



TO: Mayor Shaun Sipma
Members of the City Council

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

DATE: January 15, 2019

SUBJECT: **City Council Approve Chad Thompson Renaissance Zone Preliminary Application**

I. RECOMMENDED ACTION

City Council approve Renaissance Zone Preliminary Application for Chad Thompson for \$620,000 warehouse renovation for office/retail space and waive application fee

II. DEPARTMENT CONTACT PERSONS

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

III. DESCRIPTION

A. Background

The Renaissance Zone Board at a special meeting on January 15, 2019 approved recommending to City Council approval of the Preliminary Application submitted by Chad Thompson on behalf of Norsk Brothers, LLC. This application was originally given preliminary approval by both the Renaissance Zone Board and the City Council in January/February, 2014. In late 2018, Mr. Thompson approached the city advising that while the project had not previously advanced, it was now ready to proceed. A review of both Planning Department records and the North Dakota Department of Commerce records found no record of the city filing the preliminary application with the state and the state issuing its preliminary approval. Fortunately, since there have been no expenses incurred by the application between 2014 and the present as outlined in the application, the project remains eligible for the Renaissance Zone tax benefits. Since it was city error in not filing the preliminary application in 2014 with the state, it is the recommendation of the Renaissance Zone Board that the application fee be waived on the basis that will now conform the 2014 application by securing necessary approval from the state in 2018.

B. Proposed Project

This is a rehabilitation project reflecting an investment of \$620,000 which will convert a warehouse into office/retail space located at 18 2nd Avenue NE in the downtown district.

IV. IMPACT:

A. Strategic Impact:

It is the type of project envisioned as a primary goal of the Renaissance Zone to convert a property into a higher, more beneficial use with potential for higher job creation/retention numbers than its previous use.

B. Service/Delivery Impact:

A review by the City Assessor estimates that the proposed project will result in an increase in value from the 2018 \$406,000 to \$1,000,000.

C. Fiscal Impact:

City Assessor estimates that 5 year exemption on the increased value would be \$32,500 in abated property taxes above the current payment amount.

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

- i.* Chad Thompson application
- ii.* City Assessor Memorandum