

District looks to eventually own new center

BY JIMMY HANCOCK
jhancock@journalnet.com

Rather than enter into a lease with no foreseeable end in sight, the Pocatello/Chubbuck Auditorium District is working to finalize a deal that would eventually lead to its ownership of the event center it plans to build in Chubbuck.

"It's far more cost-effective and the district's board of directors feels it's more responsible to own the project," said Raul Cano, executive director of the Auditorium District.

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Cano said he was quoting Auditorium District board chair Sam Nettinga in saying that, "In 30 years, when you are leasing, all you end up with is a stack of receipts."

"This way, within a 20-year period, the district will own the project," Cano said. "It's a much better investment of the pass-through tax. It is a tax, and the district's board feels it is being more responsible by using those funds to purchase the project instead of lease it."

The Auditorium District originally sought proposals last year with the idea that it would enter into a long-term lease agreement with an entity that would build and own the event center. But in addition to the concerns regarding the best use of the room tax it collects, all the proposals for leasing back the center from the builder were cost-prohibitive, Cano said.

"This is the way forward for us right now, to own this project, the land and the building," Cano said. "It's just a more responsible way for the district to go about the project."

That new direction means coming up with a different plan for funding construction of the event center. The new

plan got underway with the signing of an agreement with the Chubbuck Development Authority last September and is now in its final stages.

The only thing the CDA and the Auditorium district need now is confirmation from Sixth District Judge Stephen Dunn that their plan is indeed legal according to Idaho statutes. Gary Cooper, attorney for the Auditorium District, said they should get a decision from Dunn by mid-March.

The Auditorium District, as of last September, had approximately \$1.4 million in available funds for the project, not nearly enough to purchase the proposed six-acre site on Knudsen Boulevard in Chubbuck and build the desired 40,000-square-foot multi-use facility. The additional funds needed for the estimated \$6.8-million project will have to come through financing.

But Cooper says the Pocatello/Chubbuck Auditorium District cannot bond, according to Idaho law. Those statutes concerning auditorium districts were amended in years past to allow for bonding, but only for those entities in lower populated areas. The population in the Portneuf Valley is far in excess of that ceiling, Cooper said.

What the Auditorium District did was to seek out a partner, the Chubbuck Development Authority, Chubbuck's entity respon-

sible for urban renewal an oversight of existing tax-increment finance districts.

Cooper says the Chubbuck Development Authority has the ability to bond when needed without going to the voters. It's an authority provided by Idaho Statutes and confirmed by the Idaho Supreme Court. He also said that a requirement for the CDA to be able to bond, a judge must review the agreement and validate it is legal.

The Auditorium District filed those documents in Bannock County and they are currently under review by Dunn after a hearing was conducted on Monday.

According to those court documents, the agreement signed with the Chubbuck Development calls on the CDA to raise about \$6 million through bonding for construction of the event center. The Auditorium District will pay the \$800,000 to purchase the land with existing funds. It will also use those funds for purchasing furniture and equipment as needed.

The CDA bonding will fund construct and it own the event center, leasing it to the Auditorium District for up to \$545,000 annually, a figure that will go toward paying off the bonds with interest and result in the district owning the facility by May 1, 2034.

Steve Smart, Chubbuck's public works director and

city engineer, said the Chubbuck Development Authority will be serving simply as "a conduit," for the Auditorium District to fund construction of the project. He said the CDA and the Auditorium District are not breaking new ground, but actually following a plan laid out in Boise with a recent project there.

"The CDA is not paying for it," Smart said. "The CDA will not own it. It's being paid for by a room tax on hotels. There are a number of fail safes to keep the Chubbuck Development Authority from being liable."

The Auditorium District is funded through a 5-percent tax charged on rooms sold at local hotels and motels. It is not paid by Pocatello or Chubbuck residents, but by those who rent those rooms.

"If you don't stay in a hotel, you aren't paying for it, you're not part of the tax," Cano said.

Court documents show that the Auditorium District anticipates annual revenue from the room tax to be approximately \$869,000, well above the maximum annual lease rate of \$545,000 it would pay to the CDA.

Those court documents also show that the Auditorium District plans for construction to get underway as soon as Dunn has verified the agreement is legal and financing is completed.