



PLANNING AND DEVELOPMENT

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MEMORANDUM

TO: Renaissance Zone Authority
FROM: Derrick LaPoint, Planner
DATE: November 16, 2016
RE: Renaissance Zone Authority Meeting Agenda

RENAISSANCE ZONE AUTHORITY
Wednesday, November 16, 2016 at 10 a.m. (City Commission Room)
Agenda

1. Approve Order of Agenda
2. Approve Minutes: Regular Meeting of April 18, 2016 (Attachment 1)
3. Review application from DFI Black Building LLC (Rehabilitation) at 110 & 114 Broadway North (Attachment 2)
4. Draft Renaissance Zone Program Report (Attachment 3)
5. Other Business

Renaissance Zone Authority meetings are broadcast live on cable channel TV Fargo 56 and can be seen live by video stream on www.cityoffargo.com/streaming. They are rebroadcast each Friday at 2:30 p.m. for one month following the meeting.

People with disabilities who plan to attend the meeting and need special accommodations should contact the Planning Office at 241-1474 or TDD at 241-8258. Please contact us at least 48 hours before the meeting to give our staff adequate time to make arrangements.

Minutes are available on the City of Fargo Web site at www.cityoffargo.com/RenaissanceZoneAuthority.

**RENAISSANCE ZONE AUTHORITY
MINUTES**

Regular Meeting:

Monday:

April 18, 2016:

The Regular Meeting of the Renaissance Zone Authority of the City of Fargo, North Dakota, was held in the City Commission Room at City Hall at 8:00 o'clock a.m., Monday, April 18, 2016.

The Renaissance Zone Authority members present or absent were as follows:

Present: Dr. Dean Bresciani, Commissioner Dave Piepkorn, Bruce Furness, Cari Luchau, Deb Mathern, Steve Swiontek

Absent: Melissa Sobolik

Acting Chair Bruce Furness called the meeting to order.

Item 1: Approve Order of Agenda

Member Swiontek moved the Order of Agenda be approved as presented. Second by Member Luchau. All Members present voted aye and the motion was declared carried.

Item 2: Establish Renaissance Zone Authority Chairperson

This item was presented after Item 3.

Member Mathern volunteered to be the Renaissance Zone Authority Chair.

Member Furness moved to nominate Deb Mathern for Renaissance Zone Authority Chair. Second by Member Swiontek. All Members present voted aye and the motion was declared carried.

Item 3: Minutes: Regular Meeting of March 10, 2016

Member Mathern moved the minutes of the March 10, 2016 Renaissance Zone Authority meeting be approved. Second by Member Luchau. All Members present voted aye and the motion was declared carried.

Member Commissioner Piepkorn present.

Item 4: Review application from Block 9, LLC (New Construction) at 200 Block of Broadway, 226 5th Street North and 224 5th Street North: APPROVED

Planner Derrick LaPoint presented this item. Mr. LaPoint stated staff is recommending approval as the proposal does meet the guidelines and all required approval criteria.

Mike Allmendinger, General Manager at Kilbourne Group, spoke on behalf of the project.

Scott Neill, RDO's Vice President of Real Estate, spoke on behalf of the project.

Member Furness moved to approve the application submitted by Block Nine, LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the North Dakota Renaissance Zone law contingent upon completion of the project and verification of costs. Second by Member Swiontek. On call of the roll Members Luchau, Swiontek, Mathern, Piepkorn, Furness, and Bresciani voted aye. Absent and not voting: Member Sobolik. The motion was declared carried.

Item 5: Review application from DFI Roberts, LLC (New Construction) at 624 2nd Avenue North, 7625 2nd Avenue North, and 217 Roberts Street North: APPROVED

Derrick LaPoint presented this item and stated staff is recommending approval as the proposal does meet the guidelines and all required approval criteria.

Kilbourne Group's General Manager Mike Allmendinger and Project Manager Mike Zimney, spoke on behalf of the project.

Member Bresciani moved to approve the application submitted by DFI Roberts, LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the North Dakota Renaissance Zone law contingent upon completion of the project and verification of costs. Second by Member Luchau. On call of the roll Members Mathern, Piepkorn, Swiontek, Furness, Luchau, and Bresciani voted aye. Absent and not voting: Member Sobolik. The motion was declared carried.

Item 6: Update on Renaissance Zone Lease Applications

Derrick LaPoint reviewed the application received from CH2M Hill, Inc., proposing to lease commercial space located at 64 4th Street North. Mr. LaPoint stated staff will be presenting this item before the City Commission at the April 25, 2016 commission meeting.

Item 7: Other Business

No other business was discussed.

The time at adjournment was 8:45 a.m.



**Staff Report
Renaissance Zone Application for
DFI Black Building LLC (253-F)
110 & 114 Broadway North**

Project Evaluation:

The City of Fargo received a Renaissance Zone application from DFI Black Building LLC to rehabilitate the existing structure at 110 and 114 Broadway North. Pursuant to the application, the intent of the project is to complete exterior and interior renovations including a new roof, HVAC, plumbing and electrical systems. The building consists of the eight-story, 96,000 SF Black Building, constructed in 1930, and the adjacent two-story, 26,000 SF building constructed in 1961. Overall the building improvements would include significant capital costs relating to plumbing, electrical, access, HVAC, fire protection and utility upgrades.

The renovation of the Black Building will be completed over a three-year period. The building is currently occupied, but is highly underutilized. The upper floors are currently occupied by a variety of different office users and these floors will remain as offices following the renovation. Sears Roebuck & Co. originally occupied the basement, first floor and balcony until 1975 when the space was renovated into Elm Tree Square. The applicant will renovate this space but for the next several years the retail portion will remain with only cosmetic changes occurring. The applicant will focus on the renovation of floors 2-8 and the first floor lobby.

The Planning Department has reviewed the application and has provided a project ranking based on the analysis below.

Lines 1: Use consistent with the RZ Plan (as per Visions and Goals): As noted in the 2015 Renaissance Zone Development Plan the desired land use on Block 9 is identified as *mixed-use with ground level interaction with adjacent street right of way*. As proposed, the project will contribute to a number of goals and objectives as outlined in the RZ Plan as follows:

1. *Activity Generator [goal]:* Develop activity generating enterprises along Renaissance Zone's major commercial corridors: Broadway/2nd Avenue.

The Black Building is in one of the most visible corridors of downtown. The structure has been underutilized for a number of years. There are currently 65 tenants and an estimated 150 people working in the building and after the renovation the applicant estimates 350 people will be working in the building. The applicants goal is to generate enough business and interest to make the Black Building a retail anchor for downtown again.

2. *Walkable Districts [goal]:* Create "walkable districts" that integrate a wide range of activities and land uses; thus encouraging on-street activity...

The project will enhance the overall walkability of downtown Fargo by creating a new destination point along one of the busiest corridors in downtown.

3. *Ground Floor Uses [goal]:* Reserve ground floor land uses to those that will encourage streets to come to life – shops, offices, cafes, restaurants and other "public" facilities.

The ground floor of the project will remain as retail and future plans hope to incorporate pedestrian access and activity in the alley.

4. *Neighborhood Center [goal]: Make “Broadway” Fargo’s “Main Street” – a pedestrian-friendly, mixed-use magnet that anchors downtown neighborhoods.*

The Black Building has been one of the most prominent buildings in downtown. Sears Roebuck & Co. generated large amounts of retail activity and ideal office space in downtown. The building renovation will help reestablish the interest and activity of the building.

5. *Urban Design [goal]:* Projects will embody strong urban design principles inclusive of building massing and form, building materials, pedestrian orientated design, streetscape, building orientation and recognition of the importance of defined block corners, architectural style, high building coverage percentages, limited setbacks or downtown district appropriate setbacks, design longevity and street level transparency.
6. *Transportation [goal]:* Manage downtown transportation, accessibility and parking issues in a manner that will allow for further commercial developments and will make the entire area more user-friendly.

According to the applicant, Broadway is the most walkable street in the State of North Dakota. The applicant has used pedestrian counters to analyze the pedestrian activity. Daily counts were between 600 to 1000+ people walking near the building. MatBus routes, LinkFM and a Great Rides Bike Share station are all located within a half-block of the structure.

7. *Safe Streets – Safe Neighborhoods [goal]:* Encourage safe streets and safe neighborhoods by relying on and utilizing the “natural surveillance” of lively and active streets.

The renovation of the Black Building will add more employees and customers to our downtown creating more “eyes of the street”.

8. *High Quality Housing [goal]:* Continue to encourage the production of unique high quality housing that is developed in areas targeted for residential development or as a component of a mixed-use project.
9. *Infill [goal]:* Encourage and actively pursue projects that increase the productivity of underutilized property such as surface parking lots, vacant land and parcels with low building to land value ratios. Infill projects shall conform and be consistent with urban design principles as set forth in Goal 5, above..
10. *Housing Amenities [goal]:* Integrate quality housing with public open space and neighborhood amenities, requiring the enhancement of existing amenities in conjunction with the creation of new ones.
11. *Downtown Entryways [goal]:* Enhance auto entry experiences with landscaping improvements to all major corridors (Broadway, Roberts St, 1st/NP Avenue, Main Avenue) and gateway statements at Broadway/Main Avenue, Broadway/6th Ave N, 1st Avenue/Red River, Main Avenue/Red River and Main Ave/10th Street N.

The Black Building is already a significant landmark along Broadway. The renovation of the building will improve the exterior and further contribute growth on Broadway.

12. *The Place to Be [goal]:* Make downtown the entertainment/cultural/recreational center of the city... Make downtown a key destination for visitors/conventioners and a key destination for residents.
13. *A Place Like No Other [goal]:* Highlight the unique historic character of the Renaissance Zone by placing a high value on historic preservation and overall awareness of the history of the area.

The Black Building is an eight-story, 100,000 SF building constructed in 1930 and was the tallest historic building in North Dakota until the completion of the Capitol Building in 1934. The Black Building is an example of the Art Moderne style and has been an iconic building in downtown Fargo since its completion. The renovation will maintain that integrity of the building and make it last for years to come.

14. *24 Hours a day – 7 Days per Week – 365 Days a Year [goal]:* Design spaces, facilities and features that will attract people to the area both day and night, on weekdays and weekends, and during all seasons of the year.

The proposed mixed uses of retail and office uses will facilitate consistent attraction to the building for weekday and weekend patrons.

15. *Connections and Coordination [goal]:* ... Strong connections between people, places and things to do are vital to creating a strong sense of community.

(10/10 points)

Line 2: Will exterior rehabilitation or the proposed improvements be sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building? Does the project scope address the interior and exterior of the building in a comprehensive manner?: Proposed improvements will include: a new roof, HVAC, plumbing, electrical updates and asbestos will be remediated. In addition, a new mechanical room, bathrooms, exterior windows and access will be upgraded. The rehabilitation project is sufficient to eliminate any deteriorated conditions that are visible on the exterior of the building.

(9/ 10 points)

Line 3: Does the investment comply with the minimum State standard that requires an investment of no less than 50% of the current true and full valuation of the building?: The property is currently assessed at \$2,595,700. The applicant has proposed a total rehabilitation investment of \$7,700,000 which exceeds the required 50% investment guideline. These improvements will result in \$63.04 per SF (RZ minimum is \$40 per SF) being invested into the existing space.

(10 / 10 points)

Line 4: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?: Pursuant to City of Fargo Renaissance Zone standards, in order to qualify for consideration, a project must meet a minimum \$40 per square foot capital improvement threshold for commercial rehabilitation and \$100 per square foot for any new construction.

According to the application the structure accommodates 122,151 square feet, as follows:

Black Building

Basement Floor – 11,237 SF
1st Floor – 10,328 SF
Balcony Floor – 8,645 SF
2nd Floor – 10,328 SF
3rd Floor - 10,000 SF
4th Floor - 9,852 SF
5th Floor – 8,884 SF
6th Floor – 8,884 SF
7th Floor – 8,884 SF
8th Floor – 8,884 SF
Total – 95,926 SF

Scan Design

Basement Floor – 7,511 SF
1st Floor – 7,245 SF
Balcony Floor – 4,224 SF
2nd Floor – 7,245 SF

Total – 26,225 SF

Overall, the application estimates a total capital investment of \$7,700,000 which calculates to approximately \$63.04 per square foot.

(10 / 10 points)

Line 5: Sub-Total: The sub-total of lines 1–4 equals 40 points.

Line 6: Use consistent with the RZ Plan (as per Visions and Goals):

~~Line 7: Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?~~

~~Line 8: Tenant must be leasing space in a building that has been approved as a Zone project: NA~~

Line 9: The new construction or proposed improvements are representative of “High Priority Land Uses” as defined in the RZ Plan: These criteria are defined by four sub-categories, as follows:

Primary Sector Business: N/A

Active Commercial, Specialty Retail or Destination Commercial: The proposed project will re-purpose existing retail and office space into active office / retail square footage. Renovations will allow the building to occupy more tenants and employees.

Mixed Use Development: The proposed project will incorporate a mix of retail and office uses. No housing will be associated with this project.

Large, upscale residential units: N/A

(7 / 10 points)

Line 10: The investment is located in a ‘Target Area’ as defined by the RZ Plan:

1) **Parcels that have been vacant or underutilized for an extended period of time:** The building has been underutilized and in need of upgrades for a number of years. The Black Building has been a historically significant building in our downtown since it was constructed in 1930. (3/5 points)

2) **Parcels specifically targeted for clearance:** The RZ Plan designates Block 10 as being appropriate for preservation and rehabilitation with the redevelopment of surface level parking lots. (5/5 points)

(9 / 10 points)

Line 11: The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation: This project will enhance and strengthen the Broadway corridor by renovating an existing structure into a combination of office and retail. The renovation will improve the appearance of this gateway in the downtown core. The project will improve the overall appearance and contribute to the overall level of activity in the downtown core.

(10/ 10 points)

Line 12: Consideration and analysis as to the total actual investment in the project: As proposed, the rehabilitation project and improvement costs significantly exceed both the 50% (true and full value of the building) and \$40 per square foot requirement. As previously noted, the application represents a total estimated investment of \$7,700,000.

(10 / 10 points)

Line 13: Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: The project does not involve the movement or relocation of a business from another North Dakota community.

(10 / 10 points)

Line 14: Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? This property is located outside the boundary of the Downtown Historic District. The building was constructed in 1930 and was used as an office and retail center

(including Sear Roebuck & Co. and Elm Tree Square). The proposed rehabilitation project will preserve the integrity of both buildings and create a destination for retail.

(10 / 10 points)

Summary:

This application received a score of 95 on a 100-point scale. The applicant met all required criteria and the use is consistent with the RZ Plan. In addition, the proposed rehabilitation project surpasses the local capital improvement requirement of \$40 per square foot for a commercial rehab and \$100 per square foot for new construction.

This project is consistent with the RZ Plan as activity generators and ground floor uses are important initiatives highlighted in the plan. The proposal will increase activity in the Broadway corridor.

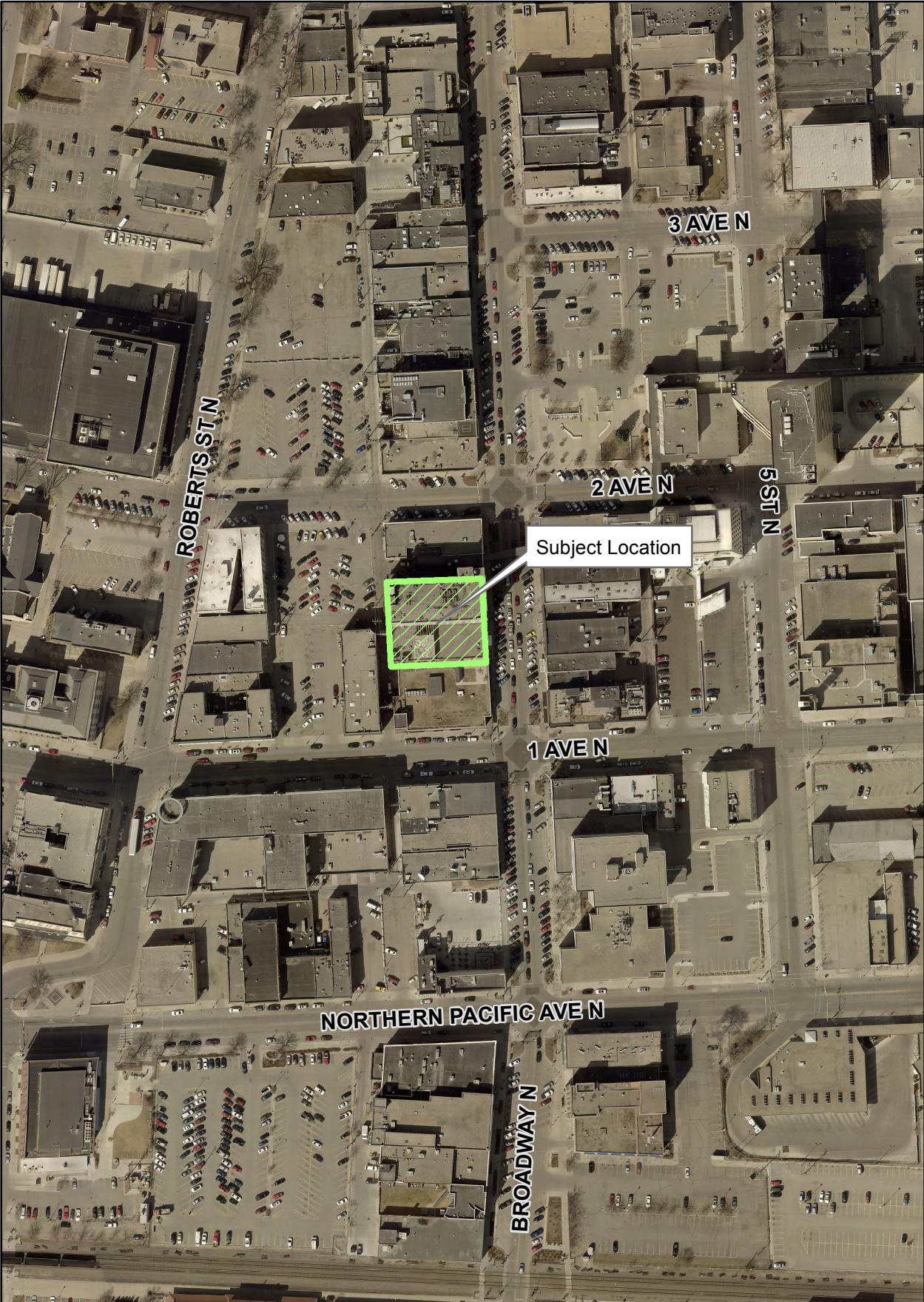
The amount invested in the project exceeds state and local guidelines. The project does not involve the relocation of commercial businesses from another North Dakota city. The applicant is seeking historic preservation tax credits and a PILOT incentive has been approved by the City Commission.

This project will make use of a structure that is currently underutilized. Staff believes that this project will be a benefit to the downtown community and will positively contribute to the health of surrounding businesses.

Suggested motion:

Approve the application submitted by DFI Black Building LLC and to grant the property tax exemption and the State income tax exemptions as allowed by the ND Renaissance Zone law contingent upon completion of the project and verification of costs.

Minimum Criteria (Proposals involving the purchase of income-generating property)			
		Staff Rating	Member Rating
1*	Use consistent with the plan (as per Vision and Goals)	10	
2*	Exterior rehabilitation sufficient to eliminate any and all deteriorated conditions that are visible on the exterior of the building	9	
3*	Re-investment that totals no less than 50 percent of the current true and full valuation of the building	10	
4	The investment totals at least \$40 in capital improvements per square foot for commercial properties or \$25 in capital improvements per square foot for residential properties (The authority may waive the square foot investment requirement for certain projects)	10	
5	Sub Total	39	
Minimum Criteria (Proposals involving new construction or additions)			
6	Use consistent with the plan (as per Vision and Goals)	12	NA
7	Does the investment comply with minimum investment thresholds (locally determined) for residential and commercial projects as set forth in the RZ Plan?	10	NA
Project Review Guidelines (Rate 1-10)			
8	Tenant must be leasing space in a building that has been approved as a Zone project	NA	NA
9	The new construction or proposed improvements are representative of "High Priority Land Uses" as defined in the RZ Plan: <ul style="list-style-type: none"> • Primary sector business • Active Commercial, Specialty Retail and/or Destination Commercial • Mixed use development (combination of housing, commercial, and/or retail uses in a horizontal or vertical fashion) • Large, upscale residential units 	7	
10	The investment is located in a 'Target Area' as defined by the RZ Plan: <ul style="list-style-type: none"> • Parcels that have been vacant or underutilized for an extended period of time • Parcels specifically targeted for clearance 	9	
11	The project will create civic space or public space and/or will enhance pedestrian connectivity, streetscape amenities or will contribute to street level activation: <ul style="list-style-type: none"> • Incorporation of "civic" or "public" space within a redevelopment proposal will receive additional consideration • Demonstrated commitment to strengthening pedestrian corridors and issues of "connection" • Attention to streetscape amenities • Contribution to street activity 	10	
12	Consideration and analysis as to the total actual investment in the project: <ul style="list-style-type: none"> • Consideration can be given for the level of capital investment in a project. (i.e., additional consideration can be given for higher levels of investment) 	10	
13	Consideration as to whether the project will include or accommodate the relocation of a business from another North Dakota community: <ul style="list-style-type: none"> • Commercial tenants that are re-locating within the Downtown Area (as defined by the 1996 Downtown Area Plan) are not eligible for tax incentives without special approval from the Zone Authority • Commercial tenants that are relocating from a North Dakota community (other than Fargo) to the Fargo Renaissance Zone are not eligible for tax incentives without special approval from the Zone Authority. 	10	
14	Is the project located within a historic district? Will the project fit contextually and will the project contribute or enhance the area from an architectural perspective? <ul style="list-style-type: none"> • Although not included in the Project Review Guidelines, historic preservation is considered an important component of downtown projects even when Historic Preservation and Renovation Tax Credits are not being requested. 	10	
15	Sub Total	56	
16	Total Rating (100 possible points)	95	



ROBERTS ST N

3 AVE N

2 AVE N

5 ST N

Subject Location

1 AVE N

NORTHERN PACIFIC AVE N

BROADWAY N

CITY OF FARGO

RENAISSANCE ZONE PROJECT APPLICATION

REHABILITATION OR PURCHASE (NEW CONSTRUCTION)

Attn: This application must be approved by all local and state review entities prior to beginning rehabilitation work.

1. Street address, legal description, and Renaissance Zone Block number of proposed project. If the proposed project involves more than one parcel, please provide relevant information for each parcel.

110 & 114 Broadway N
Block 2 Lot 3 & S 4 FT OF 4 & N 25 FT OF S 29 FT OF 4 & N 21 FT OF 4 & S 1/2 OF 5 LESS SKYWAY AREA; of
Roberts Addition
Renaissance Zone Block 10
Parcel # 01-2381-00291-000

2. Current property owner(s).

DFI Black Building LLC

3. Name of applicant(s), mailing address, Federal ID number or SSAN, and type of entity (partnership, LLC, S-corporation, etc.).

DFI Black Building LLC
210 Broadway, Suite 300
Fargo, ND 58102
Tax ID Number:
DUNS:

4. Current use of property

The Black Building is located in the heart of downtown at 110 & 114 Broadway. The building consists of the eight-story, 96,000 square-foot Black Building, constructed in 1930 and the adjacent two-story, 26,000 square-foot building, constructed in 1961. The Black Building's basement, first floor, and balcony (Elm Tree Square) are currently used by a variety of different retailers. The upper floors (2-8) are used for offices. The adjacent building at 110 Broadway is a furniture store on the first floor, balcony, and basement.

5. Square footage of the lot and of the building (list each floor separately)

Lot: 17,500 SF

Black Building

Basement Floor 11,237 SF
1st Floor 10,328 SF
Balcony Floor 8,645 SF
2nd Floor 10,328 SF
3rd Floor 10,000 SF
4th Floor 9,852 SF
5th Floor 8,884 SF
6th Floor 8,884 SF
7th Floor 8,884 SF
8th Floor 8,884 SF
Total 95,926 SF

Scan Design

Basement Floor 7,511 SF
1st Floor 7,245 SF
Balcony Floor 4,224 SF
2nd Floor 7,245 SF
Total 26,225 SF

6. Describe the impact this project has on any historical properties

Construction of the eight-story, 96,000 square-foot Black Building began on November 17, 1930. Once completed, the building towered over downtown. It remains the tallest historic building in Fargo and, prior to the completion of the new Capitol Building in 1934, was the tallest building in North Dakota. The Black Building was designed by Lang, Raugland, and Lewis of Minneapolis and constructed by T.F Powers Construction.

The building is an outstanding example of the Art Moderne style. The building is faced with light beige Indiana Limestone cut uniformly with window openings. The building has dark metal window spandrel panels between the windows forming recessed vertical bays. The top six floors have historic black iron windows (which were

common for buildings constructed in that era)—such as Forshay Tower in Minneapolis. The third floor also retains its historic central windows trimmed with a cast iron ornamental piece.

In 1931, the Black-Sears store opened in the basement, first, and balcony of the building with George Black acting as manager. WDAY leased the eighth floor and the remaining floors became office space for numerous doctors, lawyers, architects, insurance companies, dentists, and other business professionals.

Type of project (purchase, rehabilitation, lease, purchase with major improvements, historic preservation and renovation, or a combination).

Historic Renovation

7. Project Description. Describe scope of work, including a detailed cost estimate of the work to be completed, and justification that the improvements will meet the State's 50% investment criteria.

The Black Building is located in the heart of downtown at 110 & 114 Broadway. The building consists of the eight-story, 96,000 square-foot Black Building, constructed in 1930, and the adjacent two-story, 26,000 square-foot building constructed in 1961.

The upper office floors will be renovated in two phases lasting over a two-year period. These floors will remain as office following the renovation. The roof will be replaced, the buildings systems (HVAC, plumbing, and electrical) will be updated, and asbestos will be remediated. The office space will be right sized with high end shared amenities such as conference rooms, breakrooms, restrooms, etc. A mechanical room will be added to each floor and will allow the mechanical system to have a fresh air intake for each floor. The building currently has one multi-fixture bathroom per floor (alternating male or female for each floor); as part of the renovation, an opposite sex single fixture bathroom will be added to each floor.

The building's exterior has retained its historic integrity. The limestone will be cleaned and restored, the brick will be repointed as necessary, and non-original materials will be replaced. The existing fire escape will be replaced to meet current standards and the freight elevator will be converted to a handicap accessible elevator. The building's original single-pane windows are beyond their life expectancy and are in need of replacement. Age and wear have rendered the units non-weathertight. In many locations, the units in place are themselves replacements or later additions. If approved by National Park Service, as part of the project historic tax credits, custom replacement windows will be installed to improve comfort levels for occupants, while retaining the original appearance.

The property is currently assessed at \$2,595,700. DFI Black Building LLC will be investing an estimated \$7.7M in the renovation of the entire building. These improvements will result in \$63.04 per SF (RZ minimum is \$25 SF) being invested into the existing space. The Renaissance Zone requires an investment of at least 50% of the current value, equaling \$1.29M compared to the \$7.7M planned investment.

Also describe anticipated tenant mix and the expected date of occupancy, completion, lease, or rehabilitation.

The renovation of Black Building will be completed over a three-year period. The building is currently occupied, but overall the building's space is highly underutilized. The upper floors are currently occupied by a variety of different office users and these floors will remain as offices following the renovation.

Sears originally occupied the basement, first floor and balcony. In 1975, these spaces were renovated into the Elm Tree Square. Eventually, this space will be renovated, but for the next several years, the retail portion will remain as is with only cosmetic changes occurring. The focus will be on renovating floors 2-8 and first floor lobby.

The exterior of the Scan Design building will be redesigned to add significant amounts of glazing. The precast covering the second and third floors will be replaced with large windows. This will make the interior of this space much more inviting and usable by providing exterior views and natural daylighting.

8. Describe how the project enhances the stated Renaissance Zone goals and objectives, being as specific as possible (see Attachment C)

Activity Generators.

An early business directory for the building listed nearly 100 different office tenants and in 1934, the owners boasted that more than 4,000 people visited the lobby daily. Currently, there are around 65 tenants and an estimated 150 people work in the building. If the office spaces met modern design requirements, it would not be unreasonable to expect 350 people working on the upper floors (200 SF per employee).

Elm Tree Square does not generate heavy amounts of visitor traffic, nothing approaching the number of visitors Sears generated in its peak. The goal will be to eventually renovate the space so once again the Black Building will be the retail anchor for downtown. Increasing the number of retail tenants, foot traffic, and office workers will all help to further activate this portion of Broadway.

Walkable Districts.

This project will enhance the overall walkability of downtown Fargo by creating a major new destination point in downtown. Increasing the office utilization could realistically double the number of office workers. The eventual redesign of the retail portion has the long term goal of having making the Black Building once again the retail anchor in downtown.

Ground Floor Uses.

The ground floor of the Black Building will remain as retail spaces with limited changes at this point. When the ground floor retail is redesigned in the future a pedestrian friendly rear entrance/storefront will be investigated to contribute to the ongoing efforts to activate the alley.

Neighborhood Center.

Since its construction, the Black Building was one of the most prominent buildings in downtown. Sears Roebuck & Co. generated large amounts of retail activity and it was the premier office space in downtown. The goal of the planned renovation is to reestablish the building first as a commercial anchor and eventually as a retail anchor with the Elm Tree Square is redesigned.

Urban Design

At this point the focus will be on renovating the upper floors. However, future renovations of the retail portion will investigate the feasibility of providing new window openings and a more prominent rear entrance/storefront to allow alley side retail. If feasible, the design will include a pedestrian friendly and more inviting alley side entry and storefront to contribute to the efforts in activating Roberts Alley.

Transportation Issues.

The project is located along the most walkable street in the entire state. A pedestrian counter located just north of the Black Building averages daily counts of 600-1000+ and the surrounding businesses have Walk Scores® of 96, a "Walker's Paradise" according to Walkscore®. The Great Rides Bike Share station located in the US Bank Plaza generated 7,218 bikes checked out last season. MatBus Routes 13, 13U, and 17 and this summer the 15-minute FM Link circulator runs along 2nd Ave, which is only 100 feet from the main entrance. The project will also benefit from the 450+ stall Roberts Garage and 350+ stall parking garage at the Block 9 project.

Safe Streets – Safe Neighborhoods.

The surrounding area of Broadway already benefits from high pedestrian activity. The renovation of Black Building and the resulting increase in the number of office workers, retail tenants, and visitors to the building will add to the pedestrian activity and "eyes on the street."

Downtown Entryways.

The Black Building is already a significant landmark along Broadway. The restoration of the building will improve the exterior and further contribute to the most important corridor in downtown.

The Place to Be.

Upon completion, the Black Building was the premier office and retail space in downtown. The hope is upon completion of the renovations the Black Building will once again retain its original prestige.

A Place Like No Other.

Construction of the eight-story, 100,000 square-foot Black Building began on November 17, 1930. The completed building towered over downtown. It remains the tallest historic building in Fargo and, prior to the completion of the new Capitol Building in 1934, was the tallest building in North Dakota. The building is faced with light beige Indiana Limestone cut uniformly with window openings. The building is an outstanding example of the Art Moderne style and one of the most important buildings in downtown.

24 hours a day – 7 days a week – 365 days a year.

This location will be activated during working hours from the 350+ office workers in the building. The future plans to renovate the retail portions will address the building's limited activity in the evenings and weekends. We will work closely with design professionals to develop a renovation plan for the retail portions to make the space a destination and generate activity on the weekends and evenings.

Connections and Coordination.

Kilbourne Group has been leading the effort to establish Roberts Alley as a pedestrian friendly retail corridor. The renovation of the Loretta Building created prominent alley retail and the soon to be constructed Roberts Project will include alley storefronts. Upon completing the renovation of the office space, these same goals will be applied to Roberts Alley behind the Black Building. We will investigate if the rear of the building could be redesigned with windows, a more prominent entrance, and alley storefronts. In addition, the lobby and atrium is frequently used by pedestrians as a connection from Broadway to the west and vice versa. Any renovations that occur will maintain this important connection and help further establish the connectivity from Roberts Alley to Broadway.

9. **Extent of the exterior rehabilitation (demonstrated improvement to “public” face of building) – include plans and/or renderings, if available**

Collaborative Design Group (CDG) is coordinating the effort to obtain historic tax credits. These incentives will guide what type of work can be completed on the building. It is expected the Indiana limestone exterior will be cleaned and restored as needed. To improve tenants comfort, CDG will also explore the feasibility of replacing the original steel windows. If this is approved, new custom windows matching the originals will be designed and installed. We are also attempting to consolidate all the rooftop antennas and telecommunication equipment to a central location to reduce the visibility from the street level.

10. **Describe how the project fits under the Zone’s development guidelines (Attachment D)**

High Priority Land Use

This project meets the guideline of high-priority land use by creating a mixed-use development with active ground floor retail space and offices.

Target Areas

The Renaissance Zone plan lists “preservation and Rehabilitation; and redevelopment of surface parking lots” as the desired land use for this property. These stated goals directly align with our plans for this project and we also plan to redevelop the surface lot behind Black Building and the Black Building parking lot behind Loretta as part of different projects.

Public Space

This site is completely built out and does not afford any opportunity for new public space. However, the public space surrounding the Black Building will benefit most from the increased activity and foot traffic generated by the renovation and increased utilization.

Investment

Kilbourne Group will be making a significant investment in this project to renovate the building. The \$7.7M investment is almost a six-fold increase of the Renaissance Zone minimal investment level.

Relocation

Kilbourne Group will seek to increase the utilization in the building by targeting businesses including new start-ups, tech companies, small businesses, growth industries, and additional retail tenants.

11. **List of public and private financial commitments. If the project is funded by the Renaissance Zone Fund, describe type of funding and amounts.**

The project was approved for a PILOT incentive.

12. **Estimated tax impact of Zone incentives to the applicant: List the current true and full value of the building, the current annual property tax on the building, the estimated value of the building after improvements have been completed, and the estimated five-year impact. Estimate the potential annual income tax savings.**

Current true and full value: \$2,595,700

Current annual property tax on building: \$41,183 (317.32 Mill Levy)

Estimated value of the buildings after improvements: \$16,042,263

Estimated five-year impact: \$205,916 (317.32 Mill Levy)

Potential annual income tax savings: \$1,000

13. **Provide evidence that the applicant is current on state and local taxes (Certificate of Good Standing from State Tax Commissioner (see Attachment E) and receipt showing proof that local taxes have been paid.**

Submit Project Proposals to:
Department of Planning and Development, 200 N 3rd Street, Fargo, ND 58102
Phone 701-241-1474

DFI Black Building LLC	
Renaissance Zone Application	
Project Cost Estimate for Capital Improvements	
Project: DFI Black Building LLC, 110 & 114 Broadway, Fargo, ND 58102	
DFI Black Building LLC	
Existing Building	\$ 2,595,700
	<u>\$ 2,595,700</u>
Notes	
Soft costs have been allocated to each line-item	
Includes Land, Land improvements, & Personal Property cost estimates	
EXISTING	
At least \$25/SF in capital improvements	
Total Planned Capital Improvements	\$ 7,700,000
Total Square Feet	122,150
Planned Capital Improvements/SF	\$ 63.04
Investment at least 50% of Current Value	
Current True and Full Value	\$ 2,595,700
1/2 Current True and Full Value	\$ 1,297,850
Planned Capital Improvements	\$ 7,700,000

Parcel #:	01-2381-00300-000
Owner:	DFI BLACK BUILDING LLC
Address:	114 BROADWAY N FARGO ND 58102
Jurisdiction:	Fargo City
Mortgage Company:	

Mail To:	DFI BLACK BUILDING LLC 210 BROADWAY N STE 300 FARGO ND 58102-4771
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2015 Statement #150116497	
Mill Levy Rate:	317.32
Consolidated:	\$27,302.86
Specials:	\$2,587.52
Drains:	\$0.00
Other:	\$0.00
Discounts:	\$1,365.14
Pen/Int:	\$0.00
1st Due:	\$0.00
2nd Due:	\$0.00
Amount Due:	\$0.00
Grand Total Due:	\$0.00

[Map View](#) - [Legal Description](#)

Statements

Year	Statement #	Type	Tax	Penalty	Interest	Discount *	Paid	Balance	Add to Cart
2015	150116497	Real Estate	\$29,890.38	\$0.00	\$0.00	\$1,365.14	\$28,525.24	\$0.00	Paid
2014	140116501	Real Estate	\$34,409.11	\$0.00	\$0.00	\$1,272.70	\$33,136.41	\$0.00	Paid
2013	130117498	Real Estate	\$34,942.82	\$0.00	\$0.00	\$1,236.71	\$33,706.12	\$0.00	Paid
2012	120218341	Real Estate	\$41,334.21	\$0.00	\$0.00	\$1,616.21	\$39,718.00	\$0.00	Paid
2011	110218357	Real Estate	\$40,726.51	\$0.00	\$0.00	\$1,588.42	\$39,138.09	\$0.00	Paid
2010	100218390	Real Estate	\$39,972.55	\$0.00	\$0.00	\$1,550.73	\$38,421.83	\$0.00	Paid
2009	90218415	Real Estate	\$39,626.41	\$0.00	\$0.00	\$1,533.77	\$38,092.64	\$0.00	Paid

Assessments

Year	Agricultural		Residential		Commercial		Total	Taxable Value Before Credits	Credits	Net Taxable Value
	Land		Land	Building	Land	Building				
2015	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,836,500.00	\$1,955,500.00	\$97,775.00	<u>\$0.00</u>	\$97,775.00
2014	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,658,700.00	\$1,777,700.00	\$88,885.00	<u>\$0.00</u>	\$88,885.00
2013	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,606,900.00	\$1,725,900.00	\$86,295.00	<u>\$0.00</u>	\$86,295.00
2012	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,573,100.00	\$1,692,100.00	\$84,605.00	<u>\$0.00</u>	\$84,605.00
2011	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,523,800.00	\$1,642,800.00	\$82,140.00	<u>\$0.00</u>	\$82,140.00
2010	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,491,600.00	\$1,610,600.00	\$80,530.00	<u>\$0.00</u>	\$80,530.00
2009	\$0.00	\$0.00	\$0.00	\$0.00	\$119,000.00	\$1,491,600.00	\$1,610,600.00	\$80,530.00	<u>\$0.00</u>	\$80,530.00

Parcel #:	01-2381-00290-000
Owner:	DFI BLACK BUILDING LLC
Address:	110 BROADWAY N FARGO ND 58102
Jurisdiction:	Fargo City
Mortgage Company:	

Mail To:	DFI BLACK BUILDING LLC 210 BROADWAY N STE 300 FARGO ND 58102-4771
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2015 Statement #150116496	
Mill Levy Rate:	317.32
Consolidated:	\$7,011.77
Specials:	\$1,175.49
Drains:	\$0.00
Other:	\$0.00
Discounts:	\$350.59
Pen/Int:	\$0.00
1st Due:	\$0.00
2nd Due:	\$0.00
Amount Due:	\$0.00
Grand Total Due:	\$0.00

[Map View](#) - [Legal Description](#)

Statements

Year	Statement #	Type	Tax	Penalty	Interest	Discount *	Paid	Balance	Add to Cart
2015	150116496	Real Estate	\$8,187.26	\$0.00	\$0.00	\$350.59	<u>\$7,836.67</u>	\$0.00	Paid
2014	140116500	Real Estate	\$10,559.11	\$0.00	\$0.00	\$339.20	<u>\$10,219.91</u>	\$0.00	Paid
2013	130117497	Real Estate	\$10,871.98	\$0.00	\$0.00	\$329.62	<u>\$10,542.36</u>	\$0.00	Paid
2012	120218340	Real Estate	\$12,450.16	\$0.00	\$0.00	\$430.77	<u>\$12,019.38</u>	\$0.00	Paid
2011	110218356	Real Estate	\$11,723.34	\$0.00	\$0.00	\$379.22	<u>\$11,344.13</u>	\$0.00	Paid
2010	100218389	Real Estate	\$11,543.10	\$0.00	\$0.00	\$370.21	<u>\$11,172.90</u>	\$0.00	Paid
2009	090218414	Real Estate	\$11,456.77	\$0.00	\$0.00	\$366.16	<u>\$11,090.61</u>	\$0.00	Paid

Assessments

Year	Residential			Commercial		Total	Taxable Value Before Credits	Credits	Net Taxable Value
	Agricultural Land	Land	Building	Land	Building				
2015	\$0.00	\$0.00	\$0.00	\$91,000.00	\$411,200.00	\$502,200.00	\$25,110.00	<u>\$0.00</u>	\$25,110.00
2014	\$0.00	\$0.00	\$0.00	\$91,000.00	\$382,800.00	\$473,800.00	\$23,690.00	<u>\$0.00</u>	\$23,690.00
2013	\$0.00	\$0.00	\$0.00	\$91,000.00	\$369,000.00	\$460,000.00	\$23,000.00	<u>\$0.00</u>	\$23,000.00
2012	\$0.00	\$0.00	\$0.00	\$91,000.00	\$360,000.00	\$451,000.00	\$22,550.00	<u>\$0.00</u>	\$22,550.00
2011	\$0.00	\$0.00	\$0.00	\$91,000.00	\$301,200.00	\$392,200.00	\$19,610.00	<u>\$0.00</u>	\$19,610.00
2010	\$0.00	\$0.00	\$0.00	\$91,000.00	\$293,500.00	\$384,500.00	\$19,225.00	<u>\$0.00</u>	\$19,225.00
2009	\$0.00	\$0.00	\$0.00	\$91,000.00	\$293,500.00	\$384,500.00	\$19,225.00	<u>\$0.00</u>	\$19,225.00



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

Ryan Rauschenberger, Commissioner

RECEIVED
OCT 03 2016

September 29, 2016

Ref: L0242252032

DFI BLACK BUILDING LLC
210 BROADWAY N STE 300
FARGO ND 58102-4713

RE: Renaissance Zone Certificate Of Good Standing, State Income And Sales Taxes Only

This letter is evidence of good standing as required by the North Dakota Division of Community Services for purposes of obtaining final approval of a renaissance zone project.

As of the date of this letter, the records in the North Dakota Office of State Tax Commissioner do not show probable cause to believe that any income taxes (including income tax withheld from wages) or sales and use taxes are due and owing to the State of North Dakota by the following taxpayer:

Taxpayer's Name: DFI BLACK BUILDING LLC
SSN or FEIN: 81-0696906

The enclosed copy of this letter must be submitted (as part of the zone project application) to the local zone authority for the renaissance zone in which the proposed zone project will be located. Please keep this original letter for your records.

/s/ Lorie Bowker

Lorie Bowker
Supervisor, Individual Income Tax and Withholding
Phone: (701) 328-1296
Email: lbowker@nd.gov

Enc.





DRAFT

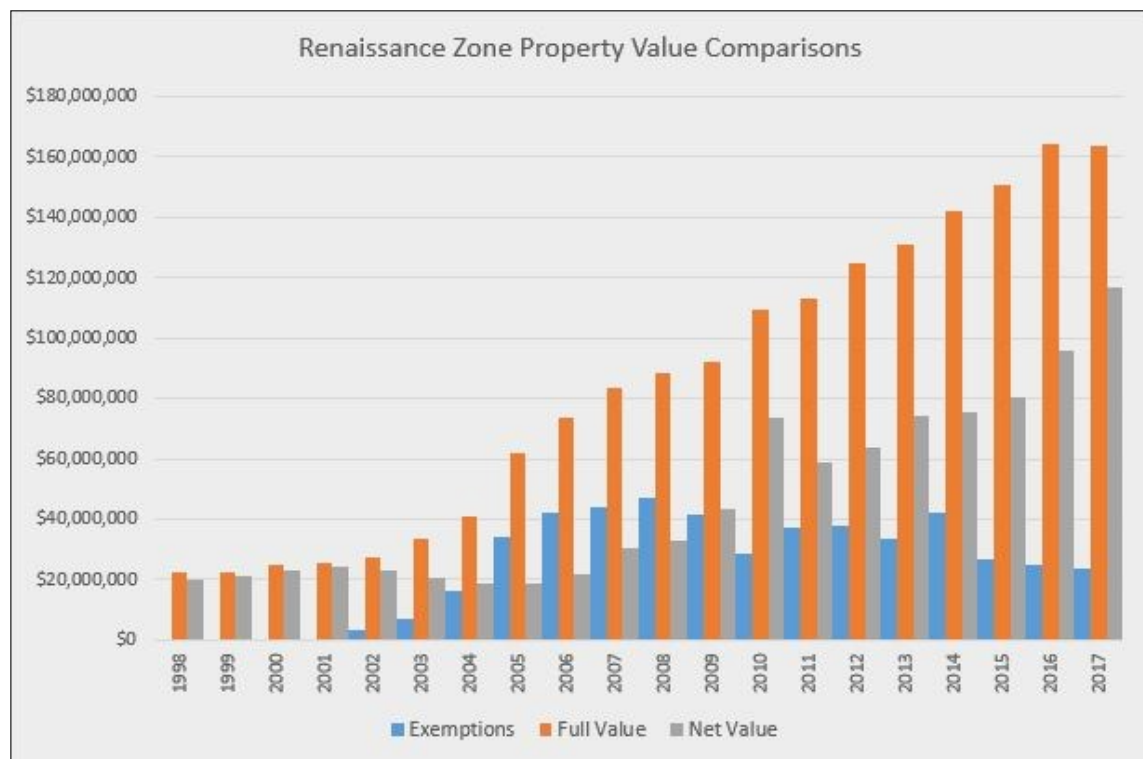


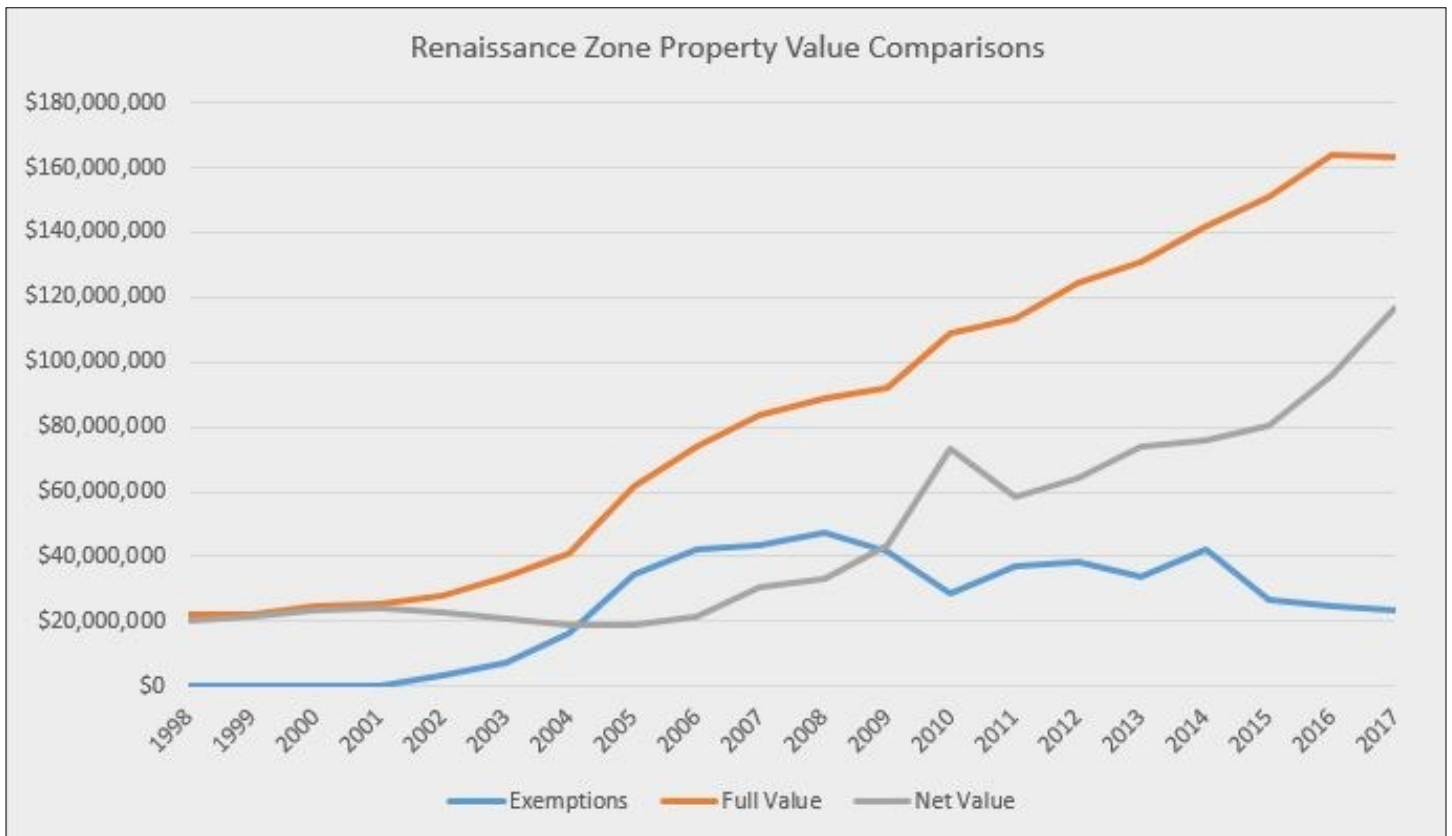
Summary Highlights

Total RZ Projects	Total RZ Projects w/ Completed Exemptions	Ongoing RZ Exemption Projects
176	146	30

Full Value			
Total Projects	Full Value-1 Year Prior to Exemption	Full Value-2017	% Change
146	\$50,159,900	\$163,222,100	225%

Net Value			
Total Projects	Net Value-1 Year Prior to Exemption	Net Value-2017	% Change
146	\$44,094,500	\$116,694,100	165%





Ongoing Renaissance Projects

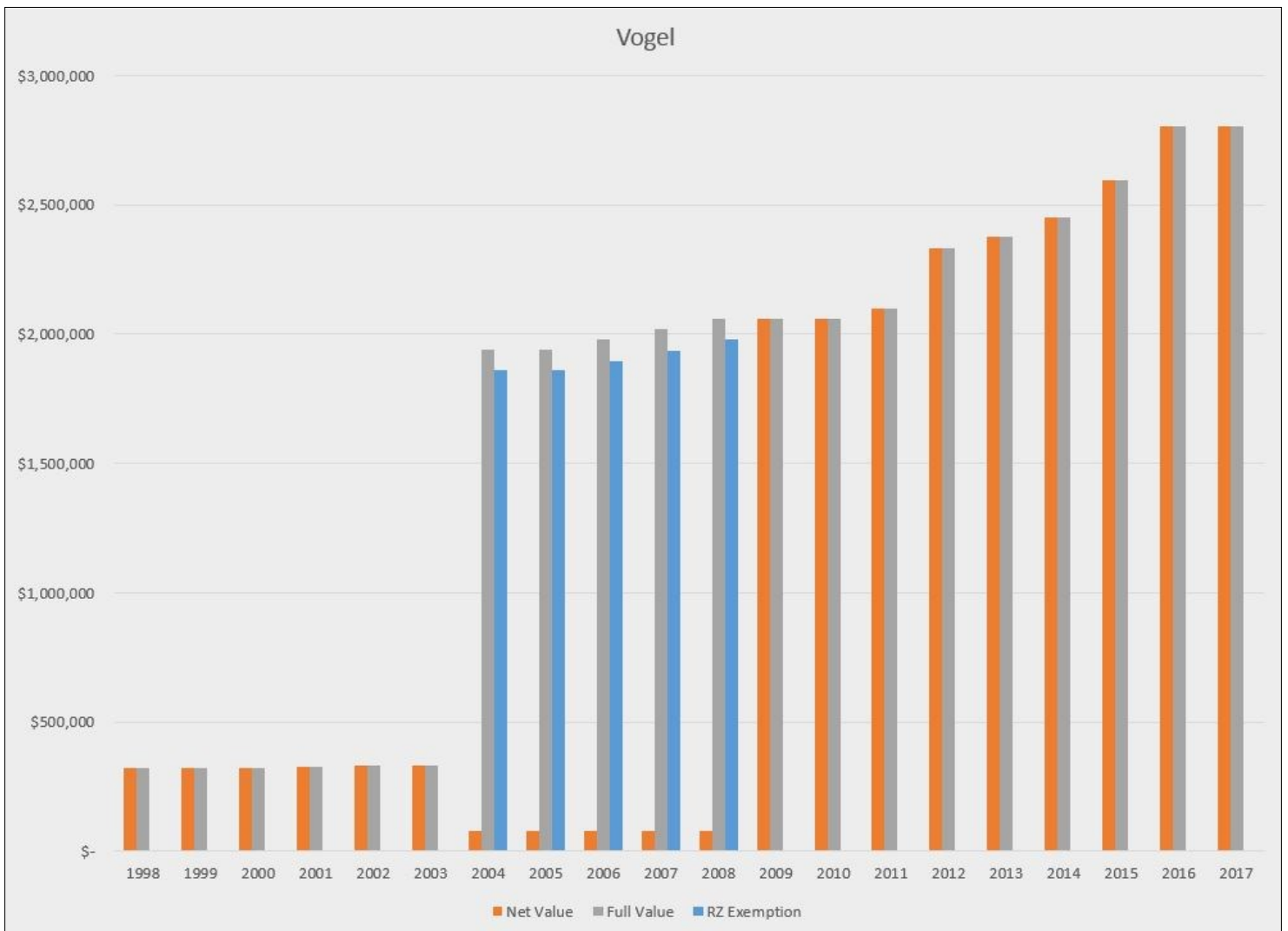
Ongoing Renaissance Zone Property Values				
Exemption Start Year	# of Projects	Full Value of Property 1 year before Exemption	2017 Full Value	Difference
2011	18	\$3,685,500	\$8,297,400	\$4,611,900
2013	3	\$1,099,800	\$2,079,200	\$979,400
2014	4	\$4,639,500	\$9,667,400	\$5,027,900
2015	2	\$4,222,300	\$6,675,500	\$2,453,200
2016	3	\$929,200	\$2,859,700	\$1,930,500
Total	30	\$14,576,300	\$29,579,200	\$15,002,900

Vogel Law Firm



Before

After



HoDo



Before



After

