



**Joint Workshop of the
KETCHUM URBAN RENEWAL AGENCY
and the
KETCHUM COMMUNITY DEVELOPMENT CORPORATION
December 5, 2012 - 12:00 Noon
Ketchum City Hall, 480 East Avenue N., Ketchum Idaho**

KETCHUM URA
Commissioners present: **Chairman Mark Eshman**
Vice-Chairman Trish Wilson
Commissioner Michael David (also CDC member)
Commissioner Randy Hall
Commissioner Jim Slanetz (also CDC member)

KETCHUM CDC
Board Members present: **Executive Director Jon Duval**
Neil Bradshaw
Lisa Horowitz
Charles Friedman

Also present: **Executive Director Gary Marks**
Blaine County Housing Authority Executive Administrative David Patrie
Walkable Ketchum Project Manager Dale Bates
Minutes written by Ketchum Recording Secretary Sunny Grant

1. Chairman Mark Eshman called the meeting to order.

2. Introduction and KURA 101

Ketchum City Administrator Gary Marks said urban renewal is the process whereby neighborhoods or certain areas are improved or rehabilitated by demolishing old and rundown buildings, installing new infrastructure and other community improvements, building new affordable housing, building public facilities, remodeling/reinvigorating underutilized areas, attracting or retaining businesses, promoting job creation, etc.

Urban renewal agencies do *not* utilize income tax dollars, business taxes other than property taxes, or use tax dollars to subsidize private enterprise.

In Idaho, cities create an urban renewal agency by ordinance. Once created, the URA is a separate entity from the city that created it, governed by a Board of Commissioners appointed by the Mayor and ratified by Council.

Most URAs are funded by tax increment financing. Tax Increment Financing (TIF) is based on a revenue allocation area (a Tax Increment District), which is a district within the boundaries of the city and is limited to not more than 10% of the city's assessed valuation. TIF is limited to 24 years in Idaho. The assessed value prior to creation of a Tax Increment District includes the value of the property's tax rates of all underlying districts (city, county, school district, etc.) on the property. Once the TIF mechanism is in place, the Tax Increment District becomes a "frozen base" or "frozen assessment" and is valued at the total taxes of all the districts it is in. Any increased property value added in the 24 years is captured by the Tax Increment District and is taxed by the Urban Renewal Agency. TIF doesn't cost the taxpayer anything. TIF is limited to improvements within the TID, although sometimes infrastructure is added within the district to facilitate development outside the district.

In most states, when the Tax Increment District sunsets, the increased property value remains and the existing districts see a windfall. In Idaho, local jurisdictions are limited to a 3% increase in their property tax levy over the highest levy in the past three years.

The URA uses TIF revenue for urban renewal improvements. Since the Ketchum URA was created in 2006, Ketchum has created a Downtown Master Plan, provided almost half the funding for the Fourth Street Heritage Corridor, purchased property that has become the Town Plaza and Visitors Center/Starbucks Coffee, and purchased the property at 211 First Street East. Properties purchased total about \$2 million. In the past two years, property values have grown at least 5%, and, at the same time, a blighted area has been renewed and has new property value. If a TID property value decreases down to the frozen base amount, the existing taxing districts collect a flat amount and the KURA collects nothing. Even when property value has decreased, counties in Idaho can increase their levy rate by a maximum 3%, and realize increased revenue.

URA properties are not subject to property taxes. If Ketchum had not created a URA, the property tax revenue would be going to the County and underlying districts on the property.

The KURA was created with the certain anticipation that Ketchum property values will increase over the next two decades. A KURA pro forma analysis before the sub-prime crisis in 2008 included eventual revenue from Warm

Springs, Bald Mountain Lodge,, and annexation of River Run. A recent URA revenue update did not include these three properties, but did assume a 3% annual property value increase plus a 2% property value increase from growth and/or new properties coming on line, and predicted over \$100 million to the URA over the remaining 20 years left in the lifespan of the KURA.

Ketchum's city budget is primarily focused on managing operations and maintenance of city functions. Capital improvement projects are limited by Ketchum's financial and employee resources, with some help from the Local Option Tax.

The **Ketchum CDC**, funded through the Local Option Tax, is a non-profit 501(c)(3) that manages a wide range of community projects leveraging off unpaid volunteers who are experts in certain areas.

The **Ketchum URA** is a quasi governmental agency. URAs have been established all over the country since 1965, to remedy all types of blighted areas, including rural areas. The URA's job is to manage tax increment money and fund projects created by the CDC and public input. Ketchum's Capital Improvement Plan has identified needed projects for the KURA to consider; and the KURA has invited people to today's meeting for additional new ideas.

Citizens expressed concern about bonding to do projects and paying huge amounts of interest vs. the benefit of doing projects now while costs are lower. This meeting is to get the priorities of the public, which includes when to do the projects.

3. New Ideas and Voting on Priorities

Projects were categorized into the following:

- infrastructure improvements
- diverse housing options
- mobility transportation, and
- parks, recreation and open spaces.

Attendees circulated around the room, indicating which projects and ideas were their individual priorities.

4. Adjourn

Meeting ended at 1:10 p.m.


MARK ESHMAN,
Chairman

ATTEST:


SANDRA E. CADY, CMC
Secretary/Treasurer