

**RENAISSANCE ZONE AUTHORITY  
MEETING MINUTES  
December 9, 2009**

The Bismarck Renaissance Zone Authority met on December 9, 2009 in the 2<sup>nd</sup> Floor Conference Room in the City-County Office Building at 221 North 5<sup>th</sup> Street. Authority members present were Parrell Grossman, Chuck Huber, George Keiser, Kevin Magstadt, Carol Vondrachek and Curt Walth. Technical Advisor Bruce Whittey was present. Staff members present were Jason Tomanek, Kimberley Gaffrey, Kim Lee, Carl Hokenstad, Brenda Johnson and Deb Goodsell. Guests present were LaRoy Kingsley (Kranzler Kingsley), April Eide (Duemelands Commercial), Dave Pankow (IRET Properties), Lee Erickson (IMM), Mike Gregory (IMM), Steve Braus (St. Mary's Church) and Dawn Kopp (Downtowners).

**CALL TO ORDER**

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

**MINUTES**

The minutes of the November 12, 2009 meeting were distributed with the agenda packet

**MOTION:** A motion was made by Mr. Keiser and seconded by Ms. Vondrachek to approve the minutes of the November 12, 2009 meeting as received. The motion passed unanimously with members Grossman, Keiser, Magstadt, Vondrachek, and Walth voting in favor.

Authority Member Huber arrived at the meeting.

**RENAISSANCE ZONE PROJECT APPLICATION**

A. 501 East Main Avenue – Kranzler Kingsley Communications, LTD – Lease

Mr. Tomanek gave an overview of the lease project by Kranzler Kingsley Communications LTD for the building at 501 East Main Avenue. Mr. Tomanek said that upon completion of the renovation for the above-mentioned property by Kranzler Kingsley Communications LTD, the applicant is proposing to expand their current lease of space and rehabilitate a portion of the 1<sup>st</sup> floor and the entire 2<sup>nd</sup> floor in the building at 501 East Main Avenue (Cross Roads on Main) for office space. The owner of the building, Dakota Building Partnership, purchased the building as a separate Renaissance Zone project in 2003. The building floor area is 20,319 square feet and the applicant's lease area would be 7,865 square feet, with an estimated income tax benefit of 17,000 over five years.

Mr. Tomanek then 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 within the Zone that currently occupies approximately 5,700 square feet on the second floor of the building. The applicant is proposing to remodel and expand into the entire 7,370 square feet on the 2<sup>nd</sup> floor in addition to remodeling and expanding to an additional 495 square foot portion of the 1<sup>st</sup> floor; the total expansion area would be 2,165 square feet.
3. The applicant has indicated that \$180,000 - \$200,000 would be expended to improve the 7,865 square feet of office space which calculates to \$22.89 to \$25.43 per square foot.
4. The building has been purchased as a separate Renaissance Zone project.
5. The project completion date is projected for April 15, 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 501 East Main Avenue by Kranzler Kingsley Communications LTD, 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.

LaRoy Kingsley said the second floor will be totally remodeled with the removal of walls to open up the space to allow for more employees and increase the usable space by approximately twenty percent. Mr. Kingsley went on to say that along with Dakota Building Partnership's investment, Kranzler Kingsley will be making a significant investment towards the space and is able to do this because of the Renaissance Zone program. Mr. Kingsley concluded by saying that if they were unable to maximize the current space and if it were not for the proposed Quiet Rail Zone, they were seriously considering moving out of downtown.

Mr. Keiser asked what the impact on the property tax valuation is. Mr. Tomanek said that the Assessing Department will assess the improvements and make the appropriate adjustments.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Keiser and seconded by Ms. Vondrachek to recommend approval of the request for designation of the lease of space in the building at 501 East Main Avenue by Kranzler Kingsley Communications LTD, 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. The motion passed unanimously with members Grossman, Huber, Keiser, Magstadt, Vondrachek, and Walth voting in favor.

#### B. 716 East Broadway Avenue – IRET Properties, LP –Rehabilitation

Mr. Tomanek gave an overview of the rehabilitation project by IRET Properties, LP to the building at 715 East Broadway Avenue. Mr. Tomanek said that the applicant is proposing to completely demolish the interior of the building to better accommodate future multiple tenants. Renovations will include enhanced entry points with canopies to the building, creating common areas, new restroom facilities, new lighting in the common areas, and demolition of existing air

handlers, VAVs, ductwork and temp controls. Reusing the existing major HWS and HWR pipe loop, boilers and pumps, new water source heat pumps, energy recovery duct work, cooling tower, HW BTU metering system and ATC temperature controls, consolidation of all electrical, telephone, access system, and fire panels to one mechanical room, removal of old connector hallway, removal and replacement of the old roof system to include R24, 4-ply built-up roof system tapered to drains and minor exterior “touch ups”. Mr. Tomanek stated that that the current assessed value is \$1,251,000, the proposed investment value is \$1,136,650, and the estimated value after improvements is \$1,818,000. Mr. Tomanek said that the estimated property tax benefit over 5 years is \$125,287 and \$0.00 in State income tax benefits.

Mr. Tomanek then 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 exterior rehabilitation would be sufficient to eliminate any and all deteriorated conditions on the exterior of the building. Exterior modifications include removing the former connector hallway between the building and the former tower building to the south and the repair of minor exterior damages to the existing EIFS material. The materials proposed would be EIFS which would be consistent with the current exterior covering of the entire building. In the downtown zoning districts EIFS is not typically considered an acceptable material as the primary building exterior finish. Previously EIFS was deemed appropriate by the Renaissance Zone Authority for the new construction project at 122 East Main Avenue and the exterior remodel of the building at 100 West Broadway Avenue. Since the existing building is entirely clad in EIFS the continued use of the material is justified.
3. Rehabilitation projects require a minimum investment of 50% of the assessed building value in order to qualify for Renaissance Zone project designation. The proposed capital investment is approximately 91% of the City’s assessed value for the building which calculates to \$50.00 per square foot.
4. The off-street parking lot is an existing lot with no modifications proposed. In the past the Renaissance Zone Authority has required the addition of plant materials and/or decorative fencing to aesthetically improve the appearance of the off-street parking areas. The landscaping and screening ordinance (14-03-11) requires perimeter parking lot screening when new or modified off-street parking is adjacent to the public right-of-way; this is accomplished through the use of trees, shrubs and/or a decorative fencing. If a decorative fence is preferred, it shall conform to the criteria set forth in the adopted Streetscape Guidelines for Downtown Bismarck (May 1995). Landscaping exists in the form of street trees within the public right-of-way along Broadway Avenue and 7<sup>th</sup> Street. Currently there are no shrubs, perennials or decorative fencing providing screening of the parking area adjacent to the right-of-way. The off-street parking area would be considered non-conforming by current standards due to the lack of shrubs/fencing screening the designated parking areas. Based on the site plan and current conditions the necessary separation between the parking stalls and the sidewalk may be too prohibitive to allow for sufficient space for the plant material to be installed and maintained.

Mr. Tomanek said based on the findings, staff recommends approval of the designation of the rehabilitation of the building at 715 East Broadway Avenue by IRET Properties, LP as a Renaissance Zone project, (a 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion with the following conditions):

1. The Renaissance Zone Authority consider a waiver from Section 14-04-21.2 (DF - Downtown Fringe) of the City Code of Ordinances to allow the use of EIFS/Dry-Vit material as an exterior building material in lieu of the use of brick, stone architectural concrete or pre-cast concrete, or an equivalent or better.
2. The landscaping and screening requirements shall be provided in accordance with the Section 14-03-11 (Landscaping and Screening) of the City Code of Ordinances through the use of perimeter parking lot screening elements such as trees & shrubs or a decorative fence in locations where the off-street parking lot(s) are adjacent to the public right-of-way and street/boulevard trees as determined to be appropriate by the City Forester. If a decorative fence is preferred, it shall conform to the criteria set forth in the adopted Streetscape Guidelines for Downtown Bismarck (May 1995).

Mr. Keiser asked if any of the landscaping or fence can be done on the concrete versus the asphalt. Mr. Tomanek responded by saying that landscaping is typically contained to the property because the sidewalk is the public right-of-way.

Vice Chairman Walth suggested a one way drive lane to allow for adequate parking and the landscaping and fence. Mr. Tomanek added that there is nothing in the ordinance that states drive lanes and parking areas need to be a designated width. Mr. Whittey commented that with a one way drive lane, angled parking could be accommodated.

Dave Pankow said that since the building will still have the same use, the parking will remain the same and the site plan will be reviewed for the landscaping requirements and recommendations.

Mr. Whittey asked if this building meets the window requirements for the Renaissance Zone. Mr. Tomanek said the building is in the Downtown Core District so the windows should comply with the requirements of 50%. The general consensus of the members present was that the current window configuration is adequate.

Mr. Whittey suggested that the site plan be reviewed and revised to allow accommodations for the landscaping, parking and traffic flow because there are a lot of unresolved issues.

Vice Chairman Walth asked if there are any requirements for repair of the parking lot. Mr. Tomanek responded by saying that there is not an ordinance that requires parking lot repair. Mr. Pankow said that IRET Properties are noted for their long term property ownership and the necessary repairs and improvements will be made to keep the property looking attractive and functional.

Steve Braus from St. Mary's Church asked if this development will affect the 8<sup>th</sup> Street access to the property. Mr. Hokenstad responded by saying it will most likely remain the same as it is now. Mr. Pankow said at this time the guard rail will not be put back up.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Keiser and seconded by Mr. Magstadt to recommend approval of the designation of the rehabilitation of the building at 715 East Broadway Avenue by IRET Properties, LP as a Renaissance Zone project, (a 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion with the following conditions): 1). The Renaissance Zone Authority consider a waiver from Section 14-04-21.2 (DF - Downtown Fringe) of the City Code of Ordinances to allow the use of EIFS/Dry-Vit material as an exterior building material in lieu of the use of brick, stone architectural concrete or pre-cast concrete, or an equivalent or better; and 2). The landscaping and screening requirements shall be provided in accordance with the Section 14-03-11 (Landscaping and Screening) of the City Code of Ordinances through the use of perimeter parking lot screening elements such as trees & shrubs or a decorative fence in locations where the off-street parking lot(s) are adjacent to the public right-of-way and street/boulevard trees as determined to be appropriate by the City Forester. If a decorative fence is preferred, it shall conform to the criteria set forth in the adopted Streetscape Guidelines for Downtown Bismarck (May 1995). The landscape plan shall be reviewed by the Renaissance Zone Authority prior to implementation and installed in conjunction with the rehabilitation project. The motion passed unanimously with members Grossman, Huber, Keiser, Magstadt, Vondrachek, and Walth voting in favor.

## **TECHNICAL ADVISOR TO THE RENASSIANCE ZONE AUTHORITY**

Mr. Tomanek said that with Warren Tvenge resigning as a Technical Advisor, the Renaissance Zone Authority should appoint another Technical Advisor to assist Bruce Whittey. Vice Chairman Walth said the Renaissance Zone Authority needs to make a recommendation to the Board of City Commissioners for the new Technical Advisor. After discussion it was the general consensus of the Renaissance Zone Authority to contact Jeff Ubl, Jeff Welch and Al Koiser inquire if any of them would be interested in the Technical Advisor position.

## **CORE INCENTIVE PROGRAMS**

It was the general consensus of the Renaissance Zone Authority to schedule a special meeting for December 17, 2009 at 3:00 p.m. to discuss the Renaissance Zone Guidelines and the CORE Incentive Programs in detail.

**RENAISSANCE ZONE AUTHORITY MEMBERS – EXPIRED TERMS**

Mr. Tomanek said that George Keiser and Chuck Huber’s membership terms expire in December 2009 and Mr. Hokenstad has been discussing this matter with Mayor Warford on how to proceed. Chuck Huber and George Keiser both said they both would like to serve another three year term.

**STATUS OF APPROVED RENAISSANCE ZONE PROJECTS**

Mr. Tomanek said the lease projects for the Blarney Stone, Cavalier Homes, and Jim Poolman Consulting, as well as the rehabilitation project for the building at 408 East Main Avenue have been closed out.

**STATUS OF APPROVED CORE INCENTIVE PROJECTS**

Mr. Tomanek said that no CORE Incentive Program Projects have been closed out in the last month.

**OTHER BUSINESS**

There was no other business.

**ADJOURNMENT**

There being no further business, Vice Chair Walth adjourned the meeting of the Bismarck Renaissance Zone Authority at 5:23 p.m.

Respectfully Submitted,

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Kimberley Gaffrey  
Recording Secretary

APPROVED:

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David Blackstead  
Chair