

**Growth Fund Members:**

Chairman,

Mark Weide

Vice Chairman,

Don Boehm

Dan Anderson

Jeremy Bauer

Jeff Erickson

Rick Horn

David Lehman

Curtis Patzell

Lee Weisbeck

**Liaisons:**

City Commissioner, City of  
Mandan

Mike Braun

City Attorney, City of Mandan

Malcolm Brown

City Administrator, City of  
Mandan

Jim Neubauer

Chief Building Official, City of  
Mandan

Douglas Lalim

Finance Director, City of  
Mandan

Greg Welch

Business Development  
Director, City of Mandan

Ellen Huber

Bismarck-Mandan  
Development Association

Brian Ritter

Nathan Schneider

Lewis & Clark Regional  
Development Council

Brent Ekstrom

**Mandan Growth Fund  
Thursday, February 18, 2016  
Noon  
Veterans' Conference Room  
Mandan City Hall  
205 Second Avenue NW**

1. Introductions

Chairman Mark Weide called the meeting to order. Members indicated with a  were in attendance. Also in attendance were Program Coordinator Krista Harju, City of Mandan, and Don McGuire, Missouri Valley Addition.

2. Consider for approval the following minutes:

a) Jan. 13, 2016

Jeff Erickson moved to approve the minutes from the Jan. 13 meeting. Dave Lehman seconded. The motion passed unanimously.

New Business

3. Discussion about potential targeted restaurant recruitment strategy

Ellen Huber provided the committee with a memo about restaurant recruitment and potential targeted use of the Flex PACE program. Business development efforts focus on new and expanding local businesses and corporate entities.

Current marketing and recruitment messages focus on the City's merits as well as criteria important to site selectors such as population, traffic counts, access, visibility and other factors. Successful existing businesses are also encouraged to participate in business testimonials, with recent publicity being online focused. Last year, a business opportunity video was produced and released on Facebook, and via the City's website and YouTube channel.

Mandan locations inherently compete with those in Bismarck for many business prospects. Businesses often gravitate towards Bismarck because of the larger population and higher traffic counts. Walmart is an

*anchor, but Mandan still doesn't have a retail development similar to Pinehurst or the Haycreek Shops. Until Mandan can reach that more critical mass, it is difficult to lead on the city's merits alone.*

*Huber recommended being more aggressive to secure more interest from individuals looking to expand a business or open a start-up location. Right now, the City provides real estate briefings and maintains connections with business start-up resource groups such as commercial lenders, accountants and others providing business assistance services. Incentives are not the initial focus of recruitment. Huber leads with the benefits of starting a business in Mandan. Discussions usually only turn to incentives once a prospect is interested in the market., Risks of leading with incentives include that no level of incentives will make a bad business concept good, appearing desperate, or giving a larger incentive than could be required to secure a business.*

*In 2013, the Growth Fund Committee worked on fine-tuning the local policy for property tax exemption for new and expanding businesses. The policy offered a higher level of incentive for retail and restaurants based on scope, size and scale of service being provided, with the larger scale businesses eligible for the highest incentive. It was never truly tested, because state legislation was passed that prevented projects from being completed in a timeframe that would allow them to benefit.*

*The Retail & Restaurant Incentive Program is available, but the policy limits funds to \$20,000 per project. It is more geared to smaller types of endeavors. Huber said \$20,000 doesn't seem meaningful to larger retail or restaurants. The Retail & Restaurant Incentive Program has only seen about four participants since it was created.*

*Huber asked if the committee would be interested in using the Flex PACE tool in a manner that would provide a higher level of assistance or incentive for full-service restaurants.*

*Under FLEX Pace, local entities have the option of providing the local match as a grant. That was the practice of the Growth Fund Committee and the City Commission prior to 2014. The local match could be offered as a grant or forgivable loan for those things of greatest need and want. The committee could also consider offering more favorable interest rates or terms on the local match. This would mean the funds are not revolving and would eventually be depleted. The unencumbered balance in the Growth Fund for economic development projects as of Jan. 31 is about \$312,693. The transfer of the annual \$250,000 in sales tax dollars will occur in March and is not reflected in the current balance.*

*Another potential source for the Flex PACE local match is the North Dakota Opportunity Fund (NDOF). Through the fund, the local match can be provided, but only as a loan. Interest rates would be determined based on the terms of the project. So far, the Mandan Growth Fund interest rates have been 2 or 3 percent, with the exception of the primary sector PACE project, which received a 0 percent interest rate. A motion of approval or*

*support from the City Commission is required for the NDOF to provide the loan for the local match. The option of a grant would not be available through the NDOF.*

*Huber said Flex PACE has worked in most new and expanding business situations, but discussions about the program generally don't typically occur until a business is determined to be a solid prospect. It doesn't necessarily help in recruitment, because many businesses are unaware of the programs available. Flex PACE is not appealing to a business owner that is self-financing. There has also been one situation in which the corporation's consolidated borrowing and loan covenants didn't make it feasible.*

*Mandan is seeking more restaurant interest. Huber suggested combining the local match with the Bank of North Dakota to offer \$154,000 interest buy-down structured as a grant to the first three full-service casual dining restaurants to locate in Mandan. The committee could choose to limit the incentive to the first restaurant to locate in each business district or make it community wide.*

*Bismarck/Mandan is seen as a single metro area. Businesses often look at population within a 1-, 2- or 3-mile radius.*

*Huber said some indicators of growth don't show up on a current demographic analysis, such as new, new businesses and new homes. When recruiting businesses, she tries to provide this information.*

*According to the N.D. Department of Transportation counts, Mandan's highest traffic count in an area where businesses can locate is 20,000.*

*Nathan Schneider said traffic counts at the intersection of State Street and Interstate Avenue in Bismarck are estimated at 48,000. He said developers and businesses tend to circle Bismarck's Third Street corridor and Highway 83 from I-94 to Hay Creek. Retail follows retail.*

*West Fargo provided a sales tax rebate incentive to encourage Costco to locate in the community. Williston uses Flex PACE to provide grants or forgivable loans. Bismarck does not use Flex PACE, they only use the PACE version of the interest buydown program through the Bank of North Dakota for primary sector businesses.*

*Brent Ekstrom recommended using incentives to help reduce the cost of land purchases.*

*Sales tax rebates could be offered as an incentive. The incentive could be used for quick service restaurants or limited to full-service casual dining. Don Boehm suggested offering sales tax rebates to all businesses interested in locating in Mandan, as it would attract businesses and raise traffic counts, which would help in future recruitment efforts. The rebate would come at no direct cost to the City.*

*Mike Braun suggested offering loan relief or grant dollars for full-service casual dining restaurants in the areas along the I-94 corridor and Memorial Highway and offering sales tax rebates to quick service restaurants looking to locate in the area.*

*Ekstrom suggested limiting incentives to the first three businesses to locate in the area. Traffic counts will increase and other businesses will look to locate in the area.*

*The committee agreed to focus on three general business districts: Main Street/Downtown, Memorial Highway/SE Mandan (south of Main) and the I-94 corridor.*

*Ekstrom suggested offering the grants as a percentage of the project amount. Boehm further recommended offering the grants in tiers and providing 100 percent to the first tier, 75 percent to the second tier, 50 percent to the third tier and 25 percent to the fourth tier in each area. Ekstrom further suggested offering tiers based upon the type of business and decreasing grant amounts for each tier.*

*Ekstrom suggested creating tiers for the sale tax rebate based on the size and type of restaurant. He thinks the community needs to have all kinds of restaurants and shouldn't exclude any. He also recommended considering a forgivable loan with a clawback and a three-year repayment period.*

*Weisbeck suggested focusing on marketing the incentives. In the banking world, many people don't even know these incentives are available in Mandan. He recommended marketing the existing incentives and future incentives. Huber will arrange a new round of meetings with lenders to provide information on incentives available in Mandan.*

*Weide suggested offering a combination of grant dollars and sales tax rebate to all restaurants for fixed period of time. It would prevent it from becoming too confusing of a structure. He suggested offering it for a two to three year time period. Huber noted that it could be limited by the amount of money in the bank. Weide suggested using a sunset clause to put a cap on the program. He asked for City staff to provide the committee with the amount of funds available.*

*Huber suggested working with the ND Opportunity Fund for any Flex PACE application that would involve a loan amount.*

*Huber said other cities rebate only a portion of the sales tax.*

*Erickson suggested offering a larger incentive to the first business to fill a gap in the area. Weisbeck agreed.*

*Based on the input provided and interest in pursuing a new approach, Huber will draft a proposal for consideration at a future Growth Fund Committee meeting. If approved, she will present it to the City Commission for consideration.*

Other Business

4. Adjourn

*Having no further business the meeting was adjourned.*