



Ketchum Urban Renewal Agency

P.O. Box 2315 | 480 East Ave. N. | Ketchum, ID 83340

September 21, 2020

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

**Recommendation to review and provide direction to staff on the request from
Mountain Land Design for infrastructure funding in the amount of \$139,643 for
improvements at 111 Washington Avenue**

Recommendation and Summary

Staff is recommending the KURA Board review the funding request submitted by Mountain Land Design for the improvements located at 111 Washington Avenue and provide direction to staff on the preparation of an Owner Participation Agreement (OPA) for KURA funding. Should the KURA Board approve funding, the OPA will return for Board approval.

Analysis

The proposed improvements are located at the corner of Washington Avenue and First Street. The project is a 12,070 square foot mixed use building at 2.08 FAR. The project was required to provide 1,007 square feet of community housing because it exceeds 1.0 floor area ratio. A 978 square foot unit is proposed to be located on-site.

The applicant is requesting KURA funding to reimburse costs identified in their funding request (Attachment A). Construction projects throughout the city are required to replace curbs, gutters and install concrete sidewalks and ADA ramps around a project, install streetlights, and repair any damage to public property as a result of the construction project. In this case, with the exception of the snow melt system, the list of improvements provided by the applicant are required improvements for all development projects.

The KURA has adopted Resolution 17-URA6 that establishes the criteria for KURA funding (Attachment B). Mixed use projects are considered commercial projects and may apply for tax increment financing provided they meet all other criteria in Resolution

17-URA6. As noted in greater detail in Attachment C, all nine of the criteria are met for this funding request. The KURA application for funding was submitted on August 26, 2020 and the building permit was issued August 3, 2020. The applicant must file the funding request within 30 days of issuance of the building permit.

Requested Funding

The request is for \$139,643 to reimburse the costs of the identified improvements within the public right of way.

Currently the taxable value of the property is \$1,092,294 and the applicant estimates the value after the project after completion at \$10 million.

Financial Requirement/Impact

Resolution 17-URA6 allows for a reimbursement of tax increment of no more than 50% of the total tax increment revenue generated from the project. Commitments for reimbursement shall not be greater than 5 years from the time the project is generating property tax revenue to the agency.

Based on the existing property value and a projected value of \$10 million, in the first year, the projected KURA tax increment is \$57,549. That increment would be subject to the 50% split providing \$28,774 to the property owner and KURA. The increment is estimated to increase each year by 3%.

Recommendation and Motion

Staff is requesting direction from the KURA on the proposed funding request.

Attachments:

Attachment A: Applicant funding request

Attachment B: Resolution17-URA6

Attachment C: Compliance analysis



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APPLICATION FOR PROJECTS REQUESTING FUNDING FROM THE KURA

Applicant and Project Information

Applicant Name: Mountain Land Design

Representative: Magleby Construction SV - Bryan McNamara; Micheal Doty and Associates - Mike Doty and Mike Alaire

Phone: 208-720-8711

Email: bmcnamara@maglebyconstruction.com

Name of Project: Mountain Land Design Showroom Ketchum - Mixed used residential

Project Description: Below grade parking with work force housing unit. Ground level commercial showroom for Mountain Land Design. Two 2nd level residences and 3rd level Penthouse unit. Roof top deck.

Project Location: 111 Washington Ave, Ketchum

Date Submitted: 8/20/20

Estimated Date of Completion: 1/22/22

Application Submittal Requirements

- ☒ Brief narrative describing the proposed public benefit of the project
- ☒ Map of project location
- ☒ Attached professional bids, if applicable
- ☒ Attached preliminary/construction drawings, if applicable

Notes on Submittals

Attached

Attached

Attached

LINK TO PERMIT PLNS

Projects Questions:

- Is this project identified within the Urban Renewal Plan for KURA?
- If identified in the Urban Renewal Plan, indicate section and page:
- Estimated assessed value of project after completion (*taxable value*):
- Will any KURA board members or staff financially benefit from the project?
- New or retained jobs resulting from project:
- Approximate return on public fund investment. (I.e. Public\$/Private\$)
- Funding amount requested:

Yes: ☒

No: ☐

Section: Downtown Ketchum
Master Plan
Urban Residential
Neighborhood

Page: page 11, 2nd st
proposed
pedestrian priority
Corridor

\$ \$10MM

Yes: ☐

No: ☒

Full Time: 6 Part Time: 4

\$ \$72,458 over 5 year period from C of O

\$ \$ 139,643

Applicant's Signature Bryan McNamara

Date: 8/21/20

Property Owner's Signature (if different):

DocuSigned by:

Dan Devenport

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Dan and Martina Devenport, Mountain Land Design

Date: 8/21/20

DocuSigned by:

Martina Devenport

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Public Benefit of the new Mountain Land Design Building

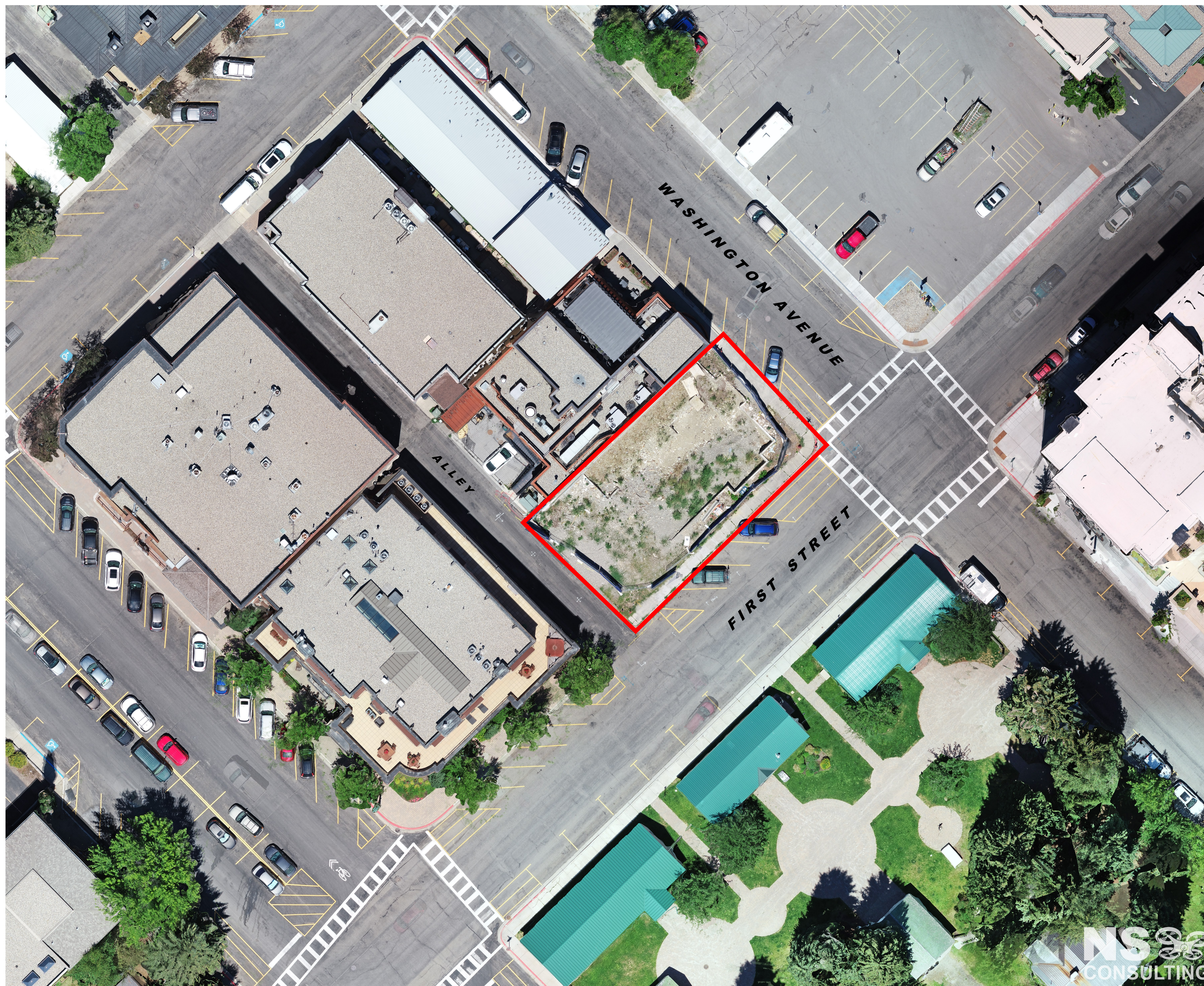
Mountain Land Design (MLD) is a thriving local and regional business that supports the needs of the community as a whole and the building activities throughout the Wood River Valley. MLD is investing in the Ketchum Community Core experience to provide an enhanced showroom business to serve the local plumbing fixture and appliance industry. The new showroom business will create approximately 10 new full and part time jobs.

The new building recently approved (8/3/20) for permit by the City of Ketchum will include one work force housing unit intended to house a MLD fulltime employee. Also being constructed will be two market rate for-sale condos and a private penthouse. The project has removed an aging building previous the Sol-La-Vie spa business providing a new modern amenity mixed use building across the street from the active Forest Service Park.

Michael Doty and Associates has thoughtfully designed a complementing architecture fixture for the neighborhood that will ideally help enhance this area of Ketchum to be more pedestrian friendly and aesthetic for the residents.

Magleby Construction is contracting primarily local trade resources to help continue a strong economic building employment for the community.

In summary, the MLD project will create and retain new jobs, increase revenues for the city, provide balance for new business growth in the community and improve the Ketchum neighborhoods for the public.



AERIAL IMAGE FROM DRONE FLIGHT DATED 07/21/20



Mountain Land Design - 111 Washington

Construction Estimate – KURA Site Improvement Request

This estimate contains specific scope of work and pricing for sidewalk, pedestrian public access and street improvements around the new construction of the Mountain Land Design building located at 111 Washington Avenue.

Site and Street Improvement Breakdown of Costs

CSI	Description	Amount	Trade
02.35	New Fire Hydrant Relocation	\$11,186	S Erwin
02.80	Sidewalk Plantings – 4 Silva Cell Tree's per City of Ketchum specification requirements	\$35,650	SV Garden
03.35	New Concrete Curb and Gutter	\$11,586	Garrett
03.35	New Concrete Sidewalk (increase from 5' to 8' width)	\$11,408	Garrett
03.35	New ADA sidewalk Warning Insert	\$3,450	Garrett
15.17	Sidewalk Snow Melt System	\$28,980	Evans
16.18	New Street Light x ³ per City of Ketchum Requirements)	\$37,383	Dusty's
	Total Cost for KURA Requested Sidewalk Improvements (includes General Contractor GC's, OH & Profit)	\$139,643	

Qualifications

- Assumes all work to be performed during non-winter conditions
- Priced Per Michael Doty and Associates compiled Permit Drawings dated 6/26/20
- Street Snow melt system to be metered separately from building
- Prepared by Magleby Construction with pricing input from local trade contractors
- Assumes all City of Ketchum Standards, all requests for substitution will be formally submitted for review

Prepared by

Magleby Construction SV LLC

RESOLUTION NO. 17-URA6

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF KETCHUM, IDAHO:

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF KETCHUM, IDAHO, AMENDING THE AGENCY'S PARTICIPATION POLICY; AUTHORIZING THE CHAIR AND EXECUTIVE DIRECTOR TO TAKE APPROPRIATE ACTION; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Urban Renewal Agency of Ketchum, Idaho, also known as the Ketchum Urban Renewal Agency, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, as amended, Chapter 20, Title 50, Idaho Code, a duly created and functioning urban renewal agency for Ketchum, Idaho, hereinafter the Ketchum Urban Renewal Agency is referred to as the "Agency."

WHEREAS, the Agency, an independent public body, corporate and politic, is an urban renewal agency created by and existing under the authority of and pursuant to the Idaho Urban Renewal Law of 1965, being Idaho Code, Title 50, Chapter 20 (the "Law"), and the Local Economic Development Act, being Idaho Code, Title 50, Chapter 29, as amended and supplemented (the "Act");

WHEREAS, the City of Ketchum (the "City") by adoption of Ordinance No. 992 on November 15, 2006, duly adopted the Ketchum Urban Renewal Plan (the "2006 Plan") to be administered by the Agency;

WHEREAS, upon the approval of Ordinance No. 1077 adopted by the City Council on November 15, 2010, and deemed effective on November 24, 2010, the Agency began implementation of the amended Ketchum Urban Renewal Plan (the "Amended Plan");

WHEREAS, the Agency Board adopted a formal participation policy that sets out the criteria for funding projects requested by various entities on May 16, 2016;

WHEREAS, since May 16, 2016, the Agency has considered several requests for funding through the Participation Policy, which has raised the prospect for greater discretion and flexibility in response to requests for funding through the Participation Policy;

WHEREAS, by virtue of those requests, Agency staff has determined a need for an amendment to the Participation Policy;

WHEREAS, at the Agency Board meeting of June 19, 2017, the Board considered amendments to the Participation Policy;

WHEREAS, Agency staff has prepared an amendment to the Participation Policy as set forth and underlined below based upon the June 19, 2017, Board meeting;

WHEREAS, Agency staff recommends approval of the Amended Participation Policy by the Agency Board;

WHEREAS, the Board finds it in the best interests of the Agency and the public to approve and adopt the Amended Participation Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE KETCHUM URBAN RENEWAL AGENCY OF THE CITY OF KETCHUM, IDAHO, AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2: That the Participation Policy, as amended, set forth below is hereby approved and adopted by the Agency Board, and that the Chair and Executive Director are authorized and directed to take all action to implement the Amended Participation Policy.

**Participation Policy
KURA Funding Criteria for Projects**

Section 1: General Funding Criteria for All Projects:

- A. The KURA is not obligated to fund any project, even when the project meets all funding criteria. Funding a project is a discretionary decision by the Ketchum Urban Renewal Board.
- B. Funds generated from projects within the Revenue Allocation Area shall be used first and foremost for publically owned infrastructure and for infrastructure that serves a direct public purpose.
- C. Public infrastructure located below ground or at-grade shall be given priority.
- D. In rare circumstances, funding for a non-infrastructure request may be considered if it is found to meet the criteria described in the section below.
- E. Projects specifically identified in the 2010 Ketchum Urban Renewal Plan shall take priority for funding in all cases.
- F. All requests for Tax Increment Financing shall be made no later than thirty (30) days after ~~prior to~~ the applicant applies ~~applying for~~ a building permits.
- G. The Agency shall not consider requests to fund public infrastructure that have ~~has been~~ required by the City of Ketchum in exchange for development bonuses, such as density waivers, variances, and other development bonuses. In these situations, the public infrastructure that was required in exchange for development bonuses shall be paid by the private developer.

- H. Funding approvals are valid for the duration of the fiscal year in which the request was granted, unless otherwise stated in an agreement between the Agency and the entity.

Section 2: Project Funding Categories

A. Reimbursement to Private Entities for Public Infrastructure

1. Tax increment funds generated by a project within the Revenue Allocation Area may be allocated for reimbursement of public infrastructure expenses incurred by the private development.
2. Reimbursement for public infrastructure shall commence after the project is generating a tax increment benefit to the Agency.
3. No more than 50% of the total tax increment revenue generated from a project may be used for reimbursement to the project developer
4. Commitments for reimbursement in Owner Participation Agreements shall not be greater than five years from the time the project is generating property tax revenue to the Agency.

B. Direct Funding of Public Infrastructure as Defined in Idaho Code §§ 50-2018(10), 50-2903(13) and 50-2903 (14):

1. Tax increment funds may be used to directly finance public infrastructure without a reimbursement agreement.
2. In these cases, payments should be made directly to a public entity, public utility, or other public or semi-public entity that will own and maintain the infrastructure.

C. Funding for Non-Infrastructure Requests:

1. Requests for funding non-infrastructure may only be considered when a good, service, or benefit is received by the KURA in exchange for funds. In these cases, the approval of funds would result in a benefit to the revenue allocation area that the KURA could not have achieved on its own.
2. Entities requesting funding must be a legally recognized Idaho non-profit corporation organized under Chapter 30, Title 30, Idaho Code or equivalent or a public governmental entity and must have a proven track record of success.
3. Non-infrastructure funding request must result in a net financial benefit to the KURA.
4. Requests for funding administrative or operational costs shall not be considered except as may be proportionally allocated for the project.

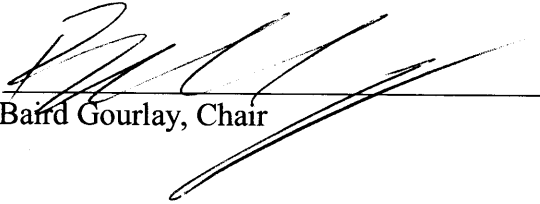
D. Funding of Residential Projects:

1. Only residential projects that incorporate community housing, as defined by the City of Ketchum, will be considered for tax increment funding. Funding will be proportionate to the amount of community housing the project provides. For example, if ten out of 100 residential units are considered community housing, the Agency may consider funding 10% of infrastructure costs. All other residential projects will not be considered.
2. Mixed-Use projects of any scale are considered commercial projects and may apply for tax increment financing, provided they meet all other criteria.

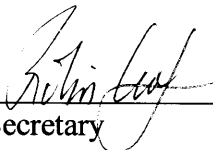
Section 3: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED By the Urban Renewal Agency of Ketchum, Idaho, on July 17, 2017. Signed by the Chair of the Board of Commissioners, and attested by the Secretary to the Board of Commissioners, on July 17, 2017.

URBAN RENEWAL AGENCY OF KETCHUM

By 
Baird Gourlay, Chair

ATTEST:

By 
Secretary

4845-2261-2554, v. 2

Attachment C
Compliance with Applicant Participation Policy Criteria
(RESOLUTION NO. 17-URA6)

Criteria Category	Standard	Policy Language	Compliance	Staff Comments
General Funding Criteria for All Projects:				
General Section 1	A	The KURA is not obligated to fund any project, even when the project meets all funding criteria. Funding a project is a discretionary decision by the Ketchum Urban Renewal Board.	Compliance	This standard infers that projects (or components of projects) that do not meet the KURA's funding criteria will not be funded.
	B	Funds generated from projects within the Revenue Allocation Area shall be used first and foremost for publicly owned infrastructure and for infrastructure that serves a direct public purpose.	Compliance	ROW infrastructure within KURA boundary is proposed for improvement with this Project.
	C	Public infrastructure located below ground or at-grade shall be given priority.	Compliance	Requested funds are at-grade.
	D	In rare circumstances, funding for a non-infrastructure request may be considered if it is found to meet the criteria described in the section below.	Compliance	The project is requesting infrastructure funding.

	E	Projects specifically identified in the 2010 Ketchum Urban Renewal Plan shall take priority for funding in all cases.	Compliance	The property is identified within the KURA revenue allocation area.
	F	All requests for Tax Increment Financing shall be made no later than thirty (30) days after the applicant applies for a building permit.	Compliance	The project was issued a building permit on 8/3/2020 and submitted the funding request on 8/26/
	G	The Agency shall not consider requests to fund public infrastructure that have been required by the City of Ketchum in exchange for development bonuses, such as density waivers, variances, and other development bonuses. In these situations, the public infrastructure that was required in exchange for development bonuses shall be paid by the private developer.	NA	NA

Section 2D				
	2	Mixed-Use projects of any scale are considered commercial projects and may apply for tax increment financing, provided they meet all other criteria.	Compliance	The project is a mixed-use project consisting of four residential units, two of which are community housing units and ground floor commercial uses. The applicant is requesting \$139,643 in funding to off-set the cost of public infrastructure around the project