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The Mandan City Commission met in a working session at noon on May 20, 2016 in the Veterans' Conference Room at Mandan City Hall, 205 2<sup>nd</sup> Ave NW, Mandan, ND. Commissioners present were Van Beek, Tibke, Rohr, Laber, and Braun. City Department Heads present were City Administrator Neubauer, City Attorney Brown, Finance Director Welch, Business Development and Communications Director Huber, and Program Coordinator Krista Harju. Others present: Morton County Commissioner Cody Schulz, Mandan Growth Fund Member David Lehman, Bismarck-Mandan Development Association (BMDA) President/CEO Brian Ritter, BMDA member Nathan Schneider, Lewis & Clark Regional Development Council (LRDC) Executive Director Brent Ekstrom, LRDC Loan Officer Matt Burthold, Mandan Citizens Shannon Reichenberg and Jessica Petrick.

### NEW BUSINESS:

*1. Discussion regarding Economic Development Strategies:*

*i. City of Mandan Business Development & Communications Director, Ellen Huber, BMDA President/CEO Brian Ritter and Lewis & Clark Regional Development Council Executive Director Brent Ekstrom discuss programs and how they work together.*

Areas covered include, the 3 SOURCES OF BUSINESS DEVELOPMENT, Retaining & growing existing businesses, fostering business start-ups and attracting new businesses. Also included were the 4 Ps of marketing: product, price, place and promotion.

The Business Development Marketing includes The PRODUCT and Community improvement. Making sure Mandan is a product that businesses want and enhancing strengths, addressing weaknesses so businesses increasingly want to be in Mandan. Community improvement includes planning & zoning, land use and redevelopment recommendations & plans, infrastructure (roads, water, sewer), developable land & available buildings, community beautification, cleanup activities, streetscape enhancements, renaissance zone, storefront improvement, and public-private partnerships. Sometimes this is leading w/ public investment to leverage private investment for anchors, traffic generators or to otherwise meet resident, business & visitor needs. The PRICE includes, value and quality & quantity of property (land & buildings) for the dollar, public benefit of projects, incentives and helping prospects avoid unforeseen costs. Predictability includes a community with review & approval processes, standards for development, etc. The PLACE, includes our community, our available sites, tracking land & buildings for sale & lease, tracking business openings, expansions, remodels (& changes in ownership, management, closures), our community, our available sites, population, demographics, daytime populations, traffic counts, access & visibility, proximity to other retail & services, insights about upcoming developments & projects. The PROMOTION portion includes branding & community image for recruitment/retention of businesses, residents & visitors. Marketing & public relations includes website, social media, paid advertising and communicating news of growth & progress. Programs include "Shop local" – existing businesses, outreach & recruitment, response to inquiries, coordination/facilitation with various departments & boards/committees for project permitting & approvals.

The City of Mandan's Business Development Office provides: Information & Services to include, market intelligence, available properties, traffic counts, demographics and retail gap analysis; Development news including information/contacts for uses allowed by

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zoning, infrastructure planning, building & fire codes (review recommended for a change in ownership/change in use), permits – business signs, liquor, etc., business incentive programs, outreach suggestions for new businesses and news media list, news release template & more.

Mandan's investment in economic development includes, 1% local sales tax approved by voters in 1991 for property tax reduction, economic development, infrastructure & debt reduction. The historical expenditures are: 23% which has been used for economic development \$250,000 annually to Mandan Growth Fund (from 1% local sales tax, has remained the same for 25 years; this covers economic development projects plus O&M for business development & communications; \$100,000 to BMDA, \$25,000 to Mandan Progress Organization, \$20,000 community event grants (as recommended by MPO), and \$5,000 to Chamber (1% local sales tax). Other related funds & investments; 2% hotel occupancy tax, \$56,000 to Bismarck-Mandan Convention & Visitors Bureau (90% of collections), 1% restaurant and lodging tax and the Visitors Capital Promotion Fund.

Economic development investments by other ND cities include their operating budgets: Fargo - \$1.4M, Bismarck - \$900,000, Grand Forks - \$900,000, Williston - \$500,000, Jamestown - \$435,000, Dickinson - \$300,000, Mandan - \$201,850 (includes public information), W. Fargo - \$186,368, Wahpeton - \$175,000, Devil's Lake - \$165,000 Valley City - \$150,000.

Local community-wide incentive tools include gap financing, other financing assistance (interest-rate buy-downs), property tax breaks, new construction and expansion of buildings for primary sector businesses, commercial remodeling exemption, retail & restaurant incentive and restaurant rewards – 1% sales tax rebate & interest buy down. Local downtown incentive tools include Renaissance Zone property & state income tax benefits, Downtown and Memorial Highway which include Storefront Improvement matching funds, Extraordinary projects that provide significant public benefit, obstacles to development, etc.), land/property buy down, sales tax rebate and tax increment financing and payments in lieu of taxes (PILOT). Other business assistance tools include Partnering with the Lewis & Clark Regional Development Council (LCRDC), two \$1 million revolving loan pools for businesses in Mandan & a 10-mile radius in Morton County Formed two times with \$250,000 in Mandan sales tax money to secure \$750,000 loan through USDA Rural Development Intermediary Relending Program, \$9.7 million secured for loan participation program through U.S. Treasury Small Business Credit Initiative N.D. Opportunity Fund, Bank of ND PACE & Flex PACE Loans, interest buy – down programs which leverages Bank of North Dakota funds, Primary sector projects - up to \$300,000 (Minimum 1 job for every \$100,000 of loan proceeds), regular projects – up to \$100,00 Affordable housing – up to \$500,000, childcare – up to \$300,000 (requires a 35% local match, approval depends on project benefits and generally provided as a low-interest loan, buy-down period generally 5 years or less.

**PROPERTY TAX EXEMPTION FOR NEW & EXPANDING BUSINESSES:** must be primary sector (unless a vote of citizens would allow retail, per 2013 state legislation), criteria include jobs creation, jobs quality (wages/benefits), diversification, synergies w/ existing businesses through a tiered system. 100% for 2 years; 100% years 1-2, 75% year 3, 50% year 4, 25% year 5; 100% for 5 years.

COMMERCIAL REMODELING EXEMPTION: commercial properties are eligible for an exemption for up to 3 years for any value added due to certain remodeling projects or additions. The exemption is limited to value added by for completed remodeling or additions.

RETAIL & RESTAURANT INCENTIVE PROGRAM : for businesses that fill a gap in Mandan's market profile, more niche retail & eateries welcomed, up to \$5 psf of operating space (maximum \$20,000 per project/property)

RESTAURANT REWARDS PROGRAM: Available thru March 31, 2017, 1% local sales tax rebate for 5 years, \$162,000 set aside for interest buy downs (first come, first served).

- Renaissance Zone, entices investment in constructing & rehabbing buildings in 28-block area, 5-year property tax exemption on value of building 5-year state income tax exemption.
- Storefront Improvement Program for the Downtown core & fringe 35 projects to date, \$30,000 per building available in matching funds, up to double for a downtown corner building, Memorial Highway program established in 2014, also encourages landscaping 2 projects to date

PARTNERS IN ECONOMIC DEVELOPMENT: include business organizations of the Bismarck Mandan Development Association, Bismarck-Mandan Chamber of Commerce, Bismarck Mandan Convention & Visitors Bureau, Mandan Progress Organization, Lewis & Clark Regional Development Council, Startup, Entrepreneurial Assistance, Small Business Development Center, SCORE, Center for Technology & Business, Start Bismarck (Million Cups, etc.), NDSU Extension, SBA, USDA Rural Development, N.D. Commerce Department, Innovate ND, Primary sector certification, N.D. Development Fund, N.D. Tourism, Private sector, Lenders, Real estate agents and accountants.

REPRESENTATION & INVOLVEMENT: Economic Development Association of North Dakota – current vice president, Small Business Development Center Advisory Council, N.D. Opportunity Fund Steering Committee Chair & Lead Municipality, Lewis & Clark Certified Development Corporation (SBA 504 loans) – current vice chair; City & community committees, Mandan Growth Fund – staff liaison, Renaissance Zone – lead staff, Community Beautification Committee – appointed voting member, Mandan Tomorrow – Leadership, Pride & Image Committee – lead staff, Mandan Tomorrow – Economic Opportunity & Prosperity Committee – staff liaison w/ BMDA as lead, Mandan Progress Organization – non-voting, ex-officio board member, Chamber Excellence in Business Committee. Memberships include; International Economic Development Council and International Council of Shopping Centers.

BISMARCK MANDAN DEVELOPMENT ASSOCIATION: \$100,000 annually - was 4 mills until about 2005; approximately \$116,000, Voting rights, seat at the table/voice in initiatives and activities for regional & metro area collaboration. This leverages private investment & involvement and is important for initiatives larger than one city can address. BMDA also works on primary sector development, trade shows and responses to N.D. Commerce Request for Proposals, workforce attraction, targeted industries study,

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Services for Mandan that need to occur: Business retention & expansion visits (BRE), Primary sector plus retail/service, Assistance w/ attaining jobs verification reports and preparation of annual grantor report (required by state law), Retail recruitment (phone calls, e-mails, etc.), Assistance w/ obtaining annual demographic statistics & retail gap analysis, assistance w/ Mandan Tomorrow Economic Opportunity & Prosperity Committee including business education workshops

ALTERNATIVES FOR ADDITIONAL FUNDING:

More money for Growth Fund economic development projects such as interest buy downs. Retail recruitment consultant/contract for services, Buxton - \$50,000 annually for 3 years; hired by Williston & Grand Forks, Retail Strategies - \$110,000 in 4 installments over 36 months Retail Coach , Retail fee development (targeting big boxes)  
Examples: Similar to Jamestown Menards project w/ Woodsonia or other similar entity (\$100,000 initial fee; if secure project, then 5% of project cost); Other uses include; Industrial park – feasibility study, planning, property acquisition; infrastructure, Additional in-house staff for business development, areas of emphasis within business sectors, Geographic areas of emphasis, Approach to retail & restaurants, New development & redevelopment. Obstacles include lack of a retail/commercial land developer for agglomeration/clustering to create a retail district.

*ii. Commission Discussion:* The information presented was very comprehensive and information to the Commission. Future commissions should hone in on a path forward. Methods of distributing this info to the board on a regular basis will be discussed further.

ADJOURN

There being no further actions to come before the Board, Commissioner Rohr moved and Commissioner Laber seconded to adjourn at 1:35 p.m. The motion received unanimous approval of the Board members present and the meeting adjourned.

/s/ James Neubauer

James Neubauer,  
City Administrator

/s/ Arlyn Van Beek

Arlyn Van Beek  
President, Board of City  
Commissioners