THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

2011 Annual Report

Introduction

This annual report is a companion piece to the fiscal year 2011 audit (Oct. 1, 2010 to Sept. 30, 2011) which was completed December 12, 2011. As a companion piece, this report reflects on those activities completed by Sept. 30, 2011.

In Fiscal Year 2011, Twin Falls Urban Renewal Agency (TFURA):

- Utilized about $80,000 of former Business Improvement Funds for downtown property façade matching grants.
- Began construction of a 1.5-mile, $2 million water line to enable redevelopment of industrial property in that part of the City.
- Contracted with Mark Rivers of Boise-based Brix & Company to spearhead the Agency's downtown revitalization efforts. Mark was instrumental in establishing a Friday night Farmer's Market on Main Ave., has reviewed URA properties, and has contacted dozens of local service providers to gauge their interest in a downtown location.
- Hired MSVM after a regional search to develop the Agency's first website, www.twinfallsid.biz.

Following the 2011 accomplishments section is 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-three 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
Leon Mills, 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 noted.

The Agency's redevelopment role consists primarily of 1) helping job creation through providing infrastructure assistance for new industrial development and 2) downtown revitalization. In addition it has purchased property in Old Town to offer for redevelopment.

Fiscal Year 2011 Accomplishments

Five-Year Strategy

In January 2010 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.

Strategy Update

- BID façade grant program – In December 2010 the City Council transferred the remaining funds from the defunct Business Improvement District to TFURA and asked the Agency to utilize the funds as a grant match for downtown property owners to use for improving the building facades. By September 30, 2011 13 owners had been granted ~$80,000 to improve their facades and many had completed projects by then.
- SE Twin Falls waterline – TFURA hired JUB Engineering to design the new 24" waterline and new pumps to serve the southeast section of Twin Falls. Without the new waterline, the City of Twin Falls would be unable to issue building permits for any new buildings over 30,000 square feet due to fire safety issues. As the market for industrial sites is generally between 50,000 and 400,000 square feet, Twin Falls was unable to compete successfully for new or expanding industrial projects. In June 2011, TFURA board approved the construction bid of Irminger Construction, as the lowest, qualified bid. By mid-July that new waterline had already showed promise of a new industrial project that would come to fruition in the next fiscal year. The line was completed in Fall 2011.
- Brix & Co. – In January 2010 TFURA hired Mark Rivers of Brix & Co., to help it with its downtown revitalization mission and create a spark of energy for downtown. Mark contacted local service providers to determine their near-term needs for new office space and assess their interest in locating downtown. He brought retailers from Treasure Valley who are in a position to expand to Twin Falls and showed various properties. Mark has worked with TFURA on potential new development projects that may come to fruition in 2012. Mark started the downtown Friday Night Farmer's Market on Main Avenue that ran from mid-May to mid-October. Merchants downtown praised the effort as something that helped bring traffic downtown. Mark made

recommendations to improve the outdoor kiosks and the new artwork livened up the street.

- TFURA hired MSVM to develop a new website that would provide information to the citizens of Twin Falls and others about TFURA's mission, its activities, and projects. It will also be used to help promote Twin Falls to new development projects and job creation. It was completed in Fall 2011.

JOB CREATION

Call Center

Less than 6 months after TFURA acquired the 680-seat Dell call center in January 2010 for less than $770,00 (including all furniture and equipment) the Agency signed a 5-year lease (with a 5-year extension) with C3 Connect, a Florida-based BPO company. By November 2010, C3 had hired ~900 employees to work with two health insurance clients.

C3 now has nine other North American centers with Twin Falls as its 2nd largest and highest performing.

TFURA covers the maintenance and repair expenses with the lease income it receives from C3.

Economic Development Marketing

Due to the new water line that TFURA is installing, the City has been able to market the Jayco Industrial Park and other sites in the SE part of the City to 3 companies that have expressed interest in expanding to Twin Falls. Without that waterline, no companies would have expressed any interest in Twin Falls.

DOWNTOWN REDEVELOPMENT

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 ~$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 was completed in October 2010. TFURA owns the public parking lot behind St. Luke's along with the rest of the block not owned by St. Lukes.

In late 2010 TFURA demolished the former Red's Trading Post (after purchasing it in 2008) as it was deemed to be structurally unsound. It was unfortunate both due to the site being on one of downtown's major intersections and its historic nature. Because it sat right on the sidewalk line TFURA was concerned if it collapsed it posed real danger to both life and other property damage. Staff is working with Mark Rivers to develop the concept of work space, mixed-used development, and housing for this and other TFURA-owned properties in Old Town.

Kruzer's

TFURA purchased this site in 2009 when the former occupant, Kurt Kruzer, closed the nightclub. The Agency is working to rehabilitate the immediate neighborhood into more mixed use – office space, studio space, retail, housing, dining – and realized this would be a prime piece to help with those efforts.

At the end of the fiscal year the Agency, along with Mark Rivers, was working with a local company to build a 50,000 square foot new headquarters and R&D center on this half block. That negotiation is expected to close in FY 2012.

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.

Additional Old Town Properties owned by TFURA

- 242 2nd Ave. So – vacant brick warehouse that could work well as retail, studio space, incubator or other use.
- 5th Ave. So and Shoshone St – 1,250 square foot patch that would be great for a multi-story office building. A public parking lot owned by TFURA adjoins this site and also serves another office building on the same half-block.
- 4th Ave. S. between Shoshone and Hansen Streets. – a small old garage and vacant land that could be turned into a pocket park for use by the employees and residents in the neighborhood.
- Idaho Street between 3rd and 4th Ave. So – two vacant lots that may be used as new public parking for a proposed new headquarters site.

TFURA board members and staff are working with Mark Rivers to market these sites for redevelopment.

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 2010 assessed value for the two RAAs combined is $_____. The increment value for both RAAs is $_____. 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 $2,173,508 in property tax revenue for FY 2011. Total liabilities for FY 2011 are $7,278,966 (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 December 12, 2011 of its audited financial statements for Fiscal Year 2011. This report identifies the Agency's assets, liabilities, income and expenses through September 30, 2011.

The Agency is required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its FY 2011 budget on August 8, 2011 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 FY 2011 audit provided by HCMHolmstead.