

**Growth Fund Members:**

Mark Weide, Chairman  
Term: 2018-2020

Jeff Erickson, Vice Chairman  
Term: 2018-2020

Jeremy Bauer  
Term: 2017-2019

Don Boehm,  
Term: 2019-2021

David Lehman  
Term: 2019-2021

Curtis Patzell  
Term: 2017-2019

Maria Walen  
Term: 2018-2020

Sherwin Wanner  
Term: 2018-2020

Lee Weisbeck  
Term: 2019-2021

**Liaisons:**

Mayor, City of Mandan  
 Tim Helbling

City Attorney, City of Mandan  
 Malcolm Brown

City Administrator, City of Mandan  
 Jim Neubauer

Building Official, City of Mandan  
 Shawn Ouradnik

Business Development Director,  
City of Mandan  
 Ellen Huber

Bismarck-Mandan Chamber EDC  
 Brian Ritter  
 Nathan Schneider

Lewis & Clark Development Group  
 Brent Ekstrom

Program Coordinator, City of  
Mandan  
 Kari Moore

**Mandan Growth Fund Committee**

**Tuesday, March 26, 2019**

**11:30 a.m.**

**Veterans' Conference Room**

**Mandan City Hall**

**205 Second Avenue NW**

**MINUTES**

1. Introductions

*Chairman Weide called the meeting to order. Member present are indicated with a .*

Procedural Matters

2. Consider approval of minutes: March 13, 2019

*Boehm moved to approve the Mar. 13, 2019 minutes. Bauer seconded. Motion passed unanimously.*

New Business

3. Review Mandan's business assistance and incentive programs under MGF scope

a) MGF historical information & market statistics

*Huber explained she wanted to share with the committee information about the MGF and other business assistance programs as a whole. A list of historical MGF expenditures was provided in the agenda packet. The fund started in 1991 after implementation of the 1% sales tax. In the early years, the MGF did more loans, but that has changed primarily since 2007. Two times, in 2007 and 2009, the MGF and City Commission approved a \$250,000 match to go towards \$750,000 from USDA Rural Development's Intermediary Relending Program to create two revolving loan funds through the Lewis & Clark Development Group (LCDG).*

*One of the reasons Mandan started its own business development department is because, at the time, community members were seeing Mandan head in the direction of being a bedroom community and wanted that to change. In 2008, Mandan had only 25% of its property tax base coming from the commercial sector, with residential accounting for the bulk of the property tax base. Bismarck's base, at the time, was 36% commercial. As of 2018, Mandan's property tax base had progressed to 33% commercial.*

*There has also been considerable residential growth with the total tax base more than doubling in the 10-year span.*

*Huber recapped the total taxable sales and purchases graph. It was at \$184 million in 2007 and \$256 million in 2017. Mandan remains above Jamestown, but considerably below other large cities. Mandan and Morton County accounts for one-fourth of the population for Morton and Burleigh counties combined, but just 1/7 of taxable sales and purchases for the same area. Huber noted leakage being the primary factor, but Mandan and Morton County used to be 1/8 of the taxable sales and purchases of Morton and Burleigh County, so there has been progress.*

*Regarding a graph showing historical MGF expenditures, Huber noted that the Storefront Improvement program was initially established in 2006 with a maximum match per property of \$10,000. The match was increased in 2013 to \$30,000 per property because of increasing construction costs and the amount of assistance offered through Bismarck's CORE programs at the time. There was a lot of property tax exemption going on in some of those years that wouldn't have been reflected in MGF expenditures, but exemptions dropped off dramatically after 2013 and other types of assistance like interest buydowns increased.. In 2016, the MGF began deferring a lot of the interest buydown requests to the LCDG revolving loan funds.*

**b) Interest buydowns**

*A tracking sheet was provided showing buydowns approved through the MGF. There was a fair amount of interest buydown activity in 2015 and 2016, but has since slowed to only include those that were part of the Restaurant Rewards \$162,000 set aside and special circumstances, such as projects not eligible for LCDG programs or primary sector requests such as that from NISC. The bulk of requests that can benefit from the interest buydown program have been referred to the LCDG revolving loan programs.*

*Asked about Classic Rock Coffee, Huber noted it is very much still in business, but owners had relinquished funding approved because they chose not to utilize the interest buydown program.*

**c) Property tax exemption for new and expanding businesses (primary sector certified)**

*A tracking sheet was provided for exemptions approved in 2011 and beyond. This coincides with when the MGF began assisting with application reviews and recommendations as when a policy was established to guide that process. Four businesses still remain under a period of exemption for 2019. Three are not primary sector and were approved prior to 2013. The fourth is National Information Solutions Cooperative approved as a primary sector business expansion in 2015.*

**d) Storefront Improvement Program**

*A tracking sheet was provided for Storefront Improvement projects. The Storefront Improvement program started in 2006 and has evolved over the years. Huber reported 48 buildings in the downtown and Main Street areas have been approved for the program since its start. Five businesses were approved during the short time it was offered for the Memorial Highway area. Five projects remain in process. Redmann Law's project is substantively complete and Huber is waiting invoices to be turned in. Al Fitterer has window work to complete this spring, and the others are getting ready to be started.*

e) Restaurant Rewards Program (expires March 31, 2019)

*A tracking sheet was provided for the 10 businesses approved under the Restaurant Rewards program. Of those, six received rebates for 2018. Mandan Depot Bier Hall has until May 27 to get an automatic door installed. Three restaurants recently approved are set to open yet this year. Bauer asked about Taylor Made BBQ. Huber explained that Laughing Sun acquired Taylor Made and the restaurant is now called Laughing Sun Mandan. There is a member of the Taylor family that is a major equity partner. They now have consistent operating hours including food service in the evening, a nice interior remodel and more food offerings. Huber also provided the committee on the percentage of alcohol sales for the restaurant rewards participants that offer alcohol. It ranged from 2% to 21% of sales for 2018 among participants.*

f) Retail & Restaurant Incentive Program

*A tracking sheet was provided for the Retail & Restaurant Incentive program, which was a predecessor to the Restaurant Rewards program. This program provides an incentive on the basis of operating square footage. There have been nine total participating businesses. Huber noted Harvest Brazilian Grill is now Harvest Catering and Events, Brea closed after six years in December 2018 under different ownership than the original owner, Destiny Screen Printing DBA Meriwether's Trading Company was probably the most short-lived. All other participants remain in business.*

4. Other business assistance and incentive programs

a) LCDG revolving loan funds

*Ekstrom provided the committee with a report on the LCDG revolving loan funds and North Dakota Opportunity Fund (NDOF). In 2007 and 2009, the MGF and City Commission granted \$250,000 twice to the Lewis & Clark Regional Development Council as a match to get \$750,000 twice in the form of a 1%, 30-year loan from the USDA. It created \$2 million dollar worth of revolving loan funds. The \$1.5 million is due to the USDA and LCDG pays \$60,000 annually.*

*The IRP Mandan fund has loaned out \$1,528,000 to 26 new and expanding Mandan businesses to date and the IRP Mandan II fund has loaned \$2,031,000 to 32 businesses. Information about loans in recent years was included. There is currently about \$325,000 to \$375,000 in both funds available to lend out. Overall the funds have performed fairly well. LCDG receives a portion of the interest and fees from the loans and the remainder of payments go back to build the funds. If repayments accumulate faster than any loan write offs, they are ahead.*

*The NDOF began in 2012. The Mandan-led consortium of 38 municipalities received \$9.7 million from the U.S. Department of Treasury. The total portfolio right now is at \$10.1 million. Mandan has eight businesses that have used the NDOF. About \$19 million in loans have been dispersed. The funds are performing well.*

*Ekstrom stated the programs are much better known now than in years past. The funds are primarily for loans to businesses, so the marketing budget is minimal. Huber noted the program information is included in the business assistance fact sheet that is sent to existing businesses in the community and made available to prospects as well as lenders, real estate agencies and the like. Huber and Schneider meet with lenders to update them about business assistance programs annually. Huber has also been*

*meeting with real estate agencies annually or every other year to do the same as well as to provide other community updates. Huber stated borrowers really like the LCDG programs.*

b) Renaissance Zone Program

*A tracking sheet was provided listing building rehab, new construction and lease projects that have been approved under the Renaissance Zone. The Renaissance Zone consists of a 28-block area in the Main Street and downtown area. If participants invest at least 50% of an existing building's current value back into it in improvements, they can be eligible for a five-year, 100% property tax exemption on the value of the building as improved and a state income tax exemption. A purchase with improvements situation qualifies with lesser percentages of reinvestment for lesser property tax exemptions. The City Commission just approved the 76<sup>th</sup>- 78<sup>th</sup> projects for the Renaissance Zone program. Participation in both the Renaissance Zone and Growth Fund programs is allowed if the level of investment meets the criteria of both programs without overlap. The Renaissance Zone program includes residential properties. In the history of the program, two residential properties have been approved. A Renaissance Zone committee reviews the applications and makes recommendations to the City Commission.*

*The Renaissance Zone program was established in Mandan in fall 2005 and is set to expire in fall 2020 if it is not extended. The City can ask for one, five-year extension under current legislation. Huber will work with the committee to take the necessary steps to extend the program in Mandan. This includes updating the development plan, having the other local taxing entities on board, and a public hearing. Our city could possibly add up to 11 blocks to the Renaissance Zone area. The blocks need to be contiguous with the exception of allowance for up to a three-block noncontiguous area.*

c) Commercial remodeling exemption

*If the owner of a commercial building outside the Renaissance Zone is seeking to complete a remodel, they can apply for a three-year exemption before starting their renovations. This exemption is handled through the City Assessing Department and then is forwarded to the City Commission for approval.*

*Committee discussion then turned to programs as a whole and whether there are any gaps or special needs. Huber explained that for people that have money to invest, or in other words, at least 10 percent equity needed to get approved for bank financing, the current program offerings are very useful in helping to fulfill that gap. There are always people interested in opening businesses who lack money for a down payment or start-up costs who are seeking free money or grant programs to help. She said Mandan has business assistance programs that fit most of the community's goals.*

*Asked about programs in other cities and how Mandan compares, Huber noted Mandan is one of the more aggressive cities in the state with business assistance programs. Williston and West Fargo are also aggressive.*

*She noted small, independent business growth in Mandan is more than likely the major reason for the 8 percentage point increase in the commercial property tax base, but the community has grown as a whole in both residential and commercial sectors.*

*Ekstrom is interested to see the ratio for outbound and inbound traffic to/from Bismarck to see how that has improved over the last few years as new businesses have opened. Weide said it is nice to know, but*

*there are other factors that play into a big box store coming to Mandan especially if the store is already in our sister city. An advantage of locating a business in Mandan is that one can generally obtain more property for the dollar. Patzell said after reviewing the programs, it's obvious the city is doing the right things, but he is curious as to what can be done differently to further improve Mandan's offerings.*

5. Consider updates to Retail and Restaurant Incentive Program

*Huber provided suggested updates in the agenda packet to the Retail and Restaurant Incentive program. This program was created when the committee was looking at how to fill gaps in the community's retail profile and it was developed on a per square foot basis. Currently restaurants and retail businesses can apply for an incentive of up to \$5 per square foot of operating space. Huber's suggested updates remove restaurants from the incentive program for identical reasons behind the sunset of the Restaurant Rewards program. She added tobacco or vape shops as an illegible use. She noted a desire by community members for more indoor, family friendly, recreational activities especially for those under the age of 21. Retail preferences listed for the program include a movie theater or other recreational/entertainment services. The recommended updates also include removal of new bookstores from the retail preferences list because of market changes making attraction of new bookstore rather infeasible.*

*Asked about service oriented businesses that don't generate sales tax and retail businesses that do, Huber explained there have been some gray areas in the past. The committee has had to consider the share of an applicant's building or leased space dedicated to the retail part of the business as compared to the square footage used for service. She said often times, situations that have involved services and retail in the same business model have sorted themselves out in the scoring part of the process.*

*Patzell questioned what the focus should be to expand the city. He noted that attraction of retail is tough and service-sector businesses would be easier to attract. Huber clarified that anything that has an admission ticket charges tax and can receive an incentive under the program. Huber stated it is hard to incentivize a business model that doesn't collect sales tax or provide public benefits in some other manner such increased tax base, jobs creation, or filling a gap in the community's product and service offerings. Helbling likes the idea of maybe targeting a movie theater with an incentive or finding a developer to use incentives for retail space. He noted Mandan doesn't have the available properties like it did 10 years ago.*

*Patzell moved to approve the changes to the Retail Incentive program as presented. Boehm seconded. The motion passed unanimously.*

*Boehm noted he would like to see the committee discuss other areas to incentivize during a future meeting.*

Other Business

6. Adjourn

*There being no further business the meeting was adjourned.*