

**RENAISSANCE ZONE AUTHORITY
MEETING MINUTES
January 12, 2011**

The Bismarck Renaissance Zone Authority met on January 12, 2011 in the 2nd Floor Conference Room in the City-County Office Building at 221 North 5th Street.

Authority members present were Dave Blackstead, Chuck Huber, Kevin Magstadt (telephonically) and Brenda Smith.

Technical Advisors Jeff Ubl and Bruce Whittey were present.

Staff members present were Jason Tomanek, Kimberley Gaffrey, Carl Hokenstad, Kim Lee, Brenda Johnson and Charlie Whitman.

Guests present were Jim Christianson – PO Box 1097, Richard & Lisa Bohrer – 122 East Main Avenue and Jody Smith – 115 North 4th Street.

CALL TO ORDER

Chairman Blackstead called the meeting to order at 4:18 p.m. after a quorum was obtained.

MINUTES

The minutes of the October 13, 2010 meeting were distributed with the agenda packet.

MOTION: A motion was made by Mr. Huber and seconded by Ms. Smith to approve the minutes of the October 13, 2010 meeting as received. The motion passed unanimously with members Blackstead, Huber, Magstadt and Smith voting in favor.

RENAISSANCE ZONE PROJECT PUBLIC HEARING

A. 122 East Main Avenue Suite 102 – Spaces, Inc. – Lease

Mr. Tomanek gave an overview of the lease project by Spaces, Inc. for the building at 122 East Main Avenue. Mr. Tomanek said the applicant is proposing to lease 2,375 square feet of space on the main floor of the building. The applicant will be providing interior design services, retail sales, wholesale services and distribution of interior design related products and materials. The building floor area is 13,957 square feet and the applicant's lease area would be approximately 2,375 square feet, with an estimated income tax benefit of \$5,000-\$10,000 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 a new business locating within the Renaissance Zone. The interior design and retail sales business will be leasing a portion of the first floor; currently the space is vacant.
3. The applicant will be occupying space in building that has been classified as a Renaissance Zone project; therefore, no applicant investment is required. However, the space is currently vacant and will require a full build-out prior to occupancy. The building owner estimates that the cost of the build-out project will range between \$50,000 to \$70,000, approximately \$20 to \$30 per square foot.
4. The project completion date is projected for February 2011.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 122 East Main Avenue by Spaces, 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 occupancy.

MOTION: Based on the findings included in the staff report, a motion was made by Ms. Smith and seconded by Mr. Huber to recommend approval of the request for designation of the lease of space in the building at 122 East Main Avenue by Spaces, 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 occupancy. The motion passed unanimously with members Blackstead, Huber, Magstadt and Smith voting in favor.

RENAISSANCE ZONE PROJECT MODIFICATION

115 North 4th Street – J & J Smith Property Management, LLC – Purchase with Improvements

Mr. Tomanek said that on January 26, 2010 the Bismarck Board of City Commissioners designated the purchase and rehabilitation of the building at 115 North 4th Street as a Renaissance Zone project, granted an 80% 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 (contingent upon State approval). He continued by saying the Board of City Commissioner's action also included a provision that if the actual rehabilitation costs put this project into another category in the Renaissance Zone Authority's Guidelines for Purchase Projects, staff was directed to bring the project back to the Renaissance Zone Authority and City Commission for revision of the property tax exemption amount. Mr. Tomanek went on to say that the project has now been completed and detailed documentation was provided showing that the applicant invested \$161,746 in the rehabilitation project. Based on an original assessed building value of \$294,400, the applicants have invested 55% of the assessed value of the building back into the building and would be eligible for a 100% property tax exemption based on the Guidelines for Purchase Projects. The original proposed investment for this project was \$120,000, which was a 40% reinvestment. Mr. Tomanek concluded by saying if a change in the

property tax exemption amount is recommended by the Renaissance Zone Authority, the request will be forwarded to the Board of City Commissioners for final action.

MOTION: Based on the information provided, a motion was made by Ms. Smith and seconded by Mr. Huber to recommend approval of project modification of the J & J Smith Property Management, LLC purchase with improvements project, increasing the property tax exemption from 80% to 100% based on actual investment for the building located at 115 North 4th Street. The motion passed unanimously with members Blackstead, Huber, Magstadt and Smith voting in favor.

RENAISSANCE ZONE PROJECT DISCUSSION

715 East Broadway Avenue – IRET, LP – Rehabilitation

Mr. Tomanek said that the Renaissance Zone Authority previously granted the 100% property tax exemption and IRET, LP also has a state tax exemption. He went on to say that one of the conditions of approval was that IRET, LP adequately landscape the parking lot. IRET, LP submitted a proposal for decorative planters to be placed on the public sidewalk in December 2009 and the answer from City Engineering was no. Mr. Tomanek continued by saying if the IRET, LP project is not closed out by February 1, 2011, there will be a higher assessment value on the improvements that were made. IRET, LP asked the City to reconsider the request for decorative planters to adequately screen the parking lot. Mr. Tomanek added that the encroachment committee consisting of Carl Hokenstad, Jeff Heintz, Jackson Bird, Mel Bullinger, Mark Berg and himself would be agreeable to reviewing some options that IRET, LP is proposing. At this point the encroachment committee has not made any decisions. IRET, LP is requesting the Renaissance Zone Authority close out the project now, so they can begin the property tax exemption, with the condition that they will continue to work with City staff to reach an agreement for landscaping. Mr. Tomanek ended by saying that staff is comfortable working with IRET, LP to reach some kind of an agreement for landscaping.

Mr. Whittey stated that when IRET, LP was granted approval of the Renaissance Zone project, they understood that they would have to screen the parking lot and it was a condition of the project. He went on to say that IRET, LP was told decorative planters were not acceptable at that time and they have had adequate time to come up with a solution. Mr. Whittey said that he lauds the great investment that IRET, LP has made; however, the landscaping was a condition of approval and should be met and the rules should be followed.

Mr. Huber suggested a decorative fence on the sidewalk instead of the planters.

Ms. Lee said that when the Board of City Commissioners approved this project in December 2009, a condition of approval was the landscaping and screening requirements shall be provided in accordance with Section 14-03-11 Landscaping and Screening of the City Code of Ordinances though the use of perimeter parking lot screening elements, such as trees or shrubs or decorative fence in locations where the off street parking lots are adjacent to the public right-of-way. Ms. Lee stated that if a decorative fence is preferred it shall conform to the criteria set forth in the adopted streetscape guidelines for downtown Bismarck. The landscape plan shall be reviewed

by the Renaissance Zone Authority prior to installation in accordance and in conjunction with the rehabilitation with project. Ms. Lee ended by saying it does not specifically say that IRET, LP needed to do a fence.

MOTION: A motion was made by Mr. Huber to recommend denial of the request by IRET, LP to use planters. The motion failed for lack of a second.

MOTION: A motion was made by Mr. Magstadt and seconded by Ms. Smith to recommend that City staff work with IRET, LP to agree on an acceptable landscape plan and to close out the Renaissance Zone project with members Blackstead, Magstadt and Smith voting in favor and Huber voting against. The motion passed 3-1.

Renaissance Zone Authority member Kevin Magstadt left the meeting, resulting in no quorum.

DOWNTOWN CORE ZONING DISTRICT AND DOWNTOWN DESIGN REVIEW

Proposed amendments to the DC-Downtown Core and DF-Downtown districts

Mr. Tomanek said that in an effort to clarify portions of the DC-Downtown Core and DF-Downtown Fringe Zoning Districts, staff will be preparing proposed amendments to each portion of the City Code of Ordinances. Areas being considered for revision include building materials, design regulations, new construction and rehabilitation regulations and general language to clarify the intent and purpose of each district. Mr. Tomanek explained that all zoning ordinance text amendments must be introduced with the Planning & Zoning Commission with the Commission then calling for a public hearing the following month. Once the public hearing has been held the Planning & Zoning Commission makes a recommendation to the Board of City Commissioners. The Board of City Commissioners will vote upon the recommendation of the Planning & Zoning Commission. If the Board of City Commissioners approves of the recommendation, the zoning ordinance text amendments become a permanent part of the zoning ordinance.

Mr. Tomanek distributed the proposed amendments the Renaissance Zone Authority members.

After a brief discussion it was the general consensus of the Renaissance Zone Authority that the ordinance language is to be reviewed by staff and possible amendments to the regulations and design guidelines be presented at the next meeting.

RENAISSANCE ZONE BOUNDARY ADJUSTMENT

Mr. Tomanek said that the Renaissance Zone Authority instructed staff to hold a public hearing to add the Richtman's Printing block to the Renaissance Zone boundary. He went on to say that letters were sent to all the property owners on that block and no responses were received. At the June 9, 2010 meeting, the motion was made to add the Richtman's Printing block to the Renaissance Zone. The public hearing for the boundary adjustment will be held in February.

STATUS OF APPROVED RENAISSANCE ZONE PROJECTS

Mr. Tomanek said that no Renaissance Zone projects have been closed out since the last Renaissance Zone Authority meeting.

STATUS OF APPROVED CORE INCENTIVE PROJECTS

Mr. Tomanek said that no CORE Incentive Program Projects have been closed out since the last Renaissance Zone Authority meeting.

OTHER BUSINESS

There was no other business

ADJOURNMENT

There being no further business, Chair Blackstead adjourned the meeting of the Bismarck Renaissance Zone Authority at 5:05 p.m.

Respectfully Submitted,

Kimberley Gaffrey
Recording Secretary

APPROVED:

David Blackstead
Chair