Heyburn Urban Renewal Agency

2024 ANNUAL REPORT

December 31

2024

The Annual Report provides an opportunity for the Agency to update the City of Heyburn, the public, and its constituencies on activities undertaken by the Agency during the respective calendar year. The Agency holds an open public meeting to allow comment by the public on the contents of the Annual Report.

Activities of the Agency

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Outwest Policy Advisors

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Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body and the State of Idaho Controller's Office, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. Idaho Code, §§ 50-2006(5)(c); 67-1076 By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement would be limited to a report through the end of the agency's fiscal year.

Under an amendment to Idaho Code Section 67-450B adopted in 2009 and amended in 2019, an urban renewal agency is required to prepare certain audited financial statements as described in that section depending on the agency's overall expenditures. Agencies with expenditures that do not exceed $150,000 have no audit requirements. Agencies with expenditures between $150,000 and $250,000 are required to prepare audits on a bi-annual basis. Although the Heyburn Urban Renewal Agency ("Agency") expenditures have not exceeded these thresholds, the Agency has taken the position that it has a fiduciary duty to report the finances of the Agency in a transparent process. To this end, the Agency has engaged the auditing firm of Poulsen, VanLeuven, & Catmull, PA to examine the Agency's finances. The audited basic financial statements for Fiscal Year 2023 are attached hereto as Exhibit 3 and will be filed, with the State of Idaho Controller's Office as required by Idaho Code, §67-1076.

The budgetary process the Agency completed resulted in a budget approval that depicts budgeted figures for Fiscal Years 2022, 2023, and 2024. A copy of the approved budget for Fiscal Year 2024 is attached as Exhibit 1 to this report. A Year End Budget to Actual report for Fiscal Year 2024 is attached as Exhibit 2 to this report. Additionally, during the period covered by this report, the Agency prepared a proposed budget for Fiscal Year 2025 which began October 1, 2024, and ends September 30, 2025. A copy of this budget is available for review in the office of the City Clerk.

Under new reporting requirements set forth in Idaho Code § 67- 1076, the Agency must submit certain information to the Office of the State Controller by December 1, 2024, for the fiscal year 2024 period ending on September 30, 2024. The Agency did file this report prior to the statutory deadline of December 1, 2024. As a result of legislative changes in 2016, the Agency is also required to submit certain information to the Idaho State Tax Commission, which information has been submitted.

AGENCY BOARD MEMBERS, OFFICERS, CONSULTANTS AND SUPPORT STAFF

The Board saw minor change in its five-person membership this year. The following individuals served on the board for the period indicated:

Mark Williams	1/1/2024-12/31/2024
Leann Osterhout	1/1/2024-12/31/2024
Chris James	1/1/2024-12/31/2024
Pat Merrigan	1/1/2024–12/31/2024
Roy Belnap	1/1/2024-12/31/2024

Chris James served as Chair and Leann Smith served as Vice Chair. The Agency retained its contract with Outwest Policy Advisors for administrative services and pursuant to the by-laws, named Brent Tolman of Outwest Policy Advisors as Secretary\Treasurer.

Ryan Armbruster, Abbey Germaine, and Meghan Conrad of the law firm of Elam and Burke served as legal counsel.

AGENCY ACTIVITIES

The Agency's major activities during 2024 are addressed in the following categories:

- Northwest Heyburn Industrial Urban Renewal Area
- 208 Business Park Urban Renewal Area
- The Boulevard Urban Renewal Area
- Northgate Development Urban Renewal Area
- INH-Heyburn Urban Renewal Area
- Downtown Urban Renewal Area

Northwest Industrial Urban Renewal Area

The Heyburn City Council formally approved the Northwest Heyburn Industrial Urban Renewal Project Urban Renewal Plan on October 26, 2011, through Ordinance No. 541. The ordinance became effective upon publication on November 10, 2011. Ordinance No. 541 was amended by the Heyburn City Council to correct the legal description of the Northwest Heyburn Industrial Urban Renewal Project Urban Renewal Plan (the "Plan") on December 28, 2011 and became effective upon publication on January 2, 2012. The plan contemplated a total public infrastructure investment of $909,000. Water system improvements were contemplated at $238,000 with other public infrastructure contemplated at $671,000. In December of 2012, the Agency approved an additional $32,272.26 in improvements. Since that approval, the Urban Renewal Agency has commenced with the implementation of the Plan.

Major activities associated with this plan are the continued payments to the owner/developer of the Magic Valley Business Park project and to the City of Heyburn according to the Owner Participation Agreement and the City Promissory Note respectively.

On March 19, 2012, the Agency and Kenneth and Leanne Lebsack (Lebsack) entered into an Owner Participation Agreement (the Agreement) that addressed the Agency's participation in the funding of certain public improvements as set out in the Plan. Under the terms of the Agreement, as amended, the Agency has agreed to reimburse Lebsack an amount not to exceed $710,272.26 for public infrastructure authorized in the Plan. In 2012 the Agency disbursed an amount of $238,000 to Lebsack reflecting the costs of certain water improvements from funds advanced by the City of Heyburn. In 2015 the Agency subsequently authorized the issuance of a Note to Lebsack subject to verification of eligible activity. The Agency issued its Note in the amount of $507,297 bearing an interest rate at 5% beginning retroactive to January 23, 2013. The estimated unpaid principal amount for the Lebsack Note at the end of Fiscal Year 2024 was $328,320.46.

Separately, the Agency entered into a Memorandum of Understanding with the city of Heyburn for funding in the amount of $268,000.00 to cover the disbursement to Lebsack for the water improvements and to fund the Agency's administrative expenses. The Agency issued its note to the City on March 26, 2012, and the City accepted the note on April 25, 2012. The unpaid principal amount for the City Note at the end of Fiscal Year 2024 was $92,896.25.

The principal amounts will be confirmed in the audited financial statements. At the conclusion of the construction of the first facility built in this Revenue Allocation Area, the business requested a tax exemption from the Board of Commissioners for Minidoka

County. After taking public testimony, the Board of Commissioners approved a 25% property tax exemption for a period of five years. The final year of exemption was 2017 and the Agency received an increase in incremental tax revenue because of the termination of the exemption. The agency received $40,337.44 in incremental tax revenues in Fiscal Year 2023.

208 Business Park Urban Renewal Plan

In 2018 the Agency was approached by a group of local investors requesting approval of an urban renewal district at the site of the former Knudsen Industrial Subdivision. The group proposed the development of the 208 Business Park and requested assistance from the Agency to fund public infrastructure improvements. City Council held a public hearing on November 14, 2018 and subsequently approved the 208 Business Park Plan on November 28, 2018 through Ordinance 2018-604.

The required public infrastructure construction activities were completed in the project area in 2022 with the exception of the extension of 2nd Ave. Budget Truck Sales moved into their building in early 2020 and is the only building within the development at this time. Two additional lots were developed during the year and will begin contributing to the Agency revenues in the coming year.

The Agency entered into an Owner Participation Agreement (OPA) with the developers of the project, MBB Properties agreeing to reimburse the developer for certain costs, not to exceed $625,000 with no interest, associated with the public infrastructure improvements made within the project area. The Development Agreement between MBB Properties and the City of Heyburn required that 2nd Ave be extended to the adjoining property to the east. That extension has yet to be completed and the City has yet to accept any of the public improvements as substantially complete. Once all improvements are accepted by the City, the Agency anticipates issuing a reconciliation of costs document describing a "not-to-exceed" amount and will utilize incremental tax revenues to reimburse the developer. The Agency received $ $15,068.75 in incremental tax revenues in Fiscal Year 2024.

The Boulevard Urban Renewal Plan

In early 2018, the Agency was contacted by Terra Firma Development, LLC and asked to participate in a project that had been presented to the Agency previously in 2012. Initial efforts to pursue an urban renewal plan for this development stalled in 2012 after the Agency and City Council accepted and approved an initial eligibility report. Due to the lapse in time, the Agency requested an updated eligibility report be completed which was subsequently accepted by the Agency on June 25, 2018, and the City Council on June 27, 2018. The Developer requested that an urban renewal plan for *The Boulevard* be developed. On November 5, 2018, the Agency approved *The Boulevard Urban Renewal Plan* (the "Boulevard Plan") and submitted it to the City Council with a recommendation to approve the Boulevard Plan. The City Council held a public hearing and approved the Boulevard Plan on December 12, 2018, through Ordinance 2018-605. The Ordinance Summary and Legal Description of the Urban Renewal District and Revenue Allocation Area were published on December 27, 2018. The City adopted The First Amendment to The Boulevard Urban Renewal Plan on November 13, 2019, through Ordinance 2020-619.

Construction of sewer utilities began in late 2021 and continued into 2022 but have yet to

be completed. The Agency received $3,607.03 in incremental tax revenues in Fiscal Year 4

Northgate Development Urban Renewal Area

In 2022 Lightning Land and Development approached the City for a proposed development north of Interstate 84 and west of 500 W. The City then recommended the developers meet with the Agency to discuss potential eligibility for an urban renewal area. Following a presentation by the developers, the Agency authorized Outwest Policy Advisors to complete an eligibility study for an expanded area to include additional property contiguous to the proposed development. The Agency accepted the Northgate Urban Renewal Area Eligibility Report (the "Report") on August 8, 2022, by adopting Resolution 2022-5. The Report was forwarded to the City Council with a recommendation to find that the area is eligible for inclusion in an urban renewal project area. The City Council issued such finding on August 24, 2022, by adoption of Resolution 2022-4 and instructed the Agency to prepare an Urban Renewal Plan for the area. The Agency, through its consultant, proceeded to meet with developers and land owners in the proposed urban renewal plan area and identify the possible new developments and costs associated with the necessary public infrastructure to remedy the findings in the Report. This work will continued into 2023 with the anticipation that an urban renewal plan will be presented to the Agency and City Council for approval during 2024.

INH-Heyburn Urban Renewal Area

INH-Heyburn approached the agency during 2022 and requested consideration for an urban renewal area to encompass the general vicinity of Exit 211 on Interstate 84. On April 29, 2022 the Agency entered into an MOU for the funding of an eligibility study of the proposed project area with INH-Heyburn. The Agency instructed Outwest Policy Advisors to conduct the eligibility study. The Eligibility report was approved by the Agency on March 13, 2023. A portion of the study area does not lie within the city limits and thus required the Minidoka County Commissioners approval of the Eligibility Report. The County Commissioner's approved the Eligibility Report via Resolution 2023-4-17-B on April 17, 2023. The City Council adopted the Eligibility Report via City Resolution 2023-5 on May 10, 2023, and instructed the Agency to prepare an urban renewal plan for the area. The Agency approved and adopted the Urban Renewal plan for the INH-Heyburn Urban Renewal Project Area on November 13, 2023 via Agency Resolution 2023-5 and forwarded the report to the City Council for further consideration. The Northgate Urban Renewal Plan was adopted by the City in December of 2024.

Downtown Industrial Project

A new potential project was presented to the board in 2023. This project would incorporate much of the downtown area of the City and could help alleviate significant blighted conditions in the area. The eligibility report was accepted by both the Agency and the city Council and preliminary work on an urban renewal plan began in 2024 Work on this project will continue into 2025 with anticipation to have a plan completed by mid-year.

FINANCIAL STATUS

Revenues

The Agency receives incremental tax receipts as the primary source of revenues. The Agency has established a policy of assessing costs of the planning process to developers seeking assistance through tax increment financing. As such, the Agency, in addition to the primary income source of tax increment revenues from time to time, may receive revenues from assessed developer fees.

Fiscal Year 2024 tax increment revenues received by the Agency were:

- Northwest Industrial Park $ 40,337.44
- 208 Business Park $ 15,068.76
- The Boulevard $ 3,607.03

EXPENDITURES

Leverage of Agency Dollars

An integral component of the Agency's program is to develop outside funding sources to leverage Agency dollars for improvements within the urban renewal area. The Agency has commenced the process to coordinate with property owners and public entities in an effort to determine redevelopment opportunities.

Review and Approve Requests for Agency Funding of Projects

The Agency intends to seek, review and approve funding, where appropriate, for other projects that positively impact the urban renewal area and its residents.

OPERATING EXPENSES

The Agency has minimal operating expenses as it has no paid staff members, instead utilizing services from consultants during 2024. Those expenses are shown on Exhibit 2 to this report.

ASSETS

The Agency's assets are comprised solely of cash accounts and property taxes receivable. The major portions of property taxes are received twice per year (end of January and end of July) with smaller amounts of delinquent taxes, if any, received during the course of the year.

LIABILITIES AND DEBT

The Agency's liabilities consist only of current accounts payable and deferred revenue. The Agency's only long-term debt is the obligation to repay the City and developers on the project areas for the funds advanced as described above.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

The City advance and Note and the Lebsack Note have provided the Agency's flexibility to participate in the Magic Valley Industrial Project. The Agency continues to consider how to better leverage Agency funds. The Agency contributed to the development of two urban renewal plans for two new developments during the year. The costs the Agency incurred in the approval process will be recouped from future incremental tax revenues generated by those developments.

_____, Chair
March 10, 2025

EXHIBIT 1

FISCAL YEAR 2024 APPROVED BUDGET

LEGAL NOTICE
Notice of Public Hearing
Heyburn Urban Renewal Agency
Proposed Budget for Fiscal Year 2024

A public hearing for consideration of the proposed Urban Renewal Project budget for the fiscal year that begins October 1, 2023, and ends September 30, 2024, will be held at the Heyburn City Hall, 941 18th Street, Heyburn, Idaho on August 14, 2023, at 11:00 a.m., pursuant to Idaho Code 50-1002. Written or oral comments about the proposed budget are welcome. Written comment may be submitted prior to the meeting to: Heyburn Urban Renewal Agency, c/o Outwest Policy Advisors 225 S 30 W Burley, ID 83318.

The Agency budget funds the programs, services, and capital projects that the Agency Board and the City Council have determined to be important to meet the Agency's strategic goals.

This public hearing on the proposed budget is required for formal adoption of the FY 2024 budget. The proposed expenditures and revenues for FY 2024 have been tentatively approved by the Heyburn Urban Renewal Agency Board of Directors on July 10, 2023. The City Hall is accessible to persons with disabilities.

	FY 2022 ACTUAL	FY 2023 BUDGET	FY 2023 ACTUAL [1]	FY 2024 BUDGET
CASH CARRY FORWARD	58,772	39,287	65,352	54,332
REVENUE:				
TAX INCREMENT REVENUE				
NW INDUSTRIAL PARK	84,859	103,424	45,001	78,268
BUSINESS PARK 208	17,638	15,016	6,390	16,460
THE BOULEVARD	2,693	4,040	3,370	3,966
OTHER REVENUES				
CITY ADVANCE				
DEVELOPER REVENUES	9,000	73,000	0	73,000
TOTAL REVENUES	**114,189**	**195,479**	**54,761**	**171,694**
TOTAL FUNDS AVAILABLE	**163,962**	**234,766**	**120,114**	**226,025**
EXPENDITURES:				
OPERATING EXPENSES				
ADMINISTRATIVE SERVICES	5,373	9,600	4,064	9,600
LEGAL EXPENSE	14,225	52,500	11,730	52,500
LEGAL NOTICES	437	3,000	152	3,000
CONSULTANT FEES	7,078	20,000	7,968	20,000
LIABILITY INSURANCE	1,539	1,693	1,693	1,947
AUDIT/BOOKKEEPING SERVICES	4,640	5,800	5,500	5,800
PROFESSIONAL SERVICES/DUES	450	450	450	450
OFFICE/MISC. EXPENSE	0	250	0	250
MILEAGE	103	500	190	500
COPIES	282	720	284	720
TOTAL OPERATING EXPENSE	**34,303**	**94,563**	**32,031**	**94,563**
CAPITAL DEVELOPMENT EXPENSES				
NORTHWEST INDUSTRIAL PARK	73,307	77,568	33,751	58,701
208 BUSINESS PARK		11,262		12,345
THE BOULEVARD		2,272		2,231
TOTAL CAPITAL EXPENSES	**73,307**	**91,1002**	**33,751**	**73,277**
TOTAL OPERATING AND CAPITAL EXPENSES	**100,560**	**185,665**	**65,782**	**168,094**
CONTINGENCY		49,101		57,932
TOTAL EXPENSES	**100,560**	**234,766**	**65,782**	**265,266**

1 – Actual Revenues and Expenditures reported as of June 30, 2023. Additional revenues will be received, and additional expenses will be incurred prior to the end of the fiscal year.

Published: July 29 & August 5, 2023.

EXHIBIT 2

FISCAL YEAR 2024

BUDGET v ACTUAL

Heyburn URA

2024 FY Actual versus Budget YTD

October 01, 2023 to September 01, 2024

G/L Code	Account Title	Actual	Budget	Remaining $	Remaining %
1000	Tax Increment Revenues	$ 59,013.23	$ 98,694.00	$ 39,680.77	40.21%
1200	City Advance	$ -	$ -	$ -	0.00%
1300	Developer Fees	$ 47,000.00	$ 73,000.00	$ 26,000.00	35.62%
	TOTAL REVENUES	$ 106,013.23	$ 171,694.00	$ 65,680.77	38.25%

OPERATING EXPENSES

G/L Code	Account Title	Actual	Budget	Remaining $	Remaining %
2000	Administrative	$ 8,872.82	$ 10,100.00	$ 1,227.18	12.15%
3000	LEGAL	$ 6,104.50	$ 52,500.00	$ 46,395.50	88.37%
4000	Legal Notices	$ 2,140.45	$ 3,000.00	$ 859.55	28.65%
5000	Bank Fees	$ -	$ -	$ -	0.00%
6000	Consulting	$ 13,993.87	$ 20,770.00	$ 6,776.13	32.62%
7000	Insurance	$ 1,947.00	$ 1,947.00	$ -	0.00%
8000	Audit	$ 5,840.00	$ 5,800.00	$ (40.00)	-0.69%
9000	Membership Dues	$ 450.00	$ 450.00	$ -	0.00%
10000	Office\Misc	$ -	$ 250.00	$ 250.00	100.00%
TOTAL OPERATING EXPENSES		$ 39,348.64	$ 94,817.00	$ 55,468.36	58.50%
CAPITAL IMPROVEMENT EXPENSES					
15000	City Loan Reimbursement	$ 9,995.24	$ 19,567.00	$ 9,571.76	48.92%
16000	Developer Reimbursement	$ 19,990.48	$ 53,710.00	$ 33,719.52	62.78%
TOTAL CAP IMPROVEMENT EXPENSES		$ 29,985.72	$ 73,277.00	$ 43,291.28	59.08%
CONTINGENCY			$ 3,600.00		
TOTAL EXPENSES		$ 69,334.36	$ 171,694.00	$ 98,759.64	57.52%

EXHIBIT 3

FISCAL YEAR 2024

AUDITED FINANCIAL STATEMENTS