,615.

A complete listing of parcels and their size is provided in Appendix 1.

Vacant Land

Within the redevelopment area there is a total of about 300 acres of undeveloped and vacant land. Most of this property is within the Dover Bay development and as such will be developed as residential property.

Planned Development and Infrastructure Extensions

Planned infrastructure development includes improvements to the west entrance to the City at Highway 2, extension of water and sewer lines into the Dover Bay development, 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

Nearly all of redevelopment area is residential. The Dover City Council has mandated that their city remain a “bedroom community” to the larger city of Sandpoint to the east. With this in mind, all of projected build out in the plan will be based on residential construction, as provided by the developer of the Dover Bay project.

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 Dover Bay Redevelopment Area.

The following table shows the timing projection by year.

TABLE 2
DOVER BAY REDEVELOPMENT AREA
DEVELOPMENT PROJECTION, 2007 TO 2029

Year	Valuation
2007	60,317,977
2008	118,000,000
2009	125,000,000
2010	130,000,000
2011	150,000,000
2012	180,000,000
2013	228,000,000
2014	258,000,000
2015	318,000,000
2016	358,000,000
2017	378,000,000
2018	388,000,000
2019	398,000,000
2020	408,000,000
2021	418,000,000
2022	428,000,000
2023	438,000,000
2024	448,000,000
2025	458,000,000
2026	468,000,000
2027	478,000,000
2028	478,000,000
2029	478,000,000
TOTAL	\$478,000,000

Source: Waterfront Properties Management

Private Sector Investment Potential

All of the previous projections of private sector investment (and market value) have been prepared for the build-out of the redevelopment area.

The developer, Waterfront Property Management, is 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.

It is further speculated that the Bonner County elected officials will continue to ensure that assessments are added to the tax roll as occupancy permits are issued. This will possibly enable the Agency to terminate the District earlier than the projected 2029 date.

Property Tax Generation

As investment occurs in the Dover Bay 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. Of course, as new infrastructure investment occurs in the area, the development rate will increase.

TABLE 3
DOVER BAY REDEVELOPMENT AREA
PROPERTY TAX GENERATION, 2008 TO 2029

Year	Taxes
2007	662,831
2008	1,431,948
2009	1,656,356
2010	1,686,041
2011	1,925,096
2012	1,921,931
2013	1,963,102
2014	1,958,357
2015	2,253,618
2016	2,430,142
2017	2,548,879
2018	2,608,248
2019	2,667,616
2020	2,422,235
2021	2,481,603
2022	2,540,970
2023	2,600,340
2024	2,659,709
2025	2,719,077
2026	2,778,446
2027	2,837,814
2028	2,837,814
2029	2,837,814
TOTAL	\$37,115,993

Tax Allocation Projection Calculation

The following projection is based on the projected growth rates described in the section above. Of course, these are merely projections and unanticipated changes in the area or economic growth rates can accelerate or slow down the estimates. However, they are made with the best available projections from the developer and the City of Dover.

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 4
LEVY RATES**

Taxing Entity	Rate \$1,000	Per
Bonner County	.002016642	
City of Dover	.000593685	
Bonner County Road/Bridge.	.000714862	
West Bonner Fire District	.000188392	
East Bonner Library District	.000400202	
Pend Oreille Hospital District	.000135540	
Bonner County Ambulance	.000290350	
Total	.004339373	

Source Bonner County Clerk

Coverage Ratio

The coverage ratio applied to the Dover Bay Urban Renewal Project's Tax Increment Revenues is 115%. 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

No value is added for personal property (equipment, fixtures, etc.). This property is also taxed and is subject to the tax increment but has been omitted from the projections to provide an added measure of margin.

School Payments

Tax law no longer assigns a percentage of new tax increment revenues to the school districts. Thus, for our projection no school payments are shown.

Determination of the Timing of the Required Incremental Tax Base

As development occurs within the Dover Bay 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 2008. Since taxes are not collected until the following year, the tax required to pay for bonds will be available in January, 2008. The table on the following page shows this anticipated growth and the amount of incremental taxes expected.

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 4.5%.

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 levy rates to remain level 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 Dover Bay 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 Dover 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 bedroom community to the City of Sandpoint to the east, Dover 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 Dover, a suitable area where public investment in infrastructure can enhance residential growth and a positive financial outlook for application of Tax Increment Financing, the Dover Bay Redevelopment Area is a good candidate for use of this financing method.

Appendix 1

BASELINE PROPERTY TAX GENERATION , 2008 TO 2029

<u>Year</u>	<u>Taxes</u>
2007	662,831
2008	1,431,948
2009	1,656,356
2010	1,686,041
2011	1,925,096
2012	1,921,931
2013	1,963,102
2014	1,958,357
2015	2,253,618
2016	2,430,142
2017	2,548,879
2018	2,608,248
2019	2,667,616
2020	2,422,235
2021	2,481,603
2022	2,540,970
2023	2,600,340
2024	2,659,709
2025	2,719,077
2026	2,778,446
2027	2,837,814
2028	2,837,814
2029	<u>2,837,814</u>
TOTAL	\$37,115,993

Appendix 2

DEBT SERVICE SCHEDULE, MARGINS AND DISCOUNTS

<u>Year</u>	<u>Principal/Int.</u>
2007	0
2008 (\$8,000,000)	360,000
2009	685,223
2010	734,222
2011	751,766
2012 (\$8,000,000)	1,280,955
2013	1,049,247
2014	1,305,519
2015	1,489,122
2016	1,827,387
2017	2,051,450
2018	2,161,517
2019	2,214,496
2020	2,267,188
2021	2,319,574
2022	2,443,354
2023	0
2024	0
2025	0
2026	0
2027	0
2028	0
2029	0
	<hr/>
TOTAL	\$22,911,020

0

Loan Amounts (2) \$8,000,000
Interest Rate 4.5%
Term (Years) 10
Present Val. Disc 3%
Debt Service
Margin 15%
Balloon Payment Possible

Appendix 3

TAXING DISTRICT PROJECTIONS

Tax Increment Available for Districts after Bond Retirement

<u>Year</u>	<u>2029</u>
Tax Increment for Districts	1,935,576
TIF Revenue By District	
Bonner County	963,955
Bonner County Road/Bridge	341,704
City of Dover	283,781
West Bonner Fire District	90,051
East Bonner Library District	191,297
Pend Oreille Hospital District	64,788
Total	1,935,576

Note: This additional tax revenue may not be available without the Tax Increment Financing Project. This projection assumes the bonds are retired as soon as funds are available in 2029, or sooner.

Appendix 4

TOTAL FINANCIAL PROJECTION

**DURA - HISTORY OF FUNDING PROJECTS
FROM THE 2008 AMENDED PLAN, ADOPTED BY COUNCIL IN FEBRUARY 2008**

USES OF FUNDS	2008 PLAN ADOPTED	ACTUAL COST INCURRED	PAID 9/19/2008	PAID 11/08/2008	PAID 3/31/2011	PAID 3/23/2014	OTHER - FROM	PROJECTS REMAINING	USES OF FUNDS
			BOND SALE	CAP FEES	BOND REFINANCE	BOND REFINANCE	OPERATIONS		
STREETS									STREETS
Westgate Entrance	\$ 1,300,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000.00	Westgate Entrance
Turn Lane Hwy 2	500,000.00							500,000.00	Turn Lane Hwy 2
Street Repair, etc.	900,000.00							565,952.56	Street Repair, etc.
TOTAL	\$ 2,700,000.00	\$ -	\$ -	\$ 334,047.44	\$ -	\$ -	\$ -	\$ 2,365,952.56	TOTAL
PUBLIC SAFETY/REBATE TO CITY									PUBLIC SAFETY/REBATE TO CITY
Fire Station	\$ 575,386.00	\$ 573,871.86	\$ 573,871.86	\$ 25,762.33	\$ -	\$ -	\$ -	\$ (24,248.19)	Fire Station
Rebate (\$30k/Year)	600,000.00						240,000.00	360,000.00	Rebate (\$30k/Year)
Aerial Apparatus	181,634.00	165,000.00	165,000.00					16,634.00	Aerial Apparatus
Other (Start up Cost of the URA)	52,080.00	81,272.19	54,155.46	1,354.40				(3,429.86)	Other (Start up Cost of the URA)
TOTAL	\$ 1,409,100.00	\$ 820,144.05	\$ 793,027.32	\$ 27,116.73	\$ -	\$ -	\$ 240,000.00	\$ 348,955.95	TOTAL
WASTEWATER									WASTEWATER
Phase 0									Phase 0
Data Logger	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00	Data Logger
Transducers	20,057.00							20,057.00	Transducers
Trans Install	5,000.00							5,000.00	Trans Install
System Maintenance	400,000.00							400,000.00	System Maintenance
TOTAL	\$ 429,057.00	\$ -	\$ 429,057.00	TOTAL					
Phase I									Phase I
Convert SBR	\$ 219,018.00	\$ 219,066.17	\$ 219,066.17	\$ -	\$ -	\$ -	\$ -	\$ (48.17)	Convert SBR
New Aerobic Digester	792,452.00	792,451.60	792,451.60					0.40	New Aerobic Digester
New Lab, Storage Fac	336,078.00	336,078.14	336,078.14					(0.14)	New Lab, Storage Fac
MBR Conversion	3,118,585.00	2,586,228.45	2,586,228.45					532,356.55	MBR Conversion
Site Work	847,514.00	847,513.52	847,513.52					0.48	Site Work
Mobilization	77,518.00	77,518.00	77,518.00					-	Mobilization
Engineering	567,821.00	712,497.64	348,116.80	364,380.84				(144,676.64)	Engineering
Interest to DBD		448,550.34		448,550.34				(448,550.34)	Interest to DBD
TOTAL	\$ 5,958,986.00	\$ 6,019,903.86	\$ 5,206,972.68	\$ 812,931.18	\$ -	\$ -	\$ -	\$ (60,917.86)	TOTAL
Phase II									Phase II
SBR Tank Expansion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	SBR Tank Expansion
Second Aer Digester	-							-	Second Aer Digester
Septage Screen & Rec	1,178,468.00							1,178,468.00	Septage Screen & Rec
Sludge Dewatering Fac (Geo Bags)	2,156,138.00						70,000.00	2,086,138.00	Sludge Dewatering Fac (Geo Bags)
Bldg over SBR	-							-	Bldg over SBR
Vehicle Storage Facility	371,291.00							371,291.00	Vehicle Storage Facility
TOTAL	\$ 3,705,897.00	\$ -	\$ 70,000.00	\$ 3,635,897.00	TOTAL				
WATER									WATER
Design of Water Treatment Plant	\$ 613,303.00	\$ 238,117.55	\$ -	\$ -	\$ 238,117.55	\$ -	\$ -	\$ 375,185.45	Design of Water Treatment Plant
Treatment Plant Improvements	1,545,500.00							1,545,500.00	Treatment Plant Improvements
Storage Improvements	607,750.00	403,132.87			69,085.43			538,664.57	Storage Improvements
Intake System	517,500.00	295,924.32			295,924.32		22,568.55	199,007.13	Intake System
Looping	536,165.00	536,165.00			536,165.00			-	Looping
Fire Flow Capacities	226,282.00							226,282.00	Fire Flow Capacities
Treatment Plant 2005	400,000.00							400,000.00	Treatment Plant 2005
Interest to DBD - to Sept. 2008		111,221.32			111,221.32			(111,221.32)	Interest to DBD - to Sept. 2008
Interest to DBD - to March 2011		73,404.49			73,404.49			(73,404.49)	Interest to DBD - to March 2011
TOTAL	\$ 4,446,500.00	\$ 1,657,965.55	\$ -	\$ -	\$ 1,323,918.11	\$ -	\$ 22,568.55	\$ 3,100,013.34	TOTAL
PUBLIC FACILITIES									PUBLIC FACILITIES
City Beach	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00	City Beach
Wetlands Rehab	500,000.00							500,000.00	Wetlands Rehab
TOTAL	\$ 1,000,000.00	\$ -	\$ 1,000,000.00	TOTAL					
Less: Bike Path Credit		(18,461.60)			(18,461.60)				Less: Bike Path Credit
Less: Order of Payment #4 Paid		(111,221.32)			(111,221.32)				Less: Order of Payment #4 Paid
Less: Orders of Payment #5 and #6		(150,000.00)			(150,000.00)				Less: Orders of Payment #5 and #6
Interest to March 31, 2011 to DBD		164,036.82			164,036.82				Interest to March 31, 2011 to DBD
Advance from DBD at Closing		145,000.00				145,000.00			Advance from DBD at Closing
TOTAL CAPITAL COSTS	\$ 19,649,540.00	\$ 8,527,367.36	\$ 6,000,000.00	\$ 1,174,095.35	\$ 1,208,272.01	\$ 145,000.00	\$ 332,568.55	\$ 10,789,604.09	TOTAL CAPITAL COSTS
BALANCE DUE- DBD	\$ -	\$ 8,527,367.36	\$ 2,527,367.36	\$ 1,353,272.01	\$ 145,000.00	\$ 0.00	\$ 0.00	\$ 0.00	BALANCE DUE- DBD
PROJECT BALANCE AVAILABLE	\$ 19,649,540.00	\$ 11,122,172.64	\$ 10,789,604.09	\$ 10,789,604.09	PROJECT BALANCE AVAILABLE				