

The Mandan Renaissance Zone Committee met at noon on Feb. 9, 2012, in the Edward “Bosh” Froelich Room at City Hall. Committee members present were Bruce Strinden, Robert Vayda, Dot Frank, Darren Haugen and Pat Knoll. Absent were Rob Knoll and David Leingang. Others present were City Administrator Jim Neubauer, Business Development and Communications Director Ellen Huber, Bismarck Mandan Development Association Director of Special Projects Richard Mower, and applicant representative Kevin Magstadt.

Chairman Strinden called the meeting to order. Committee members reviewed the agenda.

Frank moved to approve the agenda as presented. Maddock seconded. Motion carried unanimously.

Minutes

Committee members reviewed minutes of the meeting held Jan. 31, 2012.

Vayda moved to approve the minutes. Haugen seconded. Motion approved unanimously.

New Business

Consider application for purchase with improvements at 301 First Street NE. Huber provided an overview of the project, noting the building’s total present value is \$783,900. Fourteen percent of the building’s space is already the subject of the Leingang Chiropractic leasehold improvement project. Thus only 86 percent, or \$674,154 of the value is subject to this application. To qualify for purchase with improvements, a 20% minimum investment in improvements is needed to qualify for a 50% property tax exemption. In this case, the minimum 20% is equal to at least \$134,831. The proposed investment by the Wooddale Drive group is \$138,315, so it meets the minimum total. Huber further explained that at least 80 percent of the minimum, in this case at least \$107,864, must also be for capital improvements. The cost estimates also indicate this requirement will be met.

With the proposed investment in improvements, the 50% property tax exemption is estimated at just under \$8,000 annually for a five-year total of slightly less than \$40,000. The estimate for the state income tax exemption is zero because the applicant is an employee-owned entity. Because the total exemptions exceed \$25,000 over the course of the five years, the applicant has signed the required business incentive agreement.

Huber noted the local ordinance requirement for an automatic door, explaining that the building has four doors on the north side. An opener was installed at the farthest east door as part of the Leingang Chiropractic project. The Wooddale Drive application indicates an additional automatic opener will be installed on the farthest west door, which will then allow access to the other main floor tenants: Horace Mann Insurance and Reis Mixed Martial Arts. Reis is planning to take on additional space between its current studio and the chiropractic office. If this space were leased by a different tenant within the five-year window of the exemption, an additional door would be required to provide access.

Kevin Magstadt of Wenck Associates explained that the 1802 Wooddale Drive LLC is a property holding company for Wenck Associates, a consulting engineering and environmental science firm. They have grown from 1 employee to 9 in the last couple years and need more space, thus would like to purchase the building. One of those employees is working from Fargo due to lack of office space at the Mandan location. Wenck will occupy about 4,600 square feet of the building or about 34 percent.

Magstadt explained the scope of the improvements, primarily build-out of class A office space on the upper level for Wenck to include a conference room. Magstadt listed the other tenants in the building: Horace Mann Insurance, Reis Mixed Martial Arts, Leingang Chiropractic, and Beaver Creek Archeology. Photography by Kayla K recently relocated to a space on the 500 block of West Main near Central Market.

The exterior south wall of the building will be painted. Huber noted that another important criteria of the Renaissance Zone program is that all visible signs of blight be addressed. Magstadt explained that they are not applying dryvit to the side of the building, like the other sides, because they may want to add on to the building. They are also purchasing three residential rental parcels south of the building and plan to have the homes demolished by the end of May for additional off-street parking as well as the possibility for future expansion of the building.

Huber noted that the building has been the subject of a previous application by current owner Jerry Renner. The project was never finalized as improvements to the south exterior wall were not complete. That project will become null and void if the proposed purchase by the Wooddale Drive group goes through.

Frank asked about the age of the structure and if that was a criteria for Renaissance Zone benefits. The assessing data sheet indicates the building was built in 1976. Huber explained that age is not a factor. New construction projects are allowed. Previous rehab projects of buildings constructed in more recent history have included Captain Jacks Liquor, Starion Financial and the former American Legion building, now N.D. Guarantee and Title.

Vayda asked about the verbal bids included in the packet. Huber explained that the general contractor, Jerry Renner, had included a formal summary of all bids for the application.

Huber pointed out that if the purchase with improvement project is approved and as the new buyer notifies existing tenants that there could be the potential for more lease applications.

Frank moved to recommend approval of the application for purchase with improvements of 301 First Street NE as a Renaissance Zone project with the 50% five-year property and 100% state income tax exemptions. Maddock seconded. Motion approved unanimously.

Frank moved to adjourn the meeting. Vayda seconded. Motion carried unanimously.

Ellen Huber,
Business Development
& Communications Director

Bruce Strinden
Chairman
Renaissance Zone Committee