THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

2010 Annual Report

Introduction

This annual report is a companion piece to the fiscal year 2010 audit (Oct. 1, 2009 to Sept. 30, 2010) which was completed March 22, 2011. As a companion piece, this report only reports on those activities completed by Sept. 30, 2010.

In Fiscal Year 2010, Twin Falls Urban Renewal Agency (TFURA) accomplished:

- Approved a 5-year strategy to guide its activities.
- Leased its call center building to C3 Connect which created 850 jobs
- Provided parking space for a new St. Luke's back office in Old Town, consolidating 110 jobs that helps downtown merchants. Participated with the City on a community development block grant to make major improvements in Old Town in support of this project.
- Provided funds to Preservation Twin Falls for continued improvements to the Old Town Grain Elevator and Park.

Following the 2010 accomplishments section are a history and summaries of ongoing projects in the urban renewal district #4 – both job creation and downtown development.

ORGANIZATION

The City of Twin Falls Urban Renewal Agency (TFURA) was originally created in 1965 to utilize HUD funds to redevelop portions of Main Avenue and Shoshone Street. In 1988 the Agency formed its first Revenue Allocation Area (RAA) to assist Universal Frozen Foods (now Con-Agra) and Henningsen Cold Storage with multi-million dollar expansions.

Twenty-two years later Twin Falls has one urban renewal district (#4) and two RAAs – 4-1 which encompasses portions of Old Town and Twin Falls industrially-zoned area and 4-2 which includes the 176-acre Jayco Industrial Park.

TFURA Board of Directors, who serve two 3-year terms, is comprised of seven individuals, appointed by the Twin Falls City Council:

Gary Garnand, Chair
Tom Frank, Vice-Chair
Cindy Bond, Secretary
Larry Hall
Bill Koch
Bob Richards
Leon Smith

Trip Craig, liaison from the City of Twin Falls City Council
Tom Mikesell, liaison from the Twin Falls County Commission

Administrative services for TFURA are provided by contract with the City of Twin Falls. Melinda Anderson, the City's Economic Development Director has been assigned to be TFURA's Executive Director. Trudi Nutile, Administrative Assistant, and numerous other City employees in various departments also provide assistance. Fritz Wonderlich, counsel for the City, also serves as TFURA's counsel. In addition, TFURA hires outside professionals from time to time as needed.

The Agency's redevelopment role consists primarily of helping job creation through providing infrastructure assistance for new industrial development and downtown revitalization. In addition it has purchased property in Old Town to offer for redevelopment as well as a call center it has leased to C3.

Fiscal Year 2010 Accomplishments

Five-Year Strategy

In January TFURA's board approved a formal strategy that focuses on both job creation and downtown redevelopment. The board expects that its activities will be guided by this strategy and to review it periodically. Highlights are: explore a new waterline to serve SE Twin Falls, hire expert assistance for downtown redevelopment, create a new website, and improve communications with Twin Falls residents and businesses.

Call Center

In September 2009, Dell Computer announced it would close its Technical Support Center in Twin Falls affecting 500 employees and all of Magic Valley. When Dell closed the end of January 2010, TFURA acquired the building for less than $770,000 for a building (including the furniture, furnishings and equipment), and parking lot valued at over $5 million dollars. In addition, Dell still has 100 employees working remote from home in our community.

By June TFURA signed a 5-year lease with C3Connect who had hired 850 employees by November! Because TFURA had a plug 'n play facility it was able to very quickly turn around a regional disaster into a huge win for all. TFURA will receive $385,380 rental income annually which covers its costs. C3 is a business process organization that provides customer service, technical support, and additional services to clients in many business sectors. Twin Falls was their first North American site and is used as a showcase to woo new clients.

Old Town Transformation

During the past few years TFURA has purchased property in Old Town in preparation for redevelopment. This has included demolishing dilapidated structures, assessing possible environmental damage, and rehabilitating an adjoining street. In 2009 a private investor group purchased the old Crum Building in Old Town and leased it to St. Luke's Magic Valley Regional Medical Center for their Patient Financial Services group.

Before – Crum Building

After – St. Lukes PFS

The owner invested close to a $1 million to rehabilitate both the interior and exterior of the building and transformed it from a utilitarian warehouse to a handsome office building. St. Luke's has relocated 110 employees to this site which helps the downtown retail, restaurants, boutiques, and entertainment establishments immensely.

In addition, the City was awarded a $498,000 Community Development Block Grant to improve the rest of the block and adjoining area: new public parking lot, new water line, sidewalks, landscaping, attractive lighting, and a paved alley. That will be completed in October 2010.

TFURA will be submitting a Request for Proposal in preparation to demolish the former Red's Trading Post on Shoshone St. In 2008 TFURA purchased the site as part of its 4-block redevelopment strategy (the Crum block is also part of redevelopment area). The building is in such poor shape and has been deemed to be structurally unsound that the TFURA board feels it has no choice but to demolish and draft both short- and long-term concepts to develop it. As the site is on one of downtown's major intersections, it will be important that we don't leave it a vacant site indefinitely. Staff has marketed the concept of work space, mixed-used development, and housing for this and other TFURA-owned properties in Old Town.

Urban Renewal District #4

As mentioned in the introduction Twin Falls URA has just one district - #4. Within that district there are two separate RAAs (Revenue Allocation Areas). Below is a short history of those two RAAs.

Revenue Allocation Area 4-1

RAA 4-1 was created in 1998 and stretches from Old Town south to Con-Agra and east along the railroad to include the Eastland Industrial area. As mentioned earlier Con-Agra (then Universal Frozen Foods) was TFURA's first big project in 1989. From there TFURA has assisted Solo Cup, Seastrom Manufacturing, Jayco RV, and other businesses to expand by providing help with public infrastructure.

Solo Cup

In those 20+ years TFURA has helped businesses in Twin Falls invest over $50 million dollars into their business and created thousands of jobs. Those businesses we have helped have in turn help grow hundreds of new jobs in secondary businesses and created $ millions of new development.

On August 1, 2005 TFURA refinanced debt and issued a bond for $7,735,000 to be paid off in 2022. TFURA has not issued another bond since then.

Revenue Allocation Area 4-1(cont'd)

Downtown Revitalization

TFURA was organized in 1965 to take advantage of HUD funds that were then available for downtown rehabilitation & curing slum & blight. Twin Falls used those funds to help create new parking lots, improve roads, streetscaping, and lighting as well as install a new community fountain on Main Ave.

Over the years TFURA has invested millions in cooperation with private property owners who renovated or expanded their downtown & Old Town sites.

TFURA purchased two properties in Old Town (2007 & 2009) and financed the purchases with private notes from the sellers. Those will be paid off in 2012 and 2019 respectively.

Corner – Main and Shoshone

TFURA and the City have worked with downtown revitalization consultants since 1995. These collaborations have produced innovative concepts that the City and TFURA have implemented. Examples are Hansen Street redevelopment, improvements to Shoshone Street, landscaping master plan, and St. Luke's financial services office relocating to Old Town.

Revenue Allocation Area 4-2

Jayco RV

RAA 4-2 was created in 2007 and incorporates 177 acres in southeast Twin Falls along Hankins Road. Jayco RV outgrew their original building shortly after they located in Twin in early 2005 and created a brand new industrial park.

To help Jayco create this new park, TFURA invested just $575,000 to pay for a portion of Eldridge Road that runs through the park. That investment has led thus far to a $9 million private investment and more than 200 jobs. We expect that at build out, there is likely to be an additional $50 million in private investment.

Virtual Building Program

To assist with one aspect of our mission – job creation – TFURA utilized a site within the Jayco Industrial Park and created a virtual building program. TFURA now has a partial permit to construct a 30,000 square foot manufacturing shell. This proactive program helps Twin Falls compete with other communities that have empty buildings ready to go. This cuts the planning time to less than two months. The concept to the left is what that building could look like. This program not only cuts the planning time and cost significantly, it also is customizable giving business owners flexibility to fit the building to their needs.

SUMMARY OF 'INCREMENT VALUE'
URBAN RENEWAL DISTRICT RAA #4-1 and #4-2

According to Twin Falls County Assessor's office the 2009 assessed value for the two RAAs combined is $219,516,919. The increment value for both RAAs is $144,120,056. Without TFURA assistance that enabled private investment the combined assessed value would likely be less than $100,000,000.

Once the two RAAs sunset, RAA 4-1 in 2022 and RAA 4-2 in 2017, all of the tax increment that currently goes to TFURA to pay for improvements it has made will revert back to the County taxing districts which are a part of City of Twin Falls.

The TFURA received $2,066,978 in property tax revenue for FY 2010. Total liabilities for FY 2010 are $8,444,227 (short- and long-term).

Legal Requirements and Additional Documentation

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body an annual report of its activities for the preceding fiscal year. This will include an annual audit of the Agency's financial statements.

The Agency received a report dated February 7, 2011 of its audited financial statements for Fiscal Year 2010. This report identifies the Agency's assets, liabilities, income and expenses through September 30, 2010.

The Agency is required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its FY 2010 budget on August 9, 2010 after a public hearing. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Twin Falls. Copies of the budget are available through the Agency's offices, on the City's website, or the City Clerk.

Attached to this report is the full 2010 audit provided by HCMHolmstead.