

The Mandan Renaissance Zone Committee met at noon on Feb. 16, 2012, in the Edward “Bosh” Froelich Room at City Hall. Committee members present were Bruce Strinden, Robert Vayda, Dot Frank, Rob Knoll and David Leingang. Absent were Darren Haugen and Pat Maddock. Others present were City Administrator Jim Neubauer, Business Development and Communications Director Ellen Huber, and Bismarck Mandan Development Association Director of Special Projects Richard Mower.

Chairman Strinden called the meeting to order. Committee members reviewed the agenda with no changes made.

Minutes

Committee members reviewed minutes of the meeting held Feb. 9, 2012.

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

New Business

Consider application rehabilitation of 101 E Main Street by Al Leingang. Huber provided an overview of the building known as the Iverson Building or the Missouri Valley Grocery Warehouse. The building has been largely vacant or used only as storage for about the last decade. Al Leingang acquired the building in roughly 2007. He explained that he has bypassed lesser opportunities for the sale or lease of the building since in the last five years because it is such a focal point for the city at the intersection of Collins Avenue and Main Street.

Leingang, together with development partner Loran Galpin, plans to renovate the building as a professional office center. Developer Loran Galpin noted that they are working to recruit a tenant that would be new to Mandan. They are seeking top-notch tenants. The plan is to rehab the building into a professional office center. Uses such as a restaurant or bar would limit interest from businesses needing office space.

The proposed initial investment for the Renaissance Zone application is \$2.1 million to include exterior remodeling of building shell, new windows, the addition of an elevator tower and renovation/build-out of the first floor. Additional plans, beyond the scope of the Renaissance Zone application, are for parking lot and courtyard landscaping and enhancements, renovation of the second and third stories, and possibly construction of an additional building to the east.

Galpin noted that the columns in the building will remain largely visible and be part of the building’s architecture. Knoll asked about the ceilings and brick interior. Galpin said they would sheetrock over the interior for warmth and to hide the electrical, but would keep the brick in the elevator tower. Ceilings may be a combination of existing and new, leaving some open and others covered for duct works depending upon tenant wishes.

Strinden noted that one of the primary purposes for the Renaissance Zone legislation was to keep and renovate older buildings in downtowns. He said this project fits the purpose.

Vayda asked about the north door on the west side of the building. It was explained that it would remain as a service or staff entrance but not a public entrance.

Frank pointed out that it's an exciting project with its challenges and expenses, thus the reason they applicants are seeking some offset through the Renaissance Zone tax benefits. She is interested in conversations with the Architectural Review Commission regarding the design of the elevator tower and sees pressure to maintain the historical integrity of the building. She likes how the plans address more than the building with the site improvements and plaza concept.

Another member noted that the project may not be as unique in design as some of Galpin's other projects, that it has similar features to buildings recently completed in Bismarck. Galpin explained that they are seeking reflective qualities and don't just want to replicate Civic Square. He stressed the design being a combination of historical materials with new materials, allowing for variety and a blending of the two. Frank encouraged a metal material more akin to a grain elevator rather than the stainless steel.

The project has been informally previewed by the Mandan Architectural Review Commission. Final approval by MARC is required for the issuance of a building permit.

Huber summarized the financials on the project. The building's current value is \$152,100. The proposed investment far exceeds the minimum 50 percent requirement of \$76,050.

Additional applications are likely to stem from the project with tenants being eligible to apply for lease of space in a building being rehabilitated as a Renaissance Zone project. The project has the potential to bring many additional jobs to Mandan.

The projected value of the building after the initial Renaissance Zone improvements is \$1,815,275. The estimated annual property tax on the building as improved is \$86,578 for a projected five-year savings of \$182,890. If build-out of the second and third stories of the project is completed within the five-year window of exemption, there's the possibility that the value of the building will increase and thus the value of the exemption.

The estimated state income tax exemption for lease of space in the building is \$4,000 annually for a five-year savings of \$20,000.

The applicant has also intends to apply for a Storefront Improvement Program forgivable loan of \$10,000 and a Tax Increment Financing (TIF) property tax exemption. The TIF exemption request is likely to be for property tax on building improvements in years six to 15. Each of these requests is subject to a separate application, review and approval process.

An automatic door will be installed in the elevator tower. The applicant has also signed a business incentive agreement as required for projects where the tax incentives exceed \$25,000.

Knoll moved to recommend approval of the application for rehab of 101 E Main as a Renaissance Zone project with the 100% five-year property and 100% state income tax exemptions. Leingang seconded. Motion approved unanimously.

Knoll moved to adjourn the meeting. Leingang seconded. Motion passed unanimously.

Ellen Huber,
Business Development
& Communications Director

Bruce Strinden
Chairman
Renaissance Zone Committee