

Mandan Renaissance Zone Committee
Monday, July 27, 2015
Noon
Veterans' Conference Room, City Hall, 205 Second Avenue NW
MINUTES

Renaissance Zone

Committee Members:

Mandan Progress Organization:
Bruce Strinden, Newman Signs (2015-2017) – Chair

Private Sector:
Rob Knoll, Knoll Appraisals (2015-2017) – Vice Chair

Financial Sector:
Darren Haugen, Starion Financial Services (2014-2016)

Real Estate Sector:
Pat Vannett (2015)

City of Mandan:
Commissioner Mike Braun (2012-2016)

Community At Large
David Leingang (2014-2016)

Community At Large
Robert Vayda (2014-2016)

Liaisons:

City of Mandan:
City Administrator, Jim Neubauer

City of Mandan:
Business Development Director, Ellen Huber

1. Consider approval of agenda
Rob Knoll moved to approve the agenda. Mike Braun seconded. The motion passed unanimously.

2. Consider approval of the following minutes:
a) Jan. 28, 2015
Robert Vayda moved to approve the minutes from the Jan. 28, 2015 meeting. Knoll seconded. The motion passed unanimously.

3. Elect officers
a) Chair
b) Vice Chair
Braun nominated Bruce Strinden for the Chair position. Vayda motioned to elect Strinden for the position. David Leingang seconded. The motion passed unanimously.

Braun nominated Knoll for the position of Vice Chair and motioned to elect Knoll to the position. Leingang seconded. The motion passed unanimously.

4. Consider application for lease of 100 Collins Ave by Icon Architectural Group, LLC
The committee considered an application for lease of space in Collins Place, a Renaissance Zone project.

Ellen Huber provided a background on the application. Under the provisions of the Renaissance Zone Program, the applicant, ICON Architectural Group LLC is eligible for a state income tax exemption for five years. The

application is for lease of 943 square feet of office space plus common area at 100 Collins Avenue. The estimated state income tax exemption from business activity derived at the company's Grand Forks location is \$800/year for a five year benefit of \$4,000.

Huber introduced David Manns, a representative of ICON Architectural Group LLC, who provided a background on the company. The 15-year-old company is based primarily in Grand Forks, but is looking to set up a location in Mandan. ICON will initially have one full-time licensed architect working in the office. The individual has been working for Icon the last two years from his Mandan home. The firm hopes to add two more full-time and two part-time employees in the next five years to include another architect, a drafter and office assistants.

Mandan benefits from the project through attracting a business that increases professional services available in the community, increased job opportunities and by filling a commercial space that has been vacant for nearly one year.

Huber noted the applicant had not yet provided a certificate of good standing from the North Dakota Tax Department, which is required to submit for state approval. The applicant has submitted the request, but it has not been received. The committee's action is pending receipt of the certificate. ICON has entered into a letter of intent, but a formal lease agreement cannot be signed until the applicant has received state approval.

Braun moved to approve the application with a five-year 100% state income tax exemption, contingent upon receipt of a certificate of good standing from the N.D. Tax Department. Pat Vannett seconded. The motion passed unanimously. It will appear before the City Commission at an Aug. 4 meeting and will be submitted to the North Dakota Department of Commerce Community Services Division for state approval.

5. Discuss occupancy status of remainder of commercial space at Collins Place

The committee reviewed the status of the office/retail space at 100 Collins Avenue as it relates to a claw back provision. At the time Collin's Place was approved as a Renaissance Zone project, approximately 3,000 square feet of commercial space was subject to a claw back provision regarding occupancy status. The office/retail square footage was approved for a five-year property tax exemption if the space was leased or sold within one year of the issuance of the certificate of occupancy. If not leased or sold within one year, the exemption would be cut to 50% for the same time period. If not leased or sold within 2 years, the exemption would be withdrawn. The certificate of occupancy for the building was issued Aug. 28, 2014. The office/retail square footage totals 3,248 square feet (8.3%) of the building's total area, but 35% or \$813,157 the building's total value.

Icon Architectural Group committed to leasing approximately 1,000 square feet, which will likely leave approximately 2,248 or 5.7% of the building unoccupied by the first anniversary from issuance of the building's certificate of occupancy.

Huber recommended the property tax exemption be prorated, based on the amount of space that is leased by that time.

Vayda questioned if the rent is too high, as the building has sat vacant for some time. Huber said it is a pretty favorable rate for the location and newness of the building. Rent is \$8/square foot.

Knoll moved to recommend approval of reducing the property tax exemption on the retail/office space at 100 Collins Avenue by a percentage equal to the unoccupied space's prorated share of the building's value as of Aug. 28. Haugen seconded. The motion passed unanimously. It will appear before the City Commission at an Aug. 4 meeting.

6. Discuss passage of Senate Bill 2329 which allows for expansion of the Renaissance Zone

Senate Bill 2329 received approval and signature by the Governor. Huber asked the committee for some direction on how to move forward. If the committee is interested in pursuing an expansion of the existing Renaissance Zone, it needs to determine what areas to look at for the expansion. The last time the legislature authorized cities to expand Renaissance Zones, the City surveyed property owners on blocks adjacent to existing boundaries to identify interest. The City could issue another survey.

Mandan's Renaissance Zone is currently 28 blocks. The expansion could allow for the addition of 8 blocks, 36 blocks in total. Three blocks can non-contiguous to the boundary area. The non-contiguous blocks must be confined to one area. This allows the committee to look at other geographic areas in the community. The Renaissance Zone currently extends from Mandan Avenue on the east side to Tenth Avenue on the west side.

An online poll revealed that people were split on whether or not the zone should be expanded. Those who supported it favored furthering the boundaries north of Main Street and First Street, which would benefit residential properties.

Ellen presented other areas of possible expansion. An area of East Main Street would include the commercial properties of Bonanza, Weedas and the former United Printing building. This area is currently being considered as an area of expansion for the Downtown Storefront Improvement Program. Another area that could benefit from the Renaissance Zone Program is the area of the former

Central Market and Thrifty White. The area of 6th Avenue SE could also be considered, though most of the construction is fairly new.

Knoll recommended considering an area on Memorial Highway for the non-contiguous area. Huber said it is worth exploring, but it might be more blocks than allowed for expansion and could have some citizen push-back.

Haugen felt it was difficult to predict which areas would be of greater benefit and suggested waiting until an application from an outlying area came in. Huber noted that expanding a Renaissance Zone isn't a quick process. It is necessary to research it, hold a public hearing and submit a revised plan to the Department of Commerce. She said it could require three to six months to expand the zone. Huber recommended surveying business owners to gauge interest.

Strinden did not see a useful purpose in expanding blocks, as the committee did not identify a need.

Knoll suggested gathering more information from the Department of Commerce regarding the non-contiguous areas. Huber will research what blocks are considered contiguous and bring information to the next meeting.

7. Renaissance Zone project status update

All projects are on deadline. Dairy Queen is substantively complete and will have paperwork in by the end of July. Icon Architectural Group is the Renaissance Zone's sixtieth application.

8. Other business

9. Adjourn

Braun moved to adjourn. Knoll seconded. The motion passed unanimously.