



TO: Mayor Chuck Barney
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: April 23, 2018

SUBJECT: Establishing a Renaissance Zone Administrative Application Fee to cover costs

I. RECOMMENDED ACTION

Establish parameters and provide guidance to city staff to establish a Renaissance Zone Administrative Application fee

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

Discussion was undertaken at the April 26, 2018 Renaissance Zone Board meeting regarding establishing an application fee for the Renaissance Zone application on the premise that there are costs incurred connected to every such application which should not be borne by general fund tax revenues. There are certain requirements that have to be followed with applications and projects including reviewing applications for compliance and completeness, and assessing consistency with the Zone Plan, consulting with City Assessor and receiving review on assessed value impact, preparing and processing applications for state approval, providing periodic reports to the state, monitoring projects for compliance, and once a project is complete undertaking required close out review and paper work. It is a standard for such programs as the Renaissance Zone offering incentives and benefits to have an application fee to cover the costs connected to a project review and monitoring as well as to establish a benchmark as to the viability of projects reflected in applications. It is also important to note that the Century Code permits a city to create a Renaissance Zone Corporation to manage its Renaissance Zone and to incur all costs related to the management but the city of Minot when first establishing the Zone elected not to create such a corporation. The Board unanimously approved advancing the recommendation of establishing a fee but deferring to the City Council for a final decision.

B. Proposed Project

The idea presented to the Board was a fee of .0005 per cent of the project value. This means that for a project worth \$1 million, the fee would be \$500 and for a project worth \$100,000, the fee would be \$50. It is common practice to utilize either a percentage or a fixed fee. Much of the costs incurred are the same for either a \$1 million project and \$100,000 project but obviously for the size and scope of the \$1 million project more due diligence work would be required. The balance is to establish a fee which is reasonable and contributes to covering costs while not discouraging applications from being submitted. Based on the experience with the most recent application, there was 20 hours devoted to bringing the application to the City Council and it can be expected with the follow through process with

state and project monitoring to be at least another 30 hours for total hours of 50. At a blended, conservative (range of staff involved) per hour salary cost of \$40, this means the cost will be \$2,000 and this is a conservative figure. A fee of \$2,000 would not be practical. The option of a fixed fee could be utilized as well at least partially covering the costs such as in the \$500 to \$750 range.

IV. IMPACT:

A. Strategic Impact:

Provides resources to manage the Renaissance Zone

B. Service/Delivery Impact:

Offsets general fund costs incurred in managing the Zone

C. Fiscal Impact:

It will generate revenue to offset costs of managing Renaissance Zone

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

- i. Memo to Renaissance Zone Board