



# Dover Urban Renewal Agency

## Annual Report 2021

March, 2022

## **Organization of Dover Urban Renewal Agency (DURA)**

The Dover Urban Renewal Agency (DURA) was established by the Mayor and City Council of Dover on April 14, 2005. Subsequently the Mayor and Council adopted the Dover Urban Renewal Plan and approved the City of Dover urban renewal area on November 10, 2005 by ordinance. In 2008, the Mayor and City Council amended the 2005 Urban Renewal Plan and the boundaries of urban renewal area and extended the life of the urban renewal area to 2029 by ordinance.

DURA is charged with implementing the 2008 Amended Dover Urban Renewal Plan and funding the construction of publicly owned infrastructure. In 2021, the following individuals served on the Board of Commissioners of DURA:

Bill Strand, Chair  
Jim Haynes, Vice-Chair  
Mike Mooney, Treasurer  
Merlin Glass

Annie Shaha served on the Board until her resignation in May, 2021.

William Herrington, Herrington and Associates, PLLC, serves as legal counsel to the Agency. Practical Accounting Solutions provided bookkeeping services in 2021, and administrative services were provided by Renee Magee after March, 2021. Prior to March and since the conception of the Agency, John Austin and the Panhandle Area Council provided administrative and bookkeeping services. Accounting services in late 2021 were provided by Greg Mann, CPA, Mann&Stanke.

## **Idaho Urban Basics**

Urban renewal agencies in Idaho are governed by the Idaho Urban Renewal Law of 1965, Title 50, Chapter 20, Idaho Code and Local Economic Development Act, Title 50, Chapter 29, Idaho Code. The Law of 1965 reflects the influence of the federal urban renewal program which lasted from 1949 to 1974. Initially the federal program was to renew deteriorated portions of central cities by clearing slums and rebuilding with new housing. The federal program evolved into clearance to assemble land for moderate and low-income housing, downtown redevelopment, and industrial development. When the federal program was eliminated by Congress in 1974, communities lost funding for their urban renewal programs.

Tax increment financing then became the single most important source for redevelopment in many states. In 1988, the State of Idaho authorized tax increment financing as a tool for economic development for local governments. The purpose of Local Economic Development Act is to raise revenue to finance economic development of urban renewal areas. A portion of the property taxes is to be used for a limited period of time to finance urban renewal plans, encourage private development, and finance needed public improvements. The portion of property taxes to be used by an urban renewal agency is the portion generated by new development in the urban renewal area (URA). Within the URA, a tax allocation area is created, and a base assessment roll is established equal to the assessment roll for all taxable property on

January 1 of the year in which the urban renewal plan is adopted (2005 for Dover). The property taxes from this base assessment roll are distributed to existing taxing entities. The tax revenues from new development, with certain exceptions such as school levies and voter approved bonds after 2007, are allocated to the urban renewal agency to finance public investments.

To create an urban renewal area/tax allocation area, the urban renewal agency determines if a specified area is eligible under Idaho statutes. The central question is whether the proposed area is deteriorating/deteriorated. This finding is based on determining if the area meets such statutory criteria as inadequate or defective street layout; inadequate water, sewer and storm drainage utilities; deteriorating or deteriorated buildings and sites; faulty lot layout; unsanitary or unsafe conditions; or a combination of such factors which retard development.

If an agency determines the area under study has one or more characteristics listed in the statutes, the agency requests the City Council consider its findings. No urban renewal area can be established unless the Council adopts a resolution finding the area under consideration is deteriorating or deteriorated, the redevelopment of the area is necessary for the welfare of the residents, and the area is appropriate for an urban renewal project. The resolution of the Council authorizes the agency to prepare a plan for an urban renewal area. The plan, among other requirements listed in the statutes, is to include a list of proposed publicly owned improvements, estimated project costs, sources of funding which may include bonding and loans, and a termination date.

Once the plan is prepared by the agency, it is forwarded to the City Council. The Council forwards the plan to the planning commission for a determination that the urban renewal plan conforms to the city's comprehensive plan. Once the finding of the planning commission is received, a public hearing is scheduled and a notice of the hearing is published. The draft plan is sent to all taxing entities. The Council must approve an urban renewal plan by ordinance. If an ordinance is adopted, a copy of the ordinance with a legal description of the urban renewal area and map is to be distributed to all taxing entities and the Idaho State Tax Commission.

### **Dover's Amended Urban Renewal Plan of 2008**

By Ordinance No. 103, the Mayor and City Council of Dover adopted the Amended Dover Urban Renewal Plan and urban renewal area on March 13, 2008 after holding a public hearing on February 21, 2008. The 2008 plan listed \$19,649,540 in public improvements to be completed by the sunset of the urban renewal area in 2029. These public improvements included:

Fire station/EMS facility, aerial apparatus, safety equipment	\$ 809,100
Wastewater plant upgrades including Phase II	\$10,093,940
Water system upgrade	\$ 4,446,500
Westgate entrance, turn lane Highway 2, street repair and paving	\$ 2,700,000
Beach improvements, wetlands rehabilitation	\$ 1,000,000
Local agency budgetary assistance	<u>\$ 600,000</u>
Total estimated costs in 2007 dollars	\$19,649,540

It may not be realistic for DURA to finance over \$19 million in publicly owned infrastructure. Due to the length of time an urban renewal plan and accompanying feasibility study exists, the plan should be viewed with flexibility to respond to changing market and economic conditions. An urban renewal plan must include both estimated project costs and funding but it is very difficult to make accurate projections over a twenty-year time frame, especially when a major recession occurs. According to past audits and financial statements, DURA has received slightly over \$9 million in tax increment revenues through September, 2021. This amount of tax increment revenues is considerably less than the projections in the plan. Nevertheless, since 2005, the Agency has funded the following projects outlined in the 2008 Amended Urban Renewal Plan:

**PUBLIC INFRASTRUCTURE FUNDED BY DOVER URBAN RENEWAL AGENCY**

Street repair and paving	\$ 334,000
Fire station/EMS	\$ 575,386
Aerial apparatus and safety equipment	\$ 246,272
Wastewater treatment plan upgrade with MBR conversion	\$6,042,473
Wastewater treatment plant Phase II w dewatering/receiving	\$ 70,000
Water system upgrade	\$2,117,678
Rebate to City of Dover	<u>\$ 300,000</u>
<b>Total Funded</b>	<b>\$9,685,808</b>

The total spent on public projects exceeds Agency tax increment revenues. While the tax increment revenues are the largest source of income, the Agency has had other sources of revenues such as loans and bond proceeds.

DURA has issued bonds four times in its life. The first two issuances were to reimburse the developer for public improvements and the last two were to obtain lower interest rates:

Year	Amount	Purpose
2008	\$6,000,000	To reimburse the developer, Dover Bay Development, Inc., for the construction of the fire station, acquisition of fire equipment and completion of wastewater system improvements
2011	2011A \$5,557,106 2011B \$1,442,894	To reimburse Dover Bay Development for construction of public improvements, accrued interest, engineering fees, and advances by Dover Bay Development
2014	2014A \$5,240,233 2014B \$1,486,204	To refinance 2011 bonds, to fund a reserve requirement, and to pay for issuance of bonds
2016	2016A \$4,760,459 2016B \$1,354,729	To refinance 2014 bonds and to pay for costs of issuance

The payments on the 2016 bonds annually are \$549,596 with the final payments on the bonds due in 2030. The bond reserve requirement at 150% of the annual debt service is fully funded.

The remaining payments due on the 2016 bonds will total \$5,216,165 in 2030 if paid on schedule.

### **Fiscal Year 2020-21**

In the past few fiscal years, the tax increment revenues for the urban renewal area have exceeded the annual debt service, and DURA is finally able to pay for public infrastructure from its annual revenues and not incur additional debt. The tax increment revenues DURA received in the Fiscal Year 2020-21 totaled \$894,107. These 2021 revenues financed the bond payments as well as a reimbursement to the City of Dover in the amount of \$203,697 for upgrading the water treatment system<sup>1</sup>. This system upgrade included filter flow and water level monitoring, variable speed pumps for feeding the reservoir, improved chlorine and turbidity monitoring, increased security measures, and SCADA integration.

DURA also entered into a participation agreement in December, 2021, with the City of Dover to consider reimbursement of relocation expenses for the water intake panel not to exceed \$65,008. These expenses will be reimbursed upon review of invoices submitted by the City of Dover and final approval by DURA. DURA anticipates in the future it shall be able to assist Dover with additional upgrades as outlined in 2008 Amended Urban Renewal Plan from its cash balance.

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<sup>1</sup> This \$203,697 reimbursement to the City of Dover is included in the amount of \$2,117,678 outlined above.

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