

The Mandan City Commission met in special working session at 3:30 p.m. on September 18, 2012 at Mandan City Hall, 205 2<sup>nd</sup> Ave NW, in the former Morton County Library Room. In attendance for the Mandan City Commission were Mayor Van Beek, Commissioners Tibke, Rohr, Frank, and Braun. City Department Heads present were City Attorney Brown, City Administrator Neubauer, Business Development & Communications Director Huber, and City Assessor Barta. Also in attendance for the Mandan Growth Fund were Tim Spilman, Dennis Friesz, Mike Schaff, Annette Behm-Caldwell, Mark Weide, Todd Steinwand and Rick Horn. Citizens present were Deb Holter, Robert Vayda (Architectural Review Commission), and Richard Mower (BMDA).

NEW BUSINESS:

1. *Discussion related to the City of Mandan Commercial Property Tax Exemption Policy and Guidelines.* Mayor Van Beek thanked everyone for attending. We want input from the Mandan Growth Fund.

Tim Spilman indicated that the Mandan Growth Fund (MGF) wants consistency in the policy whatever it is to be, in the future. He mentioned that Mandan and Bismarck should be seeing growth in the next 5 years that is hard to imagine. He questioned whether we need incentives.

Dennis Friesz brought up the negative comments that are always about property tax. Maybe at the 3<sup>rd</sup> year of exemption we should start seeing money coming into the community.

Tim Spilman asked why are we here today.

Jim Neubauer replied that there isn't a consensus from the MGF and no consensus among the City Commission; therefore it was suggested to put both groups together to discuss the policy.

Mayor Van Beek said that they would like some cohesiveness in the Policy that both groups can agree with.

Commissioner Rohr indicated he is not in favor of investing tax money in infrastructure for new business as then you are taking tax dollars as incentives.

Tim Spilman referred to a "Big Box" which could have built 5 miles outside of town and want to get them in town to generate the sales tax. Incentives are a part of the picture.

Mark Weide said that it does not matter who comes here, his job is to get the services here based upon what the community wants.

Todd Steinwand said that he would prefer a world where there is no need for incentives. But that's not the reality. Due to competing communities you need to be in the game. It used to be in the primary sector there wasn't retail. But now there is the unique situation

with Bismarck getting all the retail. The sales taxes are going to Bismarck. Enough surveys are done to say that retail is important. When is enough incentive enough? There is a need for incentives to encourage needed business in the community.

Tim Spilman mentioned that he would like to remove the multifamily housing exemption.

Commissioner Rohr said that at last year's NDLC, (North Dakota League of Cities), high density was needed.

Commissioner Tibke indicated that she would like to move back to discussion on commercial exemptions. She questioned whether we should we provide incentives or not?

Commissioner Frank referred to making decisions for the community at large, not specific entities.

- A) – Equity in decisions that we make. Warehousing is one not provided incentives, but she is OK with that.
- B) – The amount of exemption always comes up. The 2 year 75%/100% homeowner exemption is OK
- C) – Housing is also a concern.

Commissioner Rohr states that we need land & zoning & infrastructure for housing to move forward.

Commissioner Frank indicated some push back from those between 2 units and 23 units. There is nothing for them. Community members appreciate some smaller exemptions.

Todd Steinwand inquired whether we need to incent housing as there were only forty-three homes on the market last month. The Legislature may enact property tax relief in the next session.

Mark Weide noted that we do not have to give 100% to everyone. We should look closely at the first two years at 100% to help them get over the hurdles.

Tim Spilman asked if everyone in favor of some incentives?

City Attorney Brown responded that no vote is needed since it seems the consensus is that yes they are needed.

Tim Spilman said that recommendations from the Mandan Growth Fund are impacting positive things in the community.

Mark Weide mentioned that the MGF should not rubber stamp them.

Deb Holter, a Mandan citizen, remarked that it would be an illegal delegation of authority if the Commission puts that decision to the Mandan Growth Fund.

Todd Steinwand replied that the Mandan Growth Fund would not rubber stamp incentives but the Mandan Growth Fund only makes recommendations to the City Commission which has the final say.

Commissioner Tibke mentioned that it would be her preference that they do not send different messages to the businesses in the community.

Business Development & Communications Director Huber replied that we should encourage, not toss out, 100% over 5 years, as they may be necessary in certain circumstances to attract new businesses.

Annette Behm-Caldwell agreed that we should not toss out the 100% exemption. Now is not the time to put on breaks as we still have catching up to do. We are not spending money simply deferring collection. We are not giving people money.

Commissioner Braun suggested for now, exemptions for the next two years, we should keep going. Do not gamble and assume we are going to grow. Mayor Van Beek concurred with this and wants the community to keep moving forward.

Commissioner Rohr brought up that for a homeowner of a \$75,000 home, the 1<sup>st</sup> two years may be only 1/3 of the house value. Apartments are not job creators.

Todd Steinwand replied that apartments will be overbuilt. One of the issues we face is that businesses are unable to hire people because there isn't any living space for their employees.

Commissioner Tibke mentioned that housing is critical because of the need to have housing to work, and then the employees can shop & eat in Mandan.

Commissioner Braun asked how many apartments in 4, 8, 12 units?

Rick Horn indicated that to make affordable housing work, they need 24+ units due to the land price, etc. They favor getting supply up to get rents down.

Commissioner Frank said that affordable housing cannot be accomplished by this group and there are other groups in the community looking at this issue. However, as suggestion might be to allow the first \$75,000 exemption/unit no matter how many units are constructed.

Tim Spilman suggested leaving the policy alone. It is OK to do \$75,000/apartment complexes 24 units and above.

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Business Development & Communications Director Huber stated that the only way to get to second tier exemption is jobs. They may want to consider other items.

Annette Behm-Caldwell said she likes the significant public benefit portion of jobs not being the only factor as creating sales tax may be another significant benefit.

Todd Steinman replied that many incentive programs are moving away from jobs.

Commissioner Frank mentioned that businesses want some consistency and it would be beneficial if a member of the Mandan Growth Fund would come to the Commission meeting where property tax exemptions are requested to discuss the recommendations from the Mandan Growth Fund.

Todd Steinwand mentioned in the retail world there are always competitors and granting exemptions to retail establishments is generally granting exemptions to a competitor. If that is the direction, then that is OK.

Commissioner Tibke said we need to get public service education out on how the tax breaks affect the public.

The general consensus was to have staff draft recommend changes to the policy and schedule another working session where such changes would be discussed.

#### ADJOURN

There being no further actions to come before the Board, Commissioner Frank moved to adjourn the meeting at 4:50 p.m. Commissioner Rohr seconded the motion. 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