

FREQUENTLY ASKED QUESTIONS: EDUCATION CORRIDOR
July 2008

1. Why do you appear to be in such a hurry? Mr. Chesrown has indicated he is willing to wait/work with you.

The concept of acquiring the mill site for expansion of higher education is hardly new, going back many years. In the late 1990s, when the Richards brothers owned the mill, there was active discussion about it, but Stimson Lumber bought the site instead. The NIC Board will take as long as is necessary to make sure any and all agreements are completed in a thorough fashion. The only “hurry” on the part of the Board was driven by deadlines required to establish the NIC budget for the July 1, 2008-June 30, 2009 fiscal year; that budget (including the ability to assess foregone tax) needed to be approved in the Spring of 2008. The sooner-than-anticipated closure of the Mill, and the need to have a funding mechanism in place should it be needed prior to July 1, 2009, dictated Board action.

2. If you’ve been working on this for so long, why have you been so secretive?

The group that has been working on the Corridor has included North Idaho College, University of Idaho, Lewis-Clark State College, Fort Grounds Homeowners Association, Lake City Development Corp., and the City of Coeur d’Alene. Others, including consultants from Moore, Iacofano, Goltsman Inc. (MIG), have been involved at times as well. These have been planning meetings to discuss possibilities, options and alternatives.

It should be noted that private individuals and organizations such as Marshall Chesrown/ Black Rock, and the Stimson Lumber Co., have been engaged as well – and as private individuals or organization have privacy rights that must be acknowledge. When the mill closed, earlier than anticipated, and the NIC Board began to discuss taking official action, public notification took place.

3. Why has it only been in the last few months that you’ve begun to talk about it?

Public discussion by the NIC Board came as part of the NIC budget development process, which takes place every spring. Subsequent Board meetings and public forums have been held. Any binding, contractual agreement to purchase the property must be done in public meeting. Portraying Trustees as averse to publicly discussing the matter is not accurate.

4. The mill site, at over \$580,000 per acre, is among the most expensive land in the county. Why will you not consider acquiring much less expensive

property on the Rathdrum Prairie that you have an option on, for future expansion needs?

The Rathdrum Prairie property remains an option for acquisition and future expansion; NIC has an option (expiring in November 2008) on property there that could be a future home of, for example, many NIC Professional-Technical Education programs. One possibility for use of that property would be in collaboration with the three local public school districts, for co-location of PTE programs. In years to come, as the county population continues to grow, non-PTE programming could conceivably be added to make comprehensive programming more accessible.

However, the current thinking is that the Prairie property would be in addition to – not in lieu of – the Education Corridor. The main NIC campus will remain home to the college; the property is deed restricted to either educational or health care uses, and would revert back to heirs of its prior owners (the former Winton Lumber Co.) should the college seek to relocate. Additionally, the cost to replicate facilities at a “new” main campus would be prohibitive.

NIC also acquired 11 acres of property in Post Falls adjacent to its Workforce Training Center many years ago, and that is yet another option being considered for expansion of NIC Trades & Industries programs (a branch of Professional-Technical Education). The NIC Board knows that the long-term needs of the region, for both transfer and PTE programming, probably cannot be met by any single parcel of property.

5. Why not expand on the property NIC owns in Post Falls adjacent to your Workforce Training Center?

As noted in the previous answer, that remains an option to increase capacity in some high-demand Trades & Industries programs. At 11 acres it has a limited capacity but could prove sufficient to serve expanded T&I programs. It would not be adequate to provide space for co-located programs with the three area school districts and is probably a prohibitive distance from two of the three districts. But expansion onto that parcel in Post Falls is definitely an option under consideration.

6. What will you do if the mill property does not appraise for \$10 million?

Should that be the case, further negotiations with the seller will take place.

7. Did you consider funding sources other than foregone tax? What were they?

State funding was considered, but that idea was discouraged by elected officials. NIC submitted a request for \$1 million in federal funding, but that has not been included in any federal agency budget. Private fundraising was considered, but it was felt that effort would not provide substantial results. Use of urban renewal dollars was discussed, but it was

felt a better use would be to request those funds for infrastructure development once the site is acquired.

NIC Trustees considered selling some of its property holdings, but the depressed market would likely not yield desired results, and it was felt those assets should be held. That said, the Board still has the option to sell or trade land in the future to help with development of the Education Corridor. While some resources in the NIC fund balance set aside for property acquisition can be used, the determination was made that the only substantial source for acquisition dollars is in the form of foregone tax.

8. How much more will I pay if you tap into the full amount of foregone tax?

Approximately \$17 per year, per \$100,000 of taxable property. For example, if you own a home valued at approximately \$300,000, and are eligible for the approximately \$100,000 homeowners exemption, you can expect to pay an additional \$34 per year to NIC.

9. Does NIC really NEED more land now? Is it at capacity on the property it owns/leases at present?

North Idaho College is not yet at full capacity; day use typically exceeds 80%, so capacity is within reach. It is likely to be several more years before enrollment exceeds current physical resources, depending on growth rates.

NIC is proceeding with plans to acquire property for the Education Corridor for one reason: the property will soon be available. If it is not acquired at that point, but instead is privately/commercially developed, the opportunity to create an Education Corridor stretching from the northern shores of Lake Coeur d'Alene to the Highway 95 bridge and adjacent to the main NIC campus will be lost.

10. Will the mill site provide enough land to truly meet regional higher education needs into the future? Or will NIC need to acquire additional property?

As noted in previous questions, the Corridor will alleviate – but not completely resolve – higher education needs in North Idaho. The Corridor will likely focus primarily on health professions, professional programs such as business and computer systems, and transfer (academic) programming, for NIC as well as other higher education providers in the region (University of Idaho, Lewis-Clark State College, Idaho State University, and Boise State University).

It is believed the Corridor will not be sufficient to meet the growing needs for NIC Professional-Technical Education programs in the Trades & Industries field. That is why other alternatives – property currently owned

by NIC in Post Falls, or property on the Rathdrum Prairie on which NIC has an option – are under consideration.

11. Why should local property tax payers foot the bill for this expansion, so that state-funded institutions (University of Idaho, Lewis-Clark State College, Idaho State University, Boise State University) can expand in North Idaho? Why shouldn't they buy their own land for expansion?

The University of Idaho in cooperation with the City of Coeur d'Alene are pursuing an arrangement that would allow the University to lease on a long-term basis a little over two acres of the current DeArmond Mill site for what would be the first building on the Corridor site.

The rest of the property would be owned and managed by North Idaho College. As facilities are developed on the site, the vision is that the colleges and universities would work collaboratively to offer programs and coursework in shared facilities. For example, a classroom might house an NIC class one hour, followed by a University of Idaho class, then a Lewis-Clark State College class. The concept is to make maximum use of the facilities, regardless of who is offering the class.

It should be noted that many students are enrolled in more than one institution at a time (e.g. dually enrolled at NIC and LCSC).

12. Why doesn't NIC eliminate the middleman and just buy the property directly from Stimson Lumber Co. rather having the land transferred from Stimson to Chesrown to NIC?

Marshall Chesrown and the Stimson Lumber Co. entered into a contractual agreement several years ago that involved Chesrown's acquisition of both Stimson's DeArmond (Ed Corridor) site and its former Atlas Mill (adjacent to Riverstone).

13. Professional-Technical Education is needed in North Idaho. Will the mill purchase do anything to help address PTE needs?

Some of NIC's health professions programs (e.g. Licensed Practical Nurse, Radiography Technician, Certified Nursing Assistant, Medical Assistant, EMT) are PTE programs. With health professions a focus of the Education Corridor, expansion of existing programs and development of new ones is likely.

Many use NIC Trades & Industry programs such as Welding or Diesel Technology synonymously with PTE; Trades & Industry programs are a branch of PTE. But programs such as Law Enforcement, Pharmacy Technology, Culinary Arts, and Computer Information Technology also are PTE programs.

Again, as previously cited, the current vision does not call for expansion in the Corridor of PTE programs in Trades & Industry at North Idaho College. Post Falls or the Rathdrum Prairie are considered better alternatives.

14. How can we be assured that NIC won't divert its attention and resources to development of the mill site, instead of expansion of PTE?

While some have tried to paint this as "either/or," that is not the case. PTE in Idaho is funded separately than other programming. State PTE dollars can only be used for PTE support.

In terms of diverting attention and resources, as noted in previous questions, some PTE programs – most notably in health professions – will grow on the Corridor site. Other PTE programs, primarily in Trades & Industry, need room to expand in locations other than the main NIC campus or in the Corridor.

Every projection calls for substantial population growth in North Idaho into the future. If the need is going to be met, NIC and other higher education providers will need the physical capacity to provide services.

15. How do you plan to build on and develop the property? Will local property taxes be expected to foot the bill for expensive buildings, too?

Plans call for the first building on the mill site to be constructed, owned and managed by the University of Idaho; the Idaho legislature provided over \$400,000 in money to develop plans for that facility.

Additional buildings will be added in subsequent years. The exact source of funds for those buildings is impossible to know, but the expectation is that some combination of state funding, federal funding, private gifts, and local property taxes will serve as sources.

16. If you acquire the mill site, what is your plan and your timetable for developing it?

There is no timetable for development of the mill site. It will depend on growth and facility needs of NIC and other higher education partners, and of course on the availability of construction funds.

While the timetable isn't clear, the need is. North Idaho has the lowest per capita percentage of population with bachelors degrees in Idaho – and Idaho has one of the lowest rates in the nation. If the region genuinely wants to attract employers who offer good jobs, it must have a workforce with the skills to fill those jobs.

17. Why doesn't the Board of Trustees just commit enough foregone tax to cover the cost of acquiring the mill site, then pledge to return the foregone balance to taxpayers when the purchase is complete?

Any NIC Board of Trustees in office cannot obligate future boards to any level of property tax funding – be it an increase or a decrease. Such a “pledge” would be non-binding.

Each year the college goes through the process of developing and proposing a budget for the subsequent year. The proposed budget includes both projected revenues and projected expenditures. This draft budget is reviewed in public session by the NIC Board of Trustees in at least two consecutive meetings each spring; at the final meeting, after revisions are incorporated, the budget is approved. The Board determines, through that process, how much property tax it will ask the county to collect in the following fiscal year.

18. Have you thought about the impact development of the mill site would have on traffic along Northwest Boulevard?

Traffic considerations were a part of the Moore, Goltsman and Iacofano (MIG) Inc. master plan presented in July 2008. The vision is that intersections with traffic lights to provide ingress and egress to the Corridor and the NIC campus would be developed on Northwest Boulevard at its intersection with Hubbard Ave. (now controlled by stop signs) and by adding a new intersection at River (no intersection currently exists). The current main entry to NIC at Mullan would be revised to provide egress only.

Two major points of entry, and three major exit routes, would improve traffic flow to and from the Corridor.

19. What will become of the railroad right-of-way along Northwest Boulevard? Is that part of the Education Corridor purchase?

It is not a part of the Corridor. Upon formal abandonment by Burlington Northern, the property will revert to the U.S. Bureau of Land Management. The concept is that an agreement with BLM could be reached that would allow the City of Coeur d'Alene and its urban renewal agency, the Lake City Development Corp., to acquire the property. The Northwest Boulevard property could then be privately developed, enhancing the property tax base and creating jobs.

20. Isn't it better to let the mill site be purchased and developed commercially, so the community and county can gain property taxes from the development?

It is true that NIC, as a tax-exempt entity, would not pay property tax on the mill site. It is also true that the mill site at present has never been

annexed into the City of Coeur d'Alene, and thus does not pay property tax to the city.

An economic impact study done by Economic Modeling Specialists, Inc. (EMSI) and available on the NIC website under the Board of Trustees section provides some background on this issue. It demonstrates a greater net impact on the region when developed as the Education Corridor than if it were developed privately.

Another factor to bear in mind is the potential positive impact of commercial/retail development of the railroad right-of-way along Northwest Boulevard. That property is not a part of the mill site portion of the Education Corridor initiative, and holds great potential for economic gain.

21. With the wastewater treatment facility already on the site, wouldn't development of educational buildings adjacent to it be a potential health hazard because of the presence of chemicals, etc.?

That risk, however minimal it might be, holds true for the site regardless of the purpose for which it would be developed – as a site for higher education, or as a site for commercial development.

Should NIC acquire the property, additional training and preparation at part of its emergency preparedness will be developed and conducted.

In the meantime, the University of Idaho is interested in developing the existing Harbor Center facility as a world class water quality research and development facility, using the wastewater treatment site as its laboratory.

22. Of the 17 acres on the mill site, how much will actually be available for NIC to develop, and what will be the uses for the rest of that property? Will it be parceled out to the various partners (so much for NIC buildings, another part for UofI, etc.)?

One option under consideration is to sell a little over two acres of the property for use by the University of Idaho to build the first building on the Corridor site. The rest of the property will be owned by NIC.

How much of the property will ultimately be used for buildings, parking, green space, sidewalks and bike paths, etc. is undetermined at this time. It is believed, however, that the Corridor will meet the higher education needs of NIC and other providers – save for PTE Trades & Industry – for decades to come.

23. If the property is acquired by NIC for public use, what are the plans for keeping the waterfront accessible to the public?

The property will be owned by, and accessible to, the public. The waterfront will be available to the public, and will be maintained in the same fashion as the existing waterfront owned and managed NIC.