



2014 ANNUAL REPORT

Boise's redevelopment agency manages four redevelopment districts in downtown Boise. CCDC seeks to improve, develop, and grow the downtown economy and create vitality in the capitol city. 2014 was a year of significant economic gain and multiple redevelopment success stories. The newest district in the 30th Street Area was recently formed after an extensive community engagement effort and collaboration with the involved taxing districts who served on a steering committee to guide district formation. This process worked very well achieving broad consensus and support with a single dissenter testifying at the city council public hearing. In testimony, the lone dissenter noted that while they simply philosophically disagreed with the urban renewal approach they also agreed that the district area identified was legitimately defined and in dire need of revitalization. A few examples of recent redevelopment project successes in CCDC districts follow.

The Afton at 620 South 9th Street

CCDC assembled multiple blighted parcels into a development site. The site had two long-time vacant and dilapidated warehouses located at the end of S 8th street which are now being transformed into an exciting new downtown condominium project. "The Afton" housing project was the winner of a widely distributed and very competitive RFQ/P which received six high quality proposals from both in-state and out-of-state development entities. A \$1.7 million land incentive is helping to create an economic spark in the midst of Boise's warehouse/cultural district by incentivizing the first condominium housing project downtown since the recession of 2008. A local company (RMH Company) won the competition with a \$24-million 67-unit urban design condominium and mixed use project which incorporates structured parking, retail space, and live-work business units. This project is advancing well through a rigorous schedule of performance with construction scheduled to begin this year.



Renderings of the The Afton

Eighth & Main Building

Working collaboratively with Gardner Company, CCDC entered into a series of development agreements to enable the construction of Boise's tallest building in the core of downtown. This 18 floor, 364,000 SF beautiful new office tower incorporates retail, restaurant, and structured parking in a fully leased and tremendously successful redevelopment project for the city. An extensive public-private partnership was required to achieve this result. For instance, leveraging CCDC's Eastman Parking Garage for the office building ramp access to/from the building allows more restaurant and retail uses to occupy 8th Street (a CCDC-owned street) to further energize this popular and successful downtown location. The construction activity alone generated an estimated 1,000 construction jobs. Anchored by Zion's Banks Idaho headquarters many new business expansions now house additional professional jobs contributing to the state and local economy. The local tax base was strengthened and augmented when property values increased from about \$1 million to \$55 million at completion of the project. Beginning in 2019, taxing districts will share increased annual revenues of \$1 million annually supporting education and local public services via the enhanced tax base.

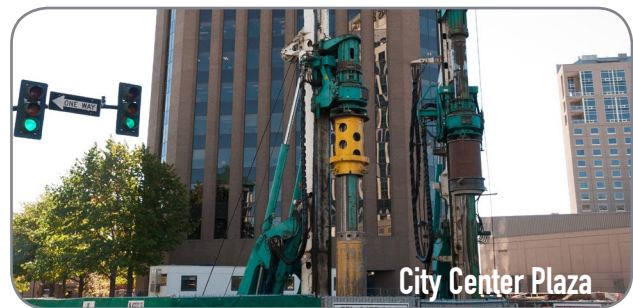


The Owyhee

In a creative and very successful public-private adaptive reuse of Boise's iconic Owyhee Plaza hotel, this old hotel was converted into apartment living and office/conferencing space coupled with an expansion of a local restaurant, expansion of Metageek (a technology company), reactivation of the original outdoor rooftop deck, and reconstructed streetscapes/sidewalks around the building frontages that includes utilizing geothermal resources to melt winter snow. This 1910 beloved building on the National Historic Register required multiple private investor partners (Old Boise LLC and Local Construct LLC), historic tax credits, significant code updates, and redevelopment agency resources in the public realm to accomplish. The finished project examples a repurposed building with 36 renovated apartments converted from twice as many hotel rooms. The apartments are fully leased and the building has a refreshed historic façade reminiscent of the original design with just a few contemporary touches. Public infrastructure investments of approximately \$1.5 million leveraged over \$10 million in private building investment while creating new business expansion space and new workforce housing in the downtown core. The success of this housing project has generated a rekindled interest in urban housing for Boise and CCDC is now working with several prospective apartment projects with potential to add tens of millions of value to the tax base.

The Watercooler (A Business Incubator)

CCDC purchased this vacant heating and cooling building as a redevelopment site after the building sat idle for some time. During the economic downturn in 2008, a time when interest in construction waned for a multi-year period, CCDC partnered with a nonprofit entity to better utilize the building as an interim use for a business incubator effort. This effort proved to be successful in generating several new business ventures such as Inovus Solar Street Lighting while also serving as a location for creative conferencing space for Boise's technology sector. CCDC sought and received a \$200,000 US Small Business Administration economic development grant to improve the space for this incubator use allowing multiple start-up business occupants to soon fill up the building. One very notable "graduate" is Booklamp, founded by Aaron Stanton. This tech company analyzes book texts for publishers (similar to what Pandora does for music), and was reportedly purchased for between \$10 and \$15 million by Apple. This high profile start-up creates a top-of-mind connection between "Boise" and "software" encouraging more of the same here in the Capitol City of Boise. Presently with the improved economy for real estate of today this property is currently being advertised in a RFQ/P for redevelopment. A transition plan for current building occupants is in the works with an opportunity to move to a new downtown incubator/accelerator space being formed.



City Center Plaza

This multifaceted interagency public-private partnership nearly completes the last buildable parcel in Boise's Central District. With an estimated construction value of over \$70 million the project represents some of the best cooperation, creativity, and vision the Treasure Valley has seen in a building project. Cooperation and many agreements between the Ada County Highway District, Valley Regional Transit, City of Boise, the Greater Boise Auditorium District, Boise State University and Gardner Development Company will result in 350,000 new square feet of high rise mixed use space constructed adjacent to (and underneath) the CCDC-owned Grove Plaza. CCDC is playing an essential role in matching and leveraging a \$10 million dollar Federal Transit Administration grant with \$2.4 million of local funds to construct a new multimodal transportation center improving transit services downtown. CCDC assistance requires condominiumizing of below grade space (under the Grove Plaza) together with environmental remediation, streetscape improvements, and public plaza enhancements of approximately \$750,000. These combined efforts will enable Clearwater Analytics—a Boise technology company—to expand and consolidate operations in downtown while capturing the synergies of co-occupying a building with BSU's computer science education program. Together with significantly expanded convention facilities on this site, Boise's convention business will be able to compete for more conventions and bigger conventions which bring significant spending into the city through hotel, restaurant and retail spending. New restaurants in the buildings will include patio dining fronting the spaces on the Grove Plaza bringing additional vitality to this tremendously popular public space. Construction of this project is underway and scheduled to complete in 2016.

CCDC Development Participation Program

Closely following Idaho urban renewal law, CCDC has developed a very successful program to stimulate downtown development with public infrastructure. The program includes grants, general development assistance for public infrastructure improvements, a special projects approach which may allow for construction of public parking facilities, capital improvement coordination with private project timing, and a targeted approach to redevelopment of specific disinvested properties. Boise's redevelopment effort has a history of success and a new round of recent building projects creating new office, retail, restaurant, apartment, condominium, fitness, business start-up and business expansions in Boise has occurred.

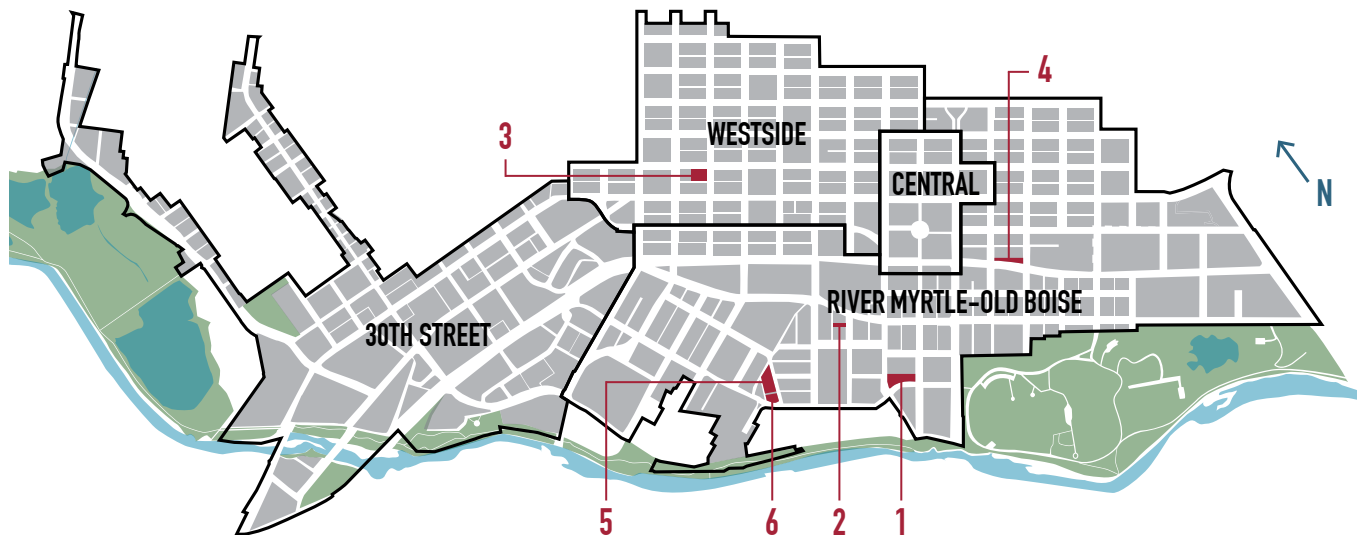
Downtown Boise Public Parking System

CCDC has a successful track record of partnering with many private development companies to better utilize prime real estate in downtown Boise. These partnerships focus on building public parking garages in a way that is coordinated with private development to include retail, restaurant and office uses to create mixed uses, active spaces, and an expanding downtown economic engine for the City of Boise. Recent of approximately \$2 million made into automated parking technology have improved both operational cost efficiencies and utilization of public facilities allowing expanded parking to occur as requested by expanding downtown business. CCDC is currently in discussions with private development interests on several new parking facilities which would incorporate uses including housing, hotel, apartment, retail, and office buildings.



AGENCY PROPERTIES FOR REDEVELOPMENT

CCDC obtains strategic properties with redevelopment potential. Generally the Agency will issue a Request for Proposals (RFP) with specific information about redevelopment objectives for the property and how the private sector can participate in the project. CCDC owns the below properties and is planning for their redevelopment. The list does not include other CCDC-owned properties such as the Grove Plaza, the 8th Street café zone, etc. and the six public parking garages since they have been dedicated as public facilities or open spaces.



1) 620 SOUTH 9TH/611 S 8TH/ROW (1.21 ACRES)

Acquired in 2001 as a Cultural District redevelopment property, this parcel went through a highly competitive RFQ/P process and “The Afton” housing project was the winner. The developer is Boise based and is proposing a phased \$24-million, 67-unit urban design condominium and mixed use project which incorporates structured parking, retail space, and live-work units. This project is advancing well through its schedule of performance with disposition and construction scheduled to begin later this year.

2) 429 SOUTH 10TH (0.08 ACRES)

This land was acquired in 2001 to help bundle property for a private mixed-use development in the River Street neighborhood. It is south of Myrtle Street near the JUMP project and presents an opportunity for future development.

3) 1401/1413 WEST IDAHO (0.37/0.18 ACRES)

This building and adjacent parcel were acquired in 2003 and 2005 and is currently the WaterCooler, a non-profit business incubator comprising an array of technology businesses in support of local economic development. One notable “graduate” is Booklamp, a tech company that analyzes book texts for publishers founded by Aaron Stanton. Booklamp was recently purchased by Apple for

between \$10 and \$15 million (as reported). Currently CCDC is going through a competitive RFQ/P selection process with redevelopment submittals due in Spring 2015.

4) FRONT STREET REMNANT (0.32 ACRES)

Left over from the Front Street realignment, this parcel was acquired in 2007 to combine with adjacent land in a mixed-use development project. The project was put on hold due to the recession and CCDC is now exploring ways to add active uses to the site until such time as it can be used for redevelopment.

5) 503/509/511 S ASH (0.09/0.2/0.16 ACRES)

These small parcels were acquired in 2006, 2007, and 2011 for the Pioneer Corridor pathway project. They are currently used as temporary public open space adjacent to the Pioneer Walkway pending redevelopment. The properties now represent a new opportunity for an infill project and CCDC aims to put out a RFQ/P in 2015.

6) 617 S ASH (0.14 ACRES)

Like the above parcels, this was also acquired in 2011 for the Pioneer Corridor redevelopment project. It includes a 100-year-old house of historical and cultural value to be preserved in the River Street neighborhood.

FINANCES

Statement of Net Position

The Statement of Net Position reports on the assets and liabilities of the Agency. Notable changes in Net Position value are typically the result of large debt service payments, the timing of large public improvement projects, or the purchase or sale of land, buildings, and parking facilities. The Agency's combined Net Position increased \$4.6 million from the previous year, the result of planned capital projects deferred into Fiscal Year 2014 and beyond. The increase in Total Assets is attributable to additional cash and investments in the River-Myrtle District Revenue Allocation fund. Capital Assets (land, buildings, equipment, parking facilities, and other) account for 56% of the Agency's net position with the balance providing for ongoing obligations and subsequent year activities. The Agency implemented GASB Statement No. 65, Items Previously Recognized as Assets and Liabilities that directs debt issuance costs to be expensed in the year of issuance rather than being capitalized. The result is an upward adjustment and restatement of \$1,054,879 to the FY 2013 total.

TABLE 1
Statement of Net Position
As of September 30, 2013 and 2014

	2013	2014	Percentage Change 2013-2014
Current & Other Assets	\$ 72,750,356	\$ 73,699,574	1.3%
Capital Assets	22,203,369	22,289,241	0.4%
Total Assets	94,953,725	95,988,815	1.1%
Deferred Outflows of Resources	211,305	148,040	(29.9%)
Long-term Debt Outstanding	61,990,000	56,015,000	(9.6%)
Other Liabilities	3,571,514	3,569,686	(24.9%)
Total Liabilities	65,561,514	58,697,129	(10.5%)
Deferred Inflows of Resources	8,712,992	11,019,454	36.7%
Net Position			
Net Investment in Capital Assets	12,650,179	14,399,834	13.8%
Restricted & Unrestricted	8,240,345	11,132,881	35.1%
Total Net Position	\$ 20,890,524	\$ 25,532,715	22.2%

Statement of Activities

The Statement of Activities reports on the Agency's operating revenues and expenditures. Fiscal Year 2013 data has also been restated to conform to GASB 65, Items Previously Recognized as Assets and Liabilities.

Revenues:

Program Revenues include pass-through lease revenues from Ada County dedicated solely to retiring Courthouse construction bonds and the Agency's second key revenue source generated by its six garage, 2,500 stall Downtown Public Parking System. Proceeds operate and maintain the system. General Revenues include the Agency's primary revenue source, property tax increment, that drives redevelopment plan implementation in the four districts. Overall, increment revenues increased \$171,055 and total Agency revenues increased \$197,219 compared with the prior year reflecting improving economic conditions and higher property values.

Expenses:

Overall the three Program Expenses categories decreased year-to-year by 12.4%. Community Development expenses, the general costs of fulfilling the Agency's mission, decreased due to planned capital projects being deferred to FY 2014 and beyond. Interest on Long-Term Debt decreased as scheduled debt service reduced interest obligation. The cost of operating the Agency's parking facilities decreased with increased automation. Overall, total Agency expenses in fiscal year 2014 decreased \$1,702,042.

TABLE 2
Statement of Activities
For Years Ended September 30, 2013, and 2014

	2013	2014	Percentage Change 2013-2014
Revenues			
Program Revenues			
Charges for Services	\$ 2,072,269	\$ 2,037,729	(1.7%)
Operating Grants & Contributions	989,797	580,212	(41.4%)
Parking	4,448,882	4,915,693	10.5%
Total Program Revenue	7,510,948	7,533,634	0.3%
General Revenue			
Property Tax Increment	9,000,276	9,171,331	1.9%
Unrestricted Investment			
Earnings	5,140	8,618	67.7%
Total Revenues	16,516,364	16,713,583	1.2%
Expenses			
Program Expenses			
Community Development	6,660,296	5,540,886	(16.8%)
Interest on Long-Term Debt	3,366,322	3,076,447	(8.6%)
Parking Facilities	3,746,816	3,454,059	(7.8%)
Total Program Expenses	13,773,434	12,071,392	(12.4%)
Special items			
Increase (Decrease) in Net Assets	2,742,930	4,642,191	
Net Position - Beginning	18,147,594	20,890,524	15.1%
Net Position - Ending	\$ 20,890,524	\$ 25,532,715	22.2%

Outlook

The Agency is experiencing strong, renewed interest in downtown development across multiple use types. Any lingering effects of the 2008 recession have disappeared in downtown Boise. Stabilized, upward-trending property values coupled with slight declines in levy rates have resulted in a modest overall increase in property tax increment revenue for fiscal year 2014. Major construction projects were completed in fiscal year 2014 in the Central District (8th & Main building), River Myrtle – Old Boise District (Trader Joes and associated development) and Westside District (renovation of the historic Owyhee Hotel). Major new projects that are scheduled for completion in 2016 are currently under construction in Central District (City Center Plaza and associated underground Multi-Modal Center with a convention center expansion component expected to begin in fiscal year 2015) and Westside District (JUMP, aka Jack's Urban Meeting Place). Progress is being made on a number of additional major developments proposals. Addressing concomitant parking demand via structure parking is an important part of several of the projects. CCDC's strong financial position bolsters its role as a key, in-demand collaborator for the continued and accelerating drive to build vibrancy into Boise's downtown.