

TAX EXEMPT REVIEW COMMITTEE
Fargo, North Dakota

Regular Meeting

Tuesday, October 22, 2019

The October meeting of the Tax Exempt Review Committee of the City of Fargo, North Dakota was held in the City Commission Room at City Hall at 1:00 p.m., Tuesday, October 22, 2019.

The committee members present or absent are:

Present: Dave Piepkorn, Bruce Grubb, Jessica Ebeling, Jim Buus, Jim Gilmour, Robert Wilson, Erik Johnson, Jackie Gapp, Ben Hushka, Mark Lemer, Kent Costin

Absent: Mayor Tim Mahoney, John Cosgriff, Joseph Raso

Others Present: Levi Bachmeier representing West Fargo Public Schools, Shelby Teurstriep and Eric Myhre representing 701 Brew LLC, Mark Williams representing City of Fargo Planning Department, Holly Hagen

Commissioner Piepkorn called the meeting to order at 1:00 p.m.

A motion was made by Jim Buus to approve the minutes from the July meeting held on August 27, 2019. Jessica Ebeling seconded. Motion carried.

Remodeling Exemption Application for Former Rosie's Laundromat Building

Jim Gilmour presented the remodeling exemption application for the building at 701 University Dr. N. The policy for this exemption states that improvements to properties and/or expansions in downtown qualify for a 5-year remodeling exemption; this property sits across the street from what the city has identified as downtown, but is zoned as downtown mixed-use. He stated that it isn't clear cut as to whether the improvements and expansion of this property would qualify for the 5-year exemption for downtown properties or the 3-year remodeling exemption (which wouldn't include the expansion) for other non-downtown properties, and wanted input from the tax-exempt review committee before moving it directly to city commission for approval.

Piepkorn asked about the valuation of the property going from its current value of \$450,000 to an estimated \$4 million with the improvements made. Shelby Tuerstriep and Eric Myhre responded that the value of the property would be about \$4 million with the F, F, & E. The land, building, and expansion would be about \$3.2 million. They explained that they own other properties in the region, most recently renovating City Brew Hall in Wahpeton. In renovating the property at 701 University Dr. N, they would like to be a vibrant force in renovating the neighborhood and bringing new life to that area. The restaurant would be family friendly with a rooftop patio and will employ about 40 people.

Piepkorn asked for clarification on the length of the exemption. Gilmour restated that they applied for a 5-year exemption based on their downtown mixed-used zoning. Jim Buus highlighted that the debate is whether they would receive a 3-year or 5-year exemption. He doesn't think the use has anything to do with zoning, as there is a map that states the boundaries, and this is a discretionary decision since the property in question is on the other side of the street.

Ben Hushka said that these typically aren't up for debate and brought up that the only other time it has come into question when West Acres mall was doing major remodeling and requested a 5-year exemption although they are outside of the downtown area; he stated that City Commission did grant that exemption for 5 years. He pointed out that the map changed when they reviewed this policy and was wondering if the boundaries should include properties on both sides of the street where the lines are drawn. Hushka read the purpose from the guidelines for this exemption: to encourage the investment of private capital to improve properties, subsequently encouraging production of wealth, improving the volume of employment, enhancing living conditions, preserving and increasing property tax base. He stated that this project meets the policy.

Ebeling asked if there is conflict, then, between the policy and the map. Hushka pointed out that commercial properties receive either the 3 or 5-year exemption based on their location either within the Central Business District or outside of the Central Business District. Gilmour highlighted that additions are included in the exemption for downtown properties only, otherwise the exemption would only apply to the remodeling portion of the project.

Jim Buus moved to approve the application for 5 years. Kent Costin seconded. Motion carried.

Jessica Ebeling suggested that the map be revisited, so that if another situation deviating from the map arises, there would be more clarity. Buus suggested a policy language change that would include properties adjacent to the lines on the map.

Jessica Ebeling moved to revisit and adjust the policy to include properties adjacent to the lines on the map for submission of applications for incentives. Jim Buus seconded.

Kent Costin questioned the order of the agenda at the commission level, suggesting the adjustment of the policy be put on the commission agenda before this specific remodeling exemption application comes before the commission. Hushka suggested that the policy change be put on the next commission agenda and hold the application until the following commission meeting, as holding it wouldn't affect the timeline of the property receiving the exemption.

Mark Lemer noted that in the past, any changes to policy language were reviewed by the tax-exempt review committee before being sent to the commission, and that the same procedure should be considered for this language change. Ebeling asked if an email review and vote could take place on the language change. Erik Johnson stated that an email meeting might violate open meeting rules and suggested they find an alternative solution. Gilmour pointed out that the owners could move forward with the project and may be approved after the work has started. Hushka noted that the remodeling exemption can be applied up to 2 years after the project has started, so holding the application until the policy language change has been approved is not an issue.

The committee voted to revisit and adjust the policy for the next meeting. Motion carried.

Renaissance Zone Development Plan Update

Mark Williams presented a 5 year update on the Renaissance Zone Development Plan as required by the state. Based on feedback from open houses and interviews with Renaissance Zone

participants, the plan is being modified to update and coordinate with and reflect the Downtown In Focus plan and Go 2030 plan. Discussion has been based on changing some of the blocks, including removing Block 22 (Woodrow Wilson property) and adding Block 57 (parking lot, Lake Agassiz Regional Development Corporation, Bell Bank, and GTC). The city is allocated 49 blocks by the state and currently have 47 blocks on the map, leaving flexibility with two blocks as new projects arise. The plan needs to be presented to Cass County Commission, the school board, and city commission with hopes to have it completed by December of 2019.

Piepkorn asked if they share and present financial statistics, including values and impact, or if they're looking for feedback on what blocks are involved. Williams responded that they have hired KLJ to help assist with this plan, and that the numbers convey the importance of Renaissance Zone incentives, but most discussion surrounds what they would like to see in future projects. Piepkorn suggested that perhaps they gather in-house data to share and help show how the plan is working. Williams stated that in 1999, value was \$197 million and currently is \$550 million, although the boundaries have changed.

Lemer asked about the two blocks in reserve and if they were holding on to those for projects that might come up or if the boundaries have changed and the Renaissance Zone authority hasn't figured out where to place those. Gilmour said that at the last update, they decided to keep some in reserve, so that if a project comes up they could add a block easily and not have to go through the process of taking Renaissance status away from blocks. Piepkorn noted that the process to remove blocks takes quite a bit of time, and if a project comes up, it is quicker to just add a block, instead of remove and then add a block.

Lemer asked if in the next five years if there will be any blocks that will be completed and freeing up room for other blocks or if all the current blocks will be used for the next five years. Gilmour said that Block 55 will be completed and there may be others where no projects are coming forward and they might remove them. Williams noted that the blocks have to be contiguous or catty-corner, with the opportunity for one satellite block (which is Block 55); they anticipate that Block 55 will develop rather quickly.

Ebeling asked how tightly knit this plan is to the city's larger strategic plan and if any adjustments have been made to this plan to align with the city's long-term goals. Williams responded that they're working to make sure this plan is close to the Downtown In Focus and comprehensive Go 2030 plan. He noted they have pulled out areas that are inconsistent with those plans as they have evolved and are no longer necessary.

Ebeling asked who the stakeholders in the plan are. Williams said that there are different government entities, local property owners, and those interested in purchasing and developing those blocks. Ebeling asked how they are prioritizing feedback of the stakeholders. Williams said the plan has objectives that outline prioritize the projects and they go that process with every application; they are working on narrowing their scope, as it's pretty broad. In the past, the state has increased the number of blocks, so there isn't as much pressure to prioritize the blocks, as they have more flexibility.

Ebeling asked if Williams saw any need for support from the tax-exempt review committee to help make the plan successful. He responded that from a planning perspective, the impact of the Renaissance Zone has been incredible, due in part to their support of the plan and incentive opportunities in downtown.

Mark Lemer announced it would be his last meeting as the ex-officio representative serving West Fargo Public Schools and introduced Levi Bachmeier as his replacement going forward.

Commissioner Piepkorn adjourned the meeting.