BISMARCK RENAISSANCE ZONE AUTHORITY
MEETING MINUTES
June 13, 2024

The Bismarck Renaissance Zone Authority met on June 13, 2024, in the Tom Baker Meeting Room in the City-County Office Building at 221 North 5th Street and remotely via the online platform Zoom. Chair Christianson presided.

Authority members present were Jim Christianson, Kirsten Dvorak, Joe Fink (Via Zoom), Dustin Gawrylow, Nancy Guy, Wayne Munson and Greg Zenker.

Design Advisors Eric Hoffer and David Witham were present.

Staff members present were Sandra Bogaczyk (Office Assistant II), Jannelle Combs (City Attorney), Ben Ehreth (Director of Community Development), Isak Johnson (Planner), and Daniel Nairn (Planning Manager).

CALL TO ORDER

Chair Christianson called the meeting to order at 4:00 p.m. and welcomed guests present.

MINUTES

The minutes of the May 9, 2024 meeting were distributed prior to the meeting.

MOTION: A motion was made by Ms. Dvorak and seconded by Ms. Guy to approve the minutes of the May 9, 2024 meeting. The motion passed unanimously by voice vote with members Dvorak, Fink, Gawrylow, Guy, Munson, Zenker and Chair Christianson voting in favor.

Mr. Fink joined the meeting via Zoom at this time.

RENAISSANCE ZONE PROJECT – 100 WEST BROADWAY AVENUE CONDO, UNIT 301
LEE AND RENESS NELSON – PURCHASE OF PRIMARY RESIDENCE

Mr. Johnson gave an overview of the staff report and stated that the applicants, Lee and Reness Nelson, are requesting to obtain Renaissance Zone designation for the purchase of a primary residential condominium in a previously approved (Project 80-B) Renaissance Zone project at 100 West Broadway Avenue, Unit 301. Mr. Johnson stated that the applicants are in the process of purchasing the condominium and gave a brief history of the building.

Mr. Zenker joined the meeting at this time.

Based on the findings contained in the staff report, staff recommended approval of the designation of the purchase of a primary residence in the building at 100 West Broadway Avenue, Condo Unit 301 as a Renaissance Zone project, with a 100% local property tax exemption for five years on the assessed value of the building.

Chair Christianson opened the public hearing.

There being no comments, Chair Christianson closed the public hearing.

Mr. Gawrylow stated that in fairness to taxpayers Authority members should approve the request but stated concerns that the Burleigh County Commission would disapprove.

Mr. Munson stated his sympathy regarding fairness to taxpayers but stated he could not support the request according to the letter of intent with the County. Mr. Zenker and Ms. Dvorak agreed that they would not be able support this request for similar reasons.

Mr. Johnson stated that the existing annual property tax on this one unit is $5,733, as stated in the agenda packet, and the entire building's property tax would not be involved with the proposed tax incentive. He reminded members that before construction of Broadway Centre the block was assessed at $175,000 and a $24 million investment was made.

Mr. Zenker stated his concern that approving the request would conflict with Burleigh County Commission's stated requests since no improvement to the unit is being made. Ms. Dvorak agreed that if there is no improvement to the property that she would not be able to approve a tax break for the owners.

Mr. Gawrylow stated that approving the request would conflict with the letter of intent between the City and the Burleigh County Commission and suggested closing the block in the Renaissance Zone.

Chair Christianson asked the City Attorney if the City might be liable due to past Renaissance Zone approvals of a similar nature.

Ms. Combs stated that since the Authority is changing the program, she did not assume there is a risk.

Mr. Fink stated that the developer made a significant investment in the property and emphasized that in this case the developer chose to pass the tax break onto future buyers as a purchasing incentive instead of taking the tax break himself when the building was completed. He expressed his concern that discretionary decisions are not conducive to doing business in good faith. Mr. Gawrylow agreed that time limits might have to be written into the Development Plan so developers have better expectations.

There was discussion about the possibility of establishing a timeline or deadline for tax incentives for similar projects. Mr. Zenker and Ms. Guy both expressed that according to the letter of intent, Authority members cannot allow a tax break on a property which is not being improved. She suggested that members might choose to grandfather similar projects but believed the new plan guidelines should be followed and agreed the block should be closed from the Renaissance Zone if the request is denied.

At Chair Christianson's request, Mr. Johnson stated that staff is not aware of the condition of the two remaining units to be sold in this building. Chair Christianson stated that before the block is closed this question should be answered. There was a consensus.

MOTION: A motion was made by Mr. Munson and seconded by Ms. Dvorak to deny the designation of the purchase of a primary residence in the building at 100 West Broadway Avenue, Condo Unit 301, as a Renaissance Zone project, with a 100% local property tax exemption for five years on the assessed value of the building. The motion passed with members, Dvorak, Gawrylow, Guy, Munson and Zenker voting in favor. Members Fink and Chair Christianson opposed the motion.

DEVELOPMENT PLAN PUBLIC HEARING

Mr. Nairn summarized Authority's proposed changes to the Development Plan and City Ordinance.

Chair Christianson opened the public hearing.

There being no comments, Chair Christianson closed the public hearing.

Mr. Gawrylow stated his concern that the prior conversation about Renaissance Zone condominium projects should become an amendment. Ms. Combs stated that a public hearing would not be needed for an amendment to the Plan and since the ordinance goes to City Commission for public hearing, she saw no issues in notifying the public. Mr. Nairn stated that his opinion was that an amendment was not necessary given the unique circumstances of the property just discussed.

MOTION: A motion was made by Mr. Gawrylow and seconded by Mr. Zenker to approve adding to the Development Plan a 5-year time limit to use exemptions for any future condominium projects for units sold withing a previously approved project. The motion failed with member Gawrylow voting in favor. Members Fink, Dvorak, Guy, Munson, Zenker and Chair Christianson opposed the motion.

Ms. Guy stated she felt the timeline is arbitrary and felt that given the motion if a developer sold a property one day after the deadline it would be unfair to not approve an exemption. She suggested a different approach to the same issue in that the motion might be based on improvements made, and if none then there is no benefit. Ms. Dvorak agreed. Mr. Munson and Chair Christianson agreed that no time limit is necessary in that case.

Mr. Fink stated that Authority members just denied the previous request for a tax benefit on an improved property, yet there seems to be a consensus that the Plan allows a tax benefit for an improved property. Mr. Gawrylow agreed.

Mr. Munson stated that Burleigh County is concerned that a tax collection will no longer be collected since time passed from the initial construction project until now.

There was discussion about property and income tax exemptions and past versus future project exemptions.

Mr. Fink explained that in fact the issue is not if there are improvements made to a property but rather when the property is assessed and therefore it affects all construction, not just condominium projects. There was consensus that the assessment triggers Renaissance Zone exemption status. Mr. Nairn clarified that the project in question was completed prior to the establishment of a baseline tax assessment and perhaps that is why County disagrees with the exemption for that particular property.

Chair Christianson stated his concern that continued dilution of the tax incentive at the request of only one political subdivision will turn away developers. Mr. Fink and Mr. Gawrylow agreed that at the very least developers should be able to know in advance what to expect and feel that the inconsistency is not conducive to establishing a good business relationship with developers.

There was discussion about the time allowed for purchases within a Renaissance Zone purchase of a primary residence designation to receive a tax incentive.

Mr. Nairn clarified that the Development Plan already allows Authority members to extend the timeline for completion of improvements, so there may be a similar way to delay start of exemption period.

Mr. Fink expressed his desire to work with Mr. Gawrylow between meetings to discuss nuances.

Mr. Munson suggested approving the Plan as currently amended to allow the political subdivisions time to review before the Renaissance Zone expires.

MOTION: A motion was made by Mr. Munson and seconded by Mr. Zenker to approve the amended Development Plan as presented in all submitted documents and materials. The motion passed unanimously by voice vote with members Dvorak, Fink, Gawrylow, Guy, Munson, Zenker and Chair Christianson voting in favor.

OTHER BUSINESS

Mr. Johnson notified Authority members that if they require a paper copy of the meeting agenda packet that they can notify staff the morning of the meeting and one will be made available to them.

Mr. Nairn clarified that a five-year extension would also be requested at the same time as amendments to the Plan, and there was a consensus of the Authority to proceed.

REPORT FROM DOWNTOWNERS

There were no items to discuss at this time, but Chair Christianson forwarded the information that the annual Art and Wine Walk event is this evening.

ADJOURNMENT

There being no further business, the meeting of the Bismarck Renaissance Zone Authority adjourned at 4:51 p.m. to meet again on July 11, 2024.

Respectfully submitted,

Sandra Bogaczyk - Recording Secretary

Jim Christianson - Chair