

**RENAISSANCE ZONE AUTHORITY
MEETING MINUTES
June 18, 2013**

The Bismarck Renaissance Zone Authority met on June 18, 2013 in the David J. Blackstead Meeting Room in the City-County Office Building at 221 North 5th Street.

Authority members present were Chuck Huber, Jim Christianson, George Keiser, Brenda Smith, Kevin Magstadt and Curt Walth.

Authority member Jeff Ubl was absent.

Technical advisor Bruce Whittey was absent.

Staff members present were Jason Tomanek (Planning), Charlie Whitman (City Attorney), Kim Lee (Planning Manager) and Hilary Balzum (Planning).

Guests present included Rich Skjonsby, Troy Barber, Ken Bischoff, Katie Vasbinder, Dawn Kopp and Rocky Gordon.

CALL TO ORDER

Chairman Walth called the meeting to order at 4:00 p.m.

MINUTES

The minutes of the May 21, 2013 meeting were distributed with the agenda packet.

MOTION: A motion was made by Mr. Keiser and seconded by Mr. Magstadt to approve the minutes of the May 21, 2013 meeting as received. The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

CORE INCENTIVE PROGRAM PROJECT – PUBLIC HEARING – *CONTINUED*

A. 411 EAST MAIN AVENUE – CORE Technical Assistance Bank

Mr. Tomanek explained that the applicant has withdrawn his request for assistance on this project and that no public hearing would need to take place.

RENAISSANCE ZONE PROJECTS – PUBLIC HEARINGS

A. 529 EAST BROADWAY AVE – Renaissance Zone Project

Mr. Tomanek gave an overview of the request by J & G Inc. for designation of the lease of space in the building at 529 East Broadway Avenue as a Renaissance Zone Project. The

property is owned by the City of Bismarck and is legally described as Lots 1-6, 19-24 and the vacated alley adjacent, Block 46, Original Plat.

Mr. Tomanek listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The lease will be for an expanding business currently located in downtown Bismarck; the additional lease area is 619 square feet for a total of 2,119 square feet.
3. The applicant would be occupying space in a building that has not previously been classified as a Renaissance Zone project; therefore, the applicant is required to invest a minimum of \$30 per-square-foot in improvements to the space. The applicant has indicated an estimated investment ranging from \$73,996 to \$80,992. The average per-square-foot investment ranges from \$34.92 to \$38.23. Additional expenses will be incurred; however, those costs are considered non-capital improvements and are not calculated in the overall minimum level of investment.
4. The project completion date is projected for the fall/winter of 2013.

Mr. Tomanek said that based on the above findings, staff recommends approval of the designation of the lease of space in the building at 529 East Broadway Avenue by J & G, Inc. dba Red Wing Shoes, as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy of the expanded area.

Chairman Walth opened the public hearing.

Mr. Christianson asked to have it confirmed that this project does not include the cost of signage. Mr. Tomanek said that is correct and that signage is being replaced but it is not part of the capital improvement costs.

Mr. Huber asked how this project differs from one of a non-profit agency in regard to property taxes. City Attorney Charlie Whitman explained that the City of Bismarck owns the building and pays property tax on the lease space areas. Mr. Tomanek noted that the property tax estimate for 2013 is over \$18,000.

MOTION: A motion was made by Mr. Keiser and seconded by Mr. Magstadt to recommend approval of the designation of the lease of space in the building at 529 East Broadway Avenue by J & G Inc. dba Red Wing Shoes as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy of the expanded area. The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

B. 306 SOUTH 1ST STREET – Renaissance Zone Project

Mr. Tomanek gave an overview of the request by Arikota, LP for designation of the new construction of the building at 306 South 1st Street as a Renaissance Zone Project. The property is owned by Arikota, LP and is legally described as Lots 1-12, Block 59, Original Plat.

Mr. Tomanek listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The proposed project is outside the DC-Downtown Core and DF-Downtown Fringe zoning districts; therefore, the proposed building materials, design and appearance have not been reviewed by the Downtown Design Review Committee. The property is located in the CG-Commercial zoning district; there are currently no design regulations in that zoning district.
3. The project will begin during the summer of 2013 and end in the spring of 2014.
4. The project is subject to the City's Site Plan Review process; at which time multiple City departments will review the project to ensure that the proposed elements satisfy ordinances, regulations and building code requirements. Site plans have been submitted and are currently being reviewed as part of the process.
5. Renaissance Zone projects designated as new construction are required to invest a minimum of \$150 per-square-foot in the construction of the facility. The architect's estimate of \$3,000,000 to construct a 20,000 square foot building is equivalent to \$150.00 per square foot.
6. The proposed landscaping and screening requirements, pertaining to location and quantity, are acceptable as shown.

Mr. Tomanek said that based on the above findings, staff recommends approval of the designation of the construction of a new building at 306 South 1st Street by Arikota, LP, as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy of the expanded area.

Chairman Walth opened the public hearing.

Mr. Christianson pointed out that the site plan shows a future building and Mr. Tomanek explained that it is not part of this project.

Mr. Keiser asked what would happen if the capital investment turns out to be less than the required \$150 per-square-foot needed for approval in this program. Mr. Tomanek explained

that it would have to come back to the Renaissance Zone Authority for them to decide if it would still qualify for the tax exemption.

Chairman Walth said the application seems incomplete without having a dollar amount listed for state business income taxes and he is not comfortable supporting the project at this time.

Mr. Huber asked if they can approve it to go forward to the City Commission with the condition that the estimated income tax benefit needs to be provided to staff prior to it being forwarded. Mr. Tomanek said that would be fine.

Mr. Keiser inquired who the tenant would be once the building is complete. Mr. Bischoff indicated that United Printing would be leasing the building.

MOTION: A motion was made by Mr. Huber and seconded by Mr. Christianson to recommend approval of the designation of the new construction of the building at 306 South 1st Street by Arikota, LP as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy, and with the condition that a dollar amount for the estimated state business income tax benefit be submitted to staff before the project is forwarded to the City Commission. The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

C. 222 WEST BROADWAY AVENUE – Renaissance Zone Project

Mr. Tomanek gave an overview of the request by Skjonsby Unlimited, Inc. for designation of the rehabilitation of the building at 222 West Broadway Avenue as a Renaissance Zone Project. The property is owned by Skjonsby Unlimited, Inc. and is legally described as Lots 17-18, Block 84, Original Plat.

Mr. Tomanek listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The proposed exterior rehabilitation would be sufficient to eliminate any and all deteriorated conditions on the exterior of the building.
3. Using the 2013 assessed value of the building (\$41,300) and the proposed investment of \$72,421, the level of re-investment is approximately 175 percent. The minimum level of investment for rehabilitation projects is 50 percent of the assessed building and \$40 per-square-foot made through capital improvements. The proposed investment would be equivalent to approximately \$41.00 per-square foot.
4. The applicant anticipates that the project would begin immediately upon approval and be completed prior to the end of 2013.

Mr. Tomanek added that the applicant intends to convert the single-family dwelling to a duplex rental property.

Mr. Tomanek said that based on the above findings, staff recommends approval of the designation of rehabilitation of the building at 222 West Broadway Avenue by Skjonsby Unlimited, Inc., as a Renaissance Zone project with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of completion.

Ms. Smith asked what the zoning district on this property is. Mr. Tomanek said it is DF-Downtown Fringe and that it would be in compliance with the zoning ordinance.

Mr. Keiser asked what kind of parking would be required. Mr. Skjonsby said the property is deep enough to allow for the required amount of duplex parking needed.

Mr. Huber asked what kind of exterior work is planned to be completed. Mr. Skjonsby said he has plans to replace windows and paint the exterior or possibly reside it completely.

Mr. Tomanek said a building exterior assessment was completed and a lot of work is needed.

MOTION: A motion was made by Mr. Keiser and seconded by Ms. Smith to recommend approval of the designation of the rehabilitation of the building at 222 West Broadway Avenue as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy with the conditions that:

- The project generally conforms to the site plan submitted with the application.
- All the necessary building permits are obtained.
- Any modifications to the project as proposed would need to be reviewed by the Renaissance Zone Authority prior to implementation.
- The Renaissance Zone Authority consider requiring the applicant to install trees within the boulevard.

The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

CORE INCENTIVE PROGRAMS – POLICIES AND GUIDELINES DISCUSSION

A discussion was held regarding the CORE Incentive Program policies and guidelines. Mr. Tomanek started by explaining that changes made from notes taken at last month's meeting are underlined in item number five of the packet.

Chairman Walth said that each program would be discussed and then voted on separately.

Mr. Christianson said the Technical Assistance Bank needs to have clarification added to the interior remodel portion since it has been decided that interior remodels will not be funded.

Mr. Whitman suggested specifying cosmetic changes versus changes to the plumbing, electrical and HVAC updates. He said the needs could depend on the condition of the space.

Mr. Keiser asked if the program can be limited to structural and mechanical updates. Mr. Whitman suggested rewording a statement of what the purpose of the program is.

Chairman Walth asked that Mr. Tomanek work with Mr. Whitman on having these changes made to be discussed again at the next meeting.

Mr. Tomanek said that in regards to the Façade Incentive Grant Program, the signage portion has been completely removed and that it now includes façade improvements only.

MOTION: A motion was made by Mr. Keiser and seconded by Ms. Smith to recommend approval of the changes made to the Façade Incentive Grant Program as stated in the packet. The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

Mr. Tomanek gave an overview of the changes made to the Housing Incentive Grant Program as included in the packet.

Mr. Christianson asked if this is a program that Mr. Skjonsby would have been eligible for. Mr. Tomanek said yes but, applicants are allowed only one form of assistance and he opted for the Renaissance Zone Project assistance.

MOTION: A motion was made by Mr. Huber and seconded by Mr. Christianson to recommend approval of the changes made to the Housing Incentive Grant Program as included in the packet. The motion passed unanimously with members Walth, Huber, Keiser, Magstadt, Christianson and Smith voting in favor.

VACANT TECHNICAL ADVISOR POSITION – Discussion

Discussion was initiated regarding the open Technical Advisor position now that Mr. Ubl has been appointed as an Authority Member.

Mr. Christianson asked what the application process consists of. Mr. Tomanek said he is not sure if the Renaissance Zone Authority can appoint somebody or if it has to go through City Commission, as it is not a termed position.

Ms. Smith said historically an architect has been in place. Mr. Whitman asked if a letter can be sent to local architects that the position is open to generate some interest.

Mr. Magstadt said it would be nice to have a general contractor as well. Mr. Whitman said conflict of interest needs to be avoided so that the person in the position is not generating new clients because of their service.

OTHER BUSINESS

Mr. Keiser said he wanted to extend his compliments to those present from the Downtowner's Association on the success of the new BisMarket at Sertoma Park and gave thanks for their assistance in the implementation of the program.

Mr. Tomanek then distributed maps of the new Renaissance Zone district and said letters are being sent to those removed from the boundary as well as those added to it so they are aware of their assistance options.

ADJOURNMENT

There being no further business, Chairman Walth adjourned the meeting of the Bismarck Renaissance Zone Authority at 5:02 p.m.

Respectfully Submitted,



Hilary Balzum
Recording Secretary



Curt Walth
Chair