

Stakeholders Task Force

Subcommittee on Investing in Downtown to Drive Private Investment

PURPOSE STATEMENT

In June of 2018, the International Economic Development Council (IEDC) issued a report identifying economic development needs within the City of Minot and strategies for fostering economic growth and resiliency, with a focus on the downtown. Following the report, Minot Mayor Shaun Sipma appointed Tim Mihalick project manager of the Stakeholders Task Force with the intent of evaluating the IEDC report and developing implementation plans for economic growth in downtown. A key purpose of the Task Force's mission was to study methods to drive private investment in downtown. Hence, the Subcommittee on Investing in Downtown to Drive Private Investment, herein known as the "subcommittee," was created to identify the following:

1. Strategic investments the City should make in downtown to attract private investment
2. Necessary changes in the City's approach to economic development to attract private capital

EXECUTIVE SUMMARY

Beginning in October 2018, a group of citizens from across the community, including entrepreneurs, government officials, city employees, economic development entities, and other community stakeholders met to discuss in detail four focus areas:

- I. Removing Investment Barriers
- II. Investing in an Entrepreneurial Ecosystem
- III. Marketing to Investors
- IV. Investing in Quality of Life Projects

Through thoughtful discussion, committee members not only provided valuable insight into past experiences, but also sought actionable solutions for attracting private capital to downtown Minot. Notably, the group's discussions and ultimate conclusions often aligned with the IEDC's original report, which reinforced the previous sentiments of many community stakeholders. The content herein summarizes the subcommittee's thoughts, discussion, and agreed upon recommendations for consideration by the Stakeholder's Task Force Steering Committee.

REMOVING INVESTMENT BARRIERS

Policy Barriers

Current Building Code: The current building code enforced by the City of Minot, the International Building Code (IBC), creates significant burdens for redeveloping existing structures, specifically aging buildings in downtown. As an alternative, the International Existing Building Code (IEBC), which has been adopted by some peer cities, grants developers the flexibility to renovate existing structures without incurring extraordinary and undo costs to meet the IBC's requirements. Specifically, the high threshold

for meeting energy and structural code requirements have hindered and discouraged downtown redevelopment. Furthermore, past and current developers have been plagued by inconsistent messaging from the city's building department regarding code requirements and expectations. The subcommittee recommends adopting the IEBC code. To successfully adopt the IEBC, city leaders must be intentional and deliberate in improving the city's level of customer service regarding consistently and accurately communicating building code expectations and requirements.

Liquor Licensing: The subcommittee also recognizes the public's awareness and interest in addressing the impact of Minot's liquor licensing on small business, entrepreneurs, and attracting private investment. Simply stated, the limited number and type of liquor licenses is a direct barrier to creative and new business development, increased foot traffic, and greater vibrancy in the downtown. The subcommittee recommends revising the liquor license regulations to allow for the expansion of diversity, creativity, uniqueness, and overall investment in the food and beverage industry in downtown.

Physical Barriers

1st Avenue North: The poor condition and uncertain status of the quasi-public road that is 1st Avenue North is a barrier to property development. Until such time as the streets and sidewalks in this area have been improved to standards found elsewhere in the community, private investment and redevelopment will remain limited. It should be noted, this portion of downtown is home to several contributing resources to Minot's Industrial Historic District and has the potential to provide trail and wayfinding access to the proposed greenway associated with flood protection. The Subcommittee recommends programming public investment through the City's Capital Improvement Plan to improve 1st Ave North as both a transportation corridor and commercial center.

Recent Infrastructure Improvements: Improvements made throughout downtown in recent years brought much-needed updates to roads and other vital infrastructure. However, in the case of one property currently being redeveloped, it was discovered that the City's investment created a new barrier for a private property owner. The use of concrete to fill an underground vault resulted in a substantial physical barrier and added cost to installing code-required fire suppression service. The Subcommittee recommends performing a survey of buildings in need of fire suppression and significant underground work to determine newly-created challenges and explore the viability of developing a low-interest loan program to address these added expenses as they are encountered.

Railroad Barriers: While the BNSF Line passes North of the primary commercial district, the CP line has four crossings in downtown; each requires a horn blast. The associated noise and safety concerns are a barrier to downtown investment, particularly in residential properties. The subcommittee recommends continuing steps toward implementing quiet crossings through downtown.

Legal & Environmental Barriers

Parking Garage/Legal Encumbrance: The lawsuit between Cypress Development and the City of Minot is a legal barrier that stifles private investment in and around the parking garages. The subcommittee recommends diligently working toward a best, but timely resolution to the parking garage dispute.

Economic Barriers

Financial Risk of Redeveloping: The subcommittee acknowledges the significant opportunity to redevelop several iconic structures in downtown, such as the “M” Building and Trinity’s buildings. However, without financial information pertaining to structural integrity, asbestos abatement, and other potential costly upgrades, investors would be absorbing tremendous risk in purchasing these iconic structures. The subcommittee recommends the city conduct a feasibility study to shed light on the full cost of redevelopment to aid potential investors. Additionally, the City should explore potential grants that may assist in covering the associated costs.

Furthermore, a significant cost for redevelopment in downtown is the addition of fire suppression systems, which the subcommittee believes is vital to the health and safety of the public safety. The challenge with installing sprinkler systems is adequate water supply, which is not sufficient for many buildings in downtown. Consequently, business owners required to add fire suppression not only have the cost burden of the sprinkler system itself, but also the cost of tapping into the main lines to gain access to proper water supply. The subcommittee recommends utilizing a portion of the “Magic Fund” to create a low-interest revolving loan fund that can be utilized by small business owners for infrastructure improvement in both downtown and across the community. Further discussions are necessary to detail qualifications and requirements of the low-interest revolving loan fund.

Lack of Financial Incentives: Surrounding communities and “peer” cities have aggressively pursued businesses of all sizes through various financial incentives including loan interest buy-down programs. Similar to Minot’s Magic Fund, Williston, ND, uses sales tax revenue to support the “Star Fund,” which is then used to match dollars the Bank of North Dakota’s (BND) loan interest buy-down program. A community match such as the Star Fund is a requirement from the BND, which in turn allows Williston to provide attractive incentives for businesses poised for growth. By not offering these types of programs, Minot lacks a competitive edge and is undoubtedly missing opportunities to attract new business. The subcommittee recommends opening a portion of the Magic Fund to create a loan interest buy-down program available to businesses who demonstrate the potential for growth.

Threat of Losing Anchor Employer: Trinity is building a new hospital and plans to vacate several buildings downtown. Consequently, downtown will be losing a significant anchor employer. The loss of Trinity’s presence has many layered affects, most notably a decrease in foot traffic to downtown business and the uncertainty of large plots of vacant real estate. A separate subcommittee on the future of Trinity’s vacant buildings is currently meeting, and this subcommittee has chosen to defer this subject matter to them.

Workforce Shortage: Low unemployment rates can also hinder economic development from the standpoint of a lack of capable and reliable workforce to choose from when starting or expanding small businesses. Competitive salaries, housing and full benefits packages are not always an option for small businesses to offer. The subcommittee recommends exploring employment programs used in other industries that attract low wage workforce from outside the region to service industries within Minot that are facing workforce shortages.

Political & Bureaucracy Barriers

Political conflict across Minot's business and economic development community is the source of real barriers to attracting private capital and investment in downtown. While entities such as the Chamber of Commerce, Minot Area Development Corporation, Souris Basin Planning Council, and Visit Minot all play important roles within their respective missions, Minot clearly lacks an overall champion and coordinated effort for the future of Minot's economic development. Considering these entities' roles in economic development prompts the greater need to re-calibrate the City's economic strategy. Ultimately, the subcommittee recommends the City of Minot create an economic development champion to represent, advocate, and coordinate the broader economic development activity with Minot. This action aligns with the IEDC's recommendation to create an "umbrella organization focusing on all economic development matters for the City of Minot."

Just as the City commits financial and human resources to the economic development of primary sector industries (MADC) and tourism (Visit Minot), the City should simultaneously devote resources to the redevelopment of downtown. First, the City should establish or formally recognize a dedicated organization and champion responsible for downtown's economic development, which would fall under the greater economic development umbrella. With a focus squarely on downtown development, Minot could leverage resources and incentives to attract private capital investment. Justification for dedicating resources to develop downtown is evident through successful implementations of tax incentive programs across the state (see Appendix I: Grinberg Press Release) and economic analyses such as property tax revenue per acre and property value per square foot. Examples of these analyses can be seen in studies conducted in Fargo, Bismarck, and Grand Forks (see Appendix II & III), which make a clear case for investment in downtown as opposed to urban sprawl.

INVESTING IN AN ENTREPRENEURIAL ECOSYSTEM

Develop an Entrepreneurial Ecosystem: Entrepreneurs are powerful drivers in local, state, and regional economies. According to the Small Business Administration, small businesses have been responsible for two-thirds of all net new jobs in the US economy since 2000. City leaders should recognize the vital role entrepreneurs play in developing any downtown, and consideration must be given to supporting their needs. Minot must be known as a welcoming and empowering community for entrepreneurs.

Entrepreneurial ecosystems can serve this purpose and help Minot gain the competitive edge over peer cities in attracting entrepreneurs and private capital. The essence of an entrepreneurial ecosystem is a culture that allows for the fast flow of talent and information so that entrepreneurs can quickly find needed resources at every stage of growth. In order to build the foundation of Minot's entrepreneurial ecosystem, the City's umbrella economic development champion (described in the *Political and Bureaucracy Barriers* section), should take the following action:

- Connect organizations and individuals who play a role in building the entrepreneurial ecosystem
- Facilitate the sharing of tools, resources, models, and best practices
- Validate ecosystem building as an approach to economic development

Invest in Connection Platforms: Minot's economic development efforts must include platforms for entrepreneurs to connect, share ideas, and access onramps to the entrepreneurial ecosystem. Progressive peer cities already dedicate funding to programming such as 1 Million Cups to showcase entrepreneurship, which creates conversations and builds relationships within the downtown community. For example, Emerging Prairie, a non-profit dedicating to building the entrepreneurial ecosystem in downtown Fargo, has received local, state, and federal funding to provide programs and platforms to foster entrepreneurial growth. Through seed funding from Fargo's various economic development entities, Emerging Prairie developed a sustainable model which led to an explosion of new businesses, vibrancy, and investment in downtown Fargo. The subcommittee recommends that financial support should be granted to programming dedicated to the creation, fostering, and on-going support of an entrepreneurial ecosystem.

Invest in Co-Working Platforms: Attaining affordable physical space is a major roadblock for entrepreneurs and small businesses at all stages of growth. Co-working platforms or business incubators can provide a sensible solution to finding physical space during the early stages of a business, as well as springboard business growth. A separate subcommittee has been created to develop an Innovation Center in downtown Minot. This subcommittee support their efforts and encourages the inclusion of co-working platforms within the center.

MARKETING TO INVESTORS

Create a Marketing Campaign

Minot needs a unified marketing campaign to shine a spotlight on existing restaurants, shops, and other business that bring vibrancy, enthusiasm, and energy to downtown. Surrounding communities have and continue to aggressively market themselves, and Minot must also compete for capital in the state and region by utilizing mass media across all platforms. The marketing campaign would benefit from the collective support of Visit Minot, MADC, and the Chamber of Commerce by pooling resources and showcasing why investing in Minot has attractive qualities. A sperate marketing subcommittee has been created under Project Manager Tim Mihalick, and this subcommittee fully supports an aggressive campaign aimed at attracting business to Minot.

Create a Resource Toolbox

A key factor in downtown's redevelopment success is readily making available all resources that can be leveraged to attract private capital to Minot versus peer cities. The resource toolbox should include a portfolio of available spaces (see Appendix IV: Map of Vacant Buildings) including detailed square footage, property history, and other pertinent information for investors. The City of Bismarck recently adopted this idea by providing information about vacant buildings on the city's website.

Financial resources, such as grants and loan programs, would provide much need assistance to entrepreneurs during early stages of their business. Also included in the toolbox should be information regarding tax incentives such as Opportunities Zones, Renaissance Zones, and registered historic

structures. Finally, information promoting Minot's school systems, parks and recreations, and other quality of life factors are critical components to attracting private investors and should be included in the toolbox.

Create a "How to Redevelop" Guide

One of the most common frustrations noted by existing business owners was the lack of clarity, consistency, and certainty when working with city departments on redevelopment efforts. For entrepreneurs and small business owners who are not familiar with professional property development, a "How to Redevelop" guide would much needed assistance when considering an investment in downtown. Specifically, providing contact information, clear expectations, easy access to building code information, and a process flowchart would aid in speeding up the redevelopment process. Providing access to local experts who have previously navigated this process could also prevent unnecessary delays and avoid roadblocks.

INVEST IN DOWNTOWN'S QUALITY OF LIFE

The subcommittee recognized the importance that the quality of life in downtown plays in attracting new capital. To allow for downtown Minot to reach its highest potential, there must to be a key element that will draw people downtown such as a downtown gathering space. The goal is to expose more people to all that Downtown Minot has to offer. Once people are downtown, they are more likely to stop in a local boutique, grab a bite to eat, or stop for a cup of coffee. Foot traffic is key to a thriving downtown. Our demographics as a city are changing and our population is younger than ever. We know quality of life is a huge deciding factor when families are choosing what city they are going to call home. We need to come together as a one to ensure that we are providing the level of quality of life these families have come to know and expect from their community.

Once the gathering space is identified, it is important to have key programming elements to keep the space occupied by the community as much as possible. The gathering space should be open year-round which in Minot, ND means providing activities for winter events as well. One way many downtown spaces have utilized their spaces is with outdoor ice rinks in the winter months that double as outdoor green space with artificial turf in the summer months. Another great addition would be a splash pad/fountain that serves as both art and a play feature.

A permanent stage should be included in the downtown gathering space that includes a retractable screen with proper electrical hooks for everything from a band to an outdoor movie. This could be home to a summer outdoor movie series and of course summer concerts. Programs such as a tree lighting ceremony with kids skating on a rink only a few feet away are but a few events that could draw crowds downtown. Other community events that could utilize the space include street fairs with food and craft vendors while local bands play on a permanent outdoor stage that can be used all four seasons

Also, a focus of quality of life for downtown Minot is accessibility, which needs to be considered including safe crosswalks, wheelchair accessibility, trail signage, bike paths, a connection to the

greenway, bus routes and more. It is important to keep in mind key demographics for example, college students with or without vehicles, the elderly, individuals in wheelchairs, and those with disabilities.

Minot holds a significant opportunity before us as a community with the addition of the downtown gathering space and all the elements that come with it. As a subcommittee, we encourage the city to move forward to make the downtown gathering space a reality for our citizens, for the downtown merchants, and for the visitors coming to the Magic City. A project of this magnitude will have a large impact not only on the quality of life, but it also carries a large economic impact when programming in place.

RECOMMENDATION CHECKLIST

- Create an umbrella economic development champion
- Adopt the International Existing Building Code
- Improve the City's customer service level to those seeking redevelopment
- Reform liquor licensing regulations
- Conduct economic feasibility study for redevelopment of "M" Building and Trinity buildings
- Create an infrastructure improvement revolving loan fund program with Magic Fund dollars
- Create an interest loan buy-down with Magic Fund dollars
- Study options to attract low wage workforce
- Create and invest in an entrepreneurial ecosystem
- Invest in the creation of a co-working platform/innovation center

SUBCOMMITTEE MEMBERS

- Kevin Black (Chair), Owner/President, Creedence Energy Services
- Cassidy Hjelmstad, Marketing Director, Souris River Telecommunications
- Josh Wolsky, City Council Member, City of Minot
- Elly DesLauriers, Marketing Director, Minot Parks & Recreation
- Ron Merritt, Director, Minot Parks & Recreation
- Karim Tripodina, Marketing, Trinity Health
- Sherry McGlaughlin, Owner, The Spot
- Chad Thompson, Owner, Starving Rooster
- Lyndsay Ulrickson, Director, Souris Basin Planning Council
- Briselda Hernandez, Economic Development Specialist, Souris Basin Planning Council
- Susan Ogurek, Customer Service Manager, Job Service ND
- Phyllis Burckhard, Director, Visit Minot
- Kristen Haverluck, Owner, Engage