


Business Insider

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AMMO PARTS: How an Idaho supplier has grown fourfold in five years. **PAGE 6**

WHAT WE MAKE: Workers' paychecks rose in most states in 2011. Not here. **PAGE 25**

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MOUNTAIN HOME'S NEW HOPE

How the city used urban renewal money to attract
a national department store. **PAGE 18**

■ SMALL BUSINESS

A case for urban RENEWAL

Mountain Home's King's store sat vacant for a decade until publicly funded improvements lined up with a serendipitous inquiry from Stage Stores Inc.

BY SANDRA FORESTER
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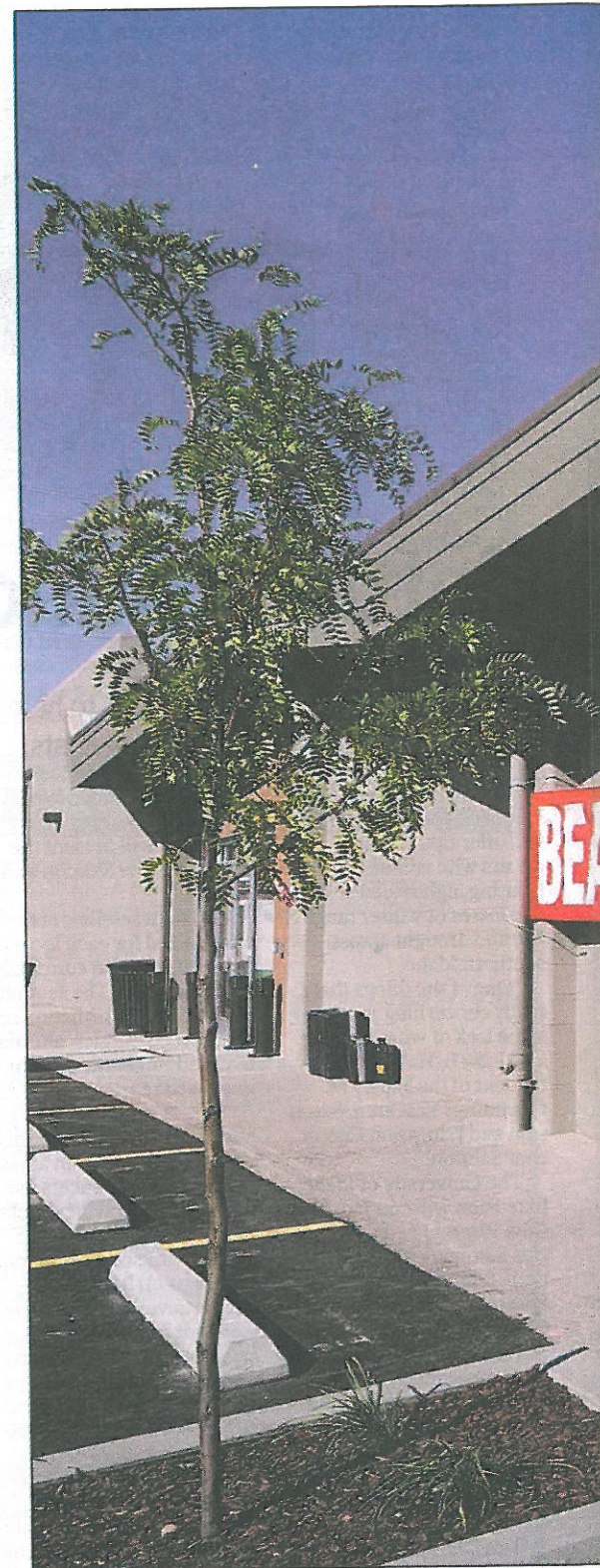
Mayor Tom Rist says he's certain of one thing. Without an urban renewal district, Mountain Home wouldn't have its Marathon Cheese Corp. plant or the new Bealls department store opening Oct. 17.

The city created an urban renewal district in 2005 to entice the Wisconsin-based cheese packaging company to Idaho. Tax-increment financing paid for land improvements such as ground compaction, base materials and utility installation, which were used as incentives. The 212,000-square-foot plant opened in 2007 and employs more than 350 people at 3000 NW. Marathon Way, north of the Mountain Home Municipal Airport.

City leaders say the new developments and their jobs illustrate the importance of urban renewal as a tool for economic expansion. It can give small communities an edge in competition with other communities for new businesses, they say.

"Urban renewal is even more important now because of the economic climate," Rist says.

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Mountain Home officials decided to buy the old building, fix it up

COVER STORY ■



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se it to a department store. They plan to sell the property to an investor to get it back on the tax rolls. Several city officials and urban-renewal commissioners toured the property Sept. 5.

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Workers dug up this decaying parking lot and built the new lot from scratch, including landscaping.



Provided by the city of Mountain Home



Mountain Home resident Clarence Joseph says he was happy to see the former King's Discount Store renovated with a tenant on the way. He remembers the building being newly constructed when he first moved to Mountain Home in 1962.

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AN ECONOMIC TOOL

Urban renewal districts work by setting the property values within district boundaries at the time of the district's formation as a base line. Schools, ambulance districts and other taxing districts within the boundaries continue to receive revenues based on that year's property values for the life of the district. The urban renewal agency collects the tax revenues on any added property value as the years pass.

The agency can sell bonds for projects like street improvements, rehabilitation or parking and pay them back with its tax revenues.

"That's the one tool we have that we have proven to be a big boost, a shot in the arm for our economy," says Mountain Home Economic Development Director Paul Riggs.

Idaho lawmakers adopted urban renewal in 1965. But the law has been under fire since at least the early 1990s from low-tax advocates and legislators seeking to scale back or eliminate it. Critics say some cities have used urban renewal funds for projects beyond the scope of lawmakers' intentions or have stacked agency boards with too many city council members.

Mountain Home's urban renewal agency has no city officials on it, though members are appointed by the mayor and approved by the council.

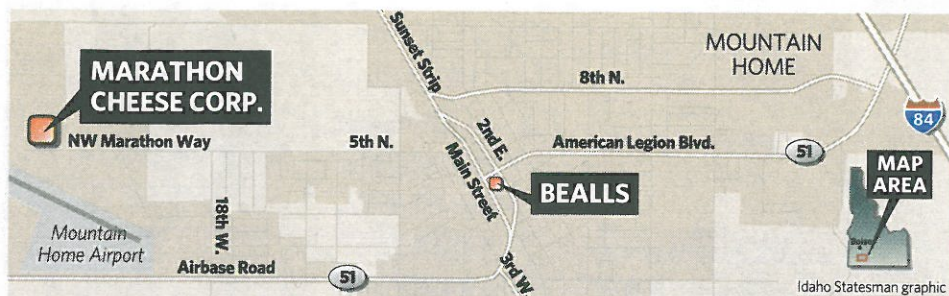
"We exactly conform to state law," Rist says. "It's worked really well for us."

After district revenues exceeded the amount needed for bond payments in 2010, the urban renewal agency looked for another project that would spur economic expansion. Board members zeroed in on the 50-year-old, dilapidated King's Discount Store, which closed about 10 years ago at 295 N. 2nd E. St. in downtown.

The agency paid \$235,000 including all fees and taxes to buy the building. A new parking lot, fire sprinklers and other renovations cost \$650,000.

About the time the agency was closing the deal, a Boise real estate firm called, saying it had a national retailer looking for space to lease. The retailer is Stage Stores Inc. of

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COVER STORY ■

Texas, which has several brand department stores, including Bealls, pronounced "bells."

"If it wasn't for urban renewal, this would not be happening," Riggs says. "We would still have an old decrepit building that was an eyesore. No one wanted to buy it and fix it up. Maybe tear it down."

KISMET OR STRATEGY

Ron Swearingen, the city's former economic development director and its urban renewal consultant, calls the timing of Stage's call and the agency's acquisition sheer luck.

"All the right elements came together," he says.

Stage Stores says expanding into smaller markets is part of its plan. It opened a Bealls store in Rexburg in October 2011 that joined stores in Burley and Blackfoot. Stores average 18,350 square feet. Bealls in Mountain Home will be 12,600 square feet and employ a manager and six to 12 employees, says Jennifer Grammar, the company's brand marketing director.

The company has more than 820 stores in 40 states, 65 percent of them in small cities with populations of fewer than 50,000 people. "We really look for the areas that are underserved by department stores," Grammar says.

Mountain Home, about 40 miles southeast of Boise in Elmore County, has about 15,000 people. The population can rise and fall with deployments of troops from Mountain Home Air Force Base.

The stores don't compete for branded apparel sales with big box stores like Walmart, because merchandise overlap is minimal, she says. Bealls sells

moderately priced brand-name and private-label apparel, accessories, cosmetics and footwear. Most of its sales are in men's and young men's clothing, misses sportswear, footwear and children's clothing.

"We really like it when we're in a town with Walmart," Grammar says. "We are more of a department store for the family."

What's different is the location. Stage Stores opens about 30 stores a year, mostly in strip malls. However, Mountain

Home's store is on a main street downtown.

"It just depends on what's available and what makes sense," Grammar says. "Wherever we locate them, they're really convenient."

Stage Stores had \$1.5 billion in net sales in 2011 and \$31 million in net income, according to its annual report.

REVIVAL IN DOWNTOWN

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Provided by the city of Mountain Home

The old King's Department Store was a blight on downtown. Vandals had broken windows. The floors and ceilings were falling apart.



Mountain Home urban renewal consultant Ron Swearingen, left, walks through the remodeled building with C-2 Construction Superintendent Ronnie Liercke, right, and other city officials. The building was recently turned over to Bealls, which will bring in furnishings and merchandise before its October opening.

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Mountain Home officials gather Sept. 5 to tour the building. They say it took everyone working together to help this project clear various hurdles. Pictured are, front row from left, Urban Renewal Commissioner Patrick Crusier; Economic Development Director Paula Riggs; and Urban Renewal Commissioners Lisa Anderson and Alan Bermensolo; and back row from left, Mayor Tom Rist; Urban Renewal Consultant Ron Swearingen; Planning and Zoning Board member Clarence Joseph; and C-2 Construction Superintendent Ronnie Liercke.

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City leaders hope the new store will keep residents from going to Boise to buy brand-name sports shoes and apparel.

They also say it will be an added attraction to draw shoppers from surrounding areas including Featherville, Bruneau and Grand View.

"It's going to be very positive," Rist says. "Say it generates 100 cars a day. Some of those people are going to go across the street to the drug store and to have a bite to eat at the cafe."

Martina Hurd owns Dilly Deli at 190 E. 2nd N. St., which backs up to Bealls' parking lot.

"It will bring more customers," Hurd says.

Jim Alexander, owner of Sav-Mor Drugs down the block at 270 N. 2nd E. St., says it's been a long time since something this big has opened downtown.

"Without question, the more opportunity people have to shop downtown, the more likely they are to come in," he says. "Hopefully it will keep more people in town."

Perhaps it also will prompt others to open shops nearby, Swearingen says.

Rist says the city has additional

BEALLS' GRAND OPENING

A ribbon cutting will be held at 8:45 a.m. Wednesday, Oct. 17 at 295 N. 2nd E. St., Mountain Home. Free tote bags will be given away, as well as a shopping pass for 20 percent off. The store will have opening sales and catalogs.

Extended hours will be 9 a.m. to 9 p.m. from the grand opening on Wednesday through Saturday. Regular hours will be 10 a.m. to 8 p.m. Monday through Saturday and noon to 6 p.m. Sunday.

plans to make the downtown more appealing to pedestrians by upgrading streets, sidewalks and the alley that separates Main and 2nd streets.

"We hope it'll be something like (Boise's) 8th Street but on a smaller scale," he says.

And they'll need the assistance of the urban renewal agency to make the improvements seamless from the public streets to the private buildings, he says.

"We cannot go on private property," Rist says. "Urban renewal can do that."



Provided by the city of Mountain Home

This entrance and windows were replaced with a wall to make the building more energy efficient and give the store more wall space and storage.



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One of the notable changes to the old King's retail store was the replacement of the windows and entrance on the northwest corner. Patrons will enter Bealls from the new parking lot on the east side of the building.