



2009 RENAISSANCE ZONE PROGRAM ASSESSMENT



North Dakota
DEPARTMENT OF COMMERCE

NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

ACKNOWLEDGEMENTS

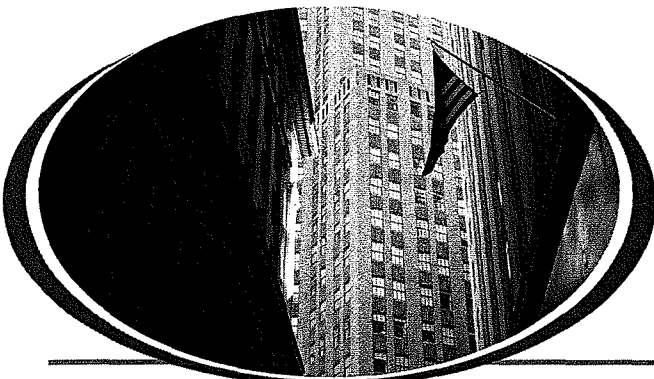
The Community Services Division of the North Dakota Department of Commerce commissioned Marketing & Advertising Business Unlimited, Inc. (dba Agency MABU) to conduct an assessment of North Dakota communities that have established Renaissance Zones and obtain feedback from communities that have expressed interest in establishing Renaissance Zones.

Agency MABU extends appreciation to Gordon La France, Director of the Division of Community Services, and Andrea Holl Pfennig at the North Dakota Department of Commerce, for providing guidance and support throughout the assessment.

The researchers also acknowledge the 24 community representatives who participated in the program assessment. For more information or to receive additional copies of this assessment, contact:

Michael J. Mabin, President
Agency MABU
1003 Gateway Ave.
Bismarck, ND 58503

Email: mmabin@agencymabu.com
Phone: (701) 250-0728
Fax: (701) 250-1788



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

CONDUCT OF STUDY

In January 2009, Marketing & Advertising Business Unlimited, Inc. (doing business as Agency MABU) conducted an assessment of North Dakota's Renaissance Zone program to evaluate satisfaction levels and expressed program interest.

The Community Services Division of the North Dakota Department of Commerce provided Agency MABU with the names and phone numbers of contacts in North Dakota communities that currently participate in the Renaissance Zone program and communities that have expressed interest in participating. The contact list was edited to include 17 communities (large and small) that currently participate in the program and the 17 communities that have expressed interest.

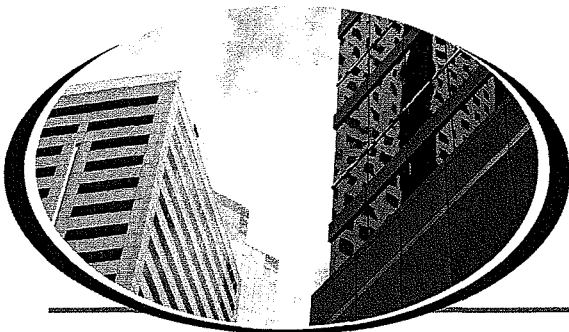
Two written questionnaires were then developed to be used as part of the telephone assessment. The telephone surveys were conducted from January 21-30, 2009, Monday through Friday. During that time period a total of 12 program participants and 12 communities that have expressed program interest completed the assessment. *See below for a breakdown of participants surveyed.*

CURRENT PROGRAM PARTICIPANTS (12)

1. Dave Lutgen, Enderlin
2. Margo Helgerson, Westhope
3. Amy Wobbema, New Rockford
4. Bruce Fadness, Lisbon
5. Mylo Einarson, Grafton
6. Helen Carlson, Devils Lake
7. Danielle Stuckle, Dickinson
8. Dorinda Anderson, West Fargo
9. Donna Bye, Minot
10. Tina Gustafson, Langdon
11. Kim Lee, Bismarck
12. Bob Stein, Fargo

INTERESTED PARTICIPANTS (12)

1. John Phillips, Beulah
2. Shari Hanson, Cavalier
3. Donna Zeltinger, Glenburn
4. Kristen Vesledahl, Hettinger
5. Dawn Marquardt, Killdeer
6. Twila Morrison, Kindred
7. Renae Arneson, McVie
8. Shian Wessel, New Salem
9. Tom Larson, Park River
10. Thea Thompson, Richardton
11. Darwin Saari, Turtle Lake
12. Kathy S., Walhalla



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

RESEARCH FINDINGS - CURRENT PARTICIPANTS

Question #1

When did your city's Renaissance Zone program begin?

- a. 1999-2001 (5)
- b. 2002-2005 (3)
- c. 2006-2008 (4)

Question #2

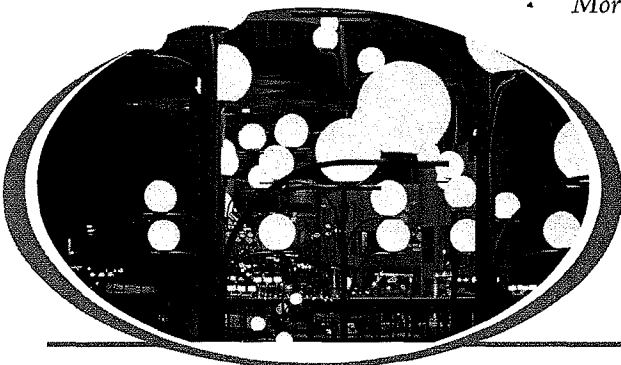
On a scale of 1-5, how satisfied have you been with your city's Renaissance Zone program (one being not at all satisfied and five being extremely satisfied)?

<u>Scale</u>	<u>Number of Responses</u>
1	0
2	0
3	2
4	6
5	4

The average of the twelve total responses is 4.17.

When asked to describe their satisfaction level in more detail, participants made the following comments:

- Although I am satisfied with the program, I wish more people would take advantage of it. Many do not want to take the time to go through the process, especially those in residential areas.
 - The Renaissance Zone program has met all of our expectations so far.
 - We've had good utilization of the program. We are waiting for more primary sector projects. Most of the projects up to this point have been in the retail and service sectors.
 - Overall, the Renaissance Zone program is working well. We just anticipated that there would be more people taking advantage of it in the community. We are new to the program, so we are not discouraged.
 - So far, we have been pretty satisfied with the program. The program has been used, but we would like to see more remodeling and updates in the community.
 - When the city first established its Renaissance Zone guidelines, we allowed for a 100% real estate tax exemption on the building. When the projects are complete, they are taken off the tax roles for five years. We are finding that it would be better to take the exemption off the building alone. There should be a tax exemption on improvement rather than the entire property.
- More on following page...



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

- Since 2000, we've had \$93 million invested in downtown Renaissance Zone projects. The value of our properties has increased by a factor of five. The program has very visible results – our downtown has dramatically improved.
- The ease of the program has lead to a number of projects. It has benefited the community.
- It's been hard for us to promote the Renaissance Zone program as much as we would like to. I believe that we should do more, but time is an issue.
- The Renaissance Zone program has been really good in helping us to revitalize areas of town. We would have had a difficult time revitalizing these areas without the program.
- The program is phenomenal. The concept is great. We are saving historic property while generating jobs, private investment and tax revenues for the city. The incentives are drawing in new businesses.
- For the most part, the program is easy to use, especially with help from the Division of Community Services. We have created an easy application that has quick turnaround for approval. The name of the program is very recognizable and has a good reputation attached to it. When you give a little, you can gain a lot.

Question #3

Have questions regarding your city's Renaissance Zone been answered in a timely manner?

Yes – 12

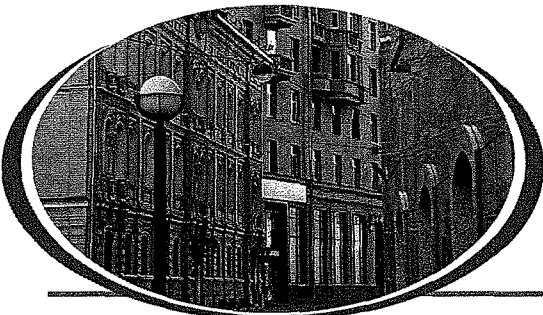
No – 0

Question #4

Do you understand the Division of Community Services' past evaluations in approving and/or denying Renaissance Zone projects in your city?

Yes - 12

No - 0



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #5

On a scale of 1-5, how satisfied have you been with the number of Renaissance Zone site visits conducted in your city (one being not at all satisfied and five being extremely satisfied)?

<u>Scale</u>	<u>Number of Responses</u>
1	0
2	0
3	0
4	3
5	4
N/A	5

The average of the seven total responses is 4.57.

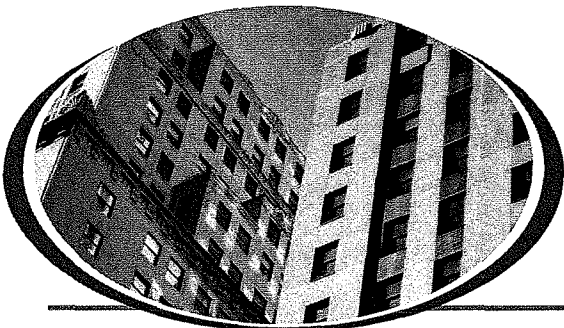
When asked to describe their satisfaction level in more detail, participants made the following comments:

- Gordon offered a very good explanation of the program and its expectations. He also answered many questions about the program's tax incentives.
- A change in program directors lessened the availability for site visits. This was circumstantial and has since improved.
- Gordon has introduced himself but hasn't been here to look at specific projects.
- There haven't necessarily been any site visits to specifically see the zone. Our projects have been looked at when Gordon was in town. Gordon has been very good to work with.
- I understand the value of Renaissance Zone site visits.
- Gordon has visited when we've asked him to. We are very satisfied.

Question #6

What is your preferred method of communication when seeking assistance for your city's Renaissance Zone from the Division of Community Services?

Site Visit - 0
Phone Call - 7
Email - 5
Other - 0



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #7

What have you done to promote Renaissance Zone projects in your community?

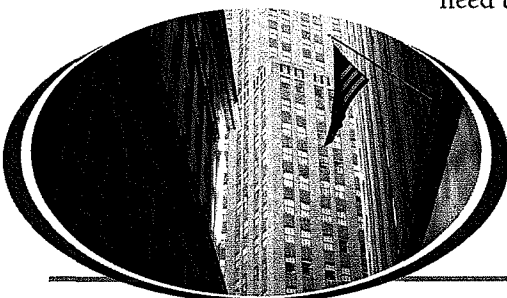
The following is a list of promotional activities completed by one or more of the surveyed communities:

- + Newspaper articles with photos
- + Radio news stories
- + Television news stories
- + Local public access channel feature
- + Brochures and housing pamphlets
- + Word-of-mouth
- + Renaissance Zone signs or plaques in front of completed projects
- + City and county economic development websites
- + Letters targeting potential participants, mortgage and lending companies and realtors
- + Public meetings and workshops
- + Presentations to homebuilders, economic development advisory groups and League of Cities
- + Outreach seminars with local realtors
- + Meetings with civic groups
- + Speaking one-on-one with business owners in the Renaissance Zone

Question #8

What can the Division of Community Services do to help promote Renaissance Zone participation within your community?

- + Simple brochures and marketing materials are very useful to us. I want to be sure that I answer tax information accurately. This would help me to feel more comfortable telling prospects specific incentives of the program.
- + Marketing opportunities to make people more aware of the program. There is an opportunity to help us to educate the banking and accounting community.
- + When it comes to marketing, we are faced with a budget crunch. Funding is always an issue with marketing.
- + Working with the State Historical Society has not been smooth.
- + DCS could conduct a site visit with city leaders and have questions and answers.
- + Nothing (3)
- + There is nothing that DCS hasn't already done. We need to do more at the local level to spread awareness of the program.
- + We see promotion as more of a community effort. We just need DCS to be available to answer any questions we have along the way.
- + We believe it is a local responsibility to work hard to promote the program. It is the responsibility of the Division of Community Services to help us with the rules and making sure that the projects are feasible.
- + The Division of Community Services doesn't need to do more – we need to do more. We need to have more PR, but it is difficult because I do not always have enough time.



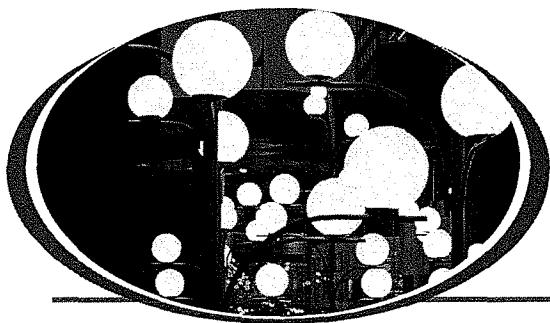
NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #9

In terms of overall success, describe what is working best for your city as part of North Dakota's Renaissance Zone program. How might the program be improved?

- Commercial projects have been better, in terms of advance paperwork. Residential participants are more inpatient.
- The program has been successful. It would be nice if we could include more blocks. Even in a small town, 23 blocks can be used very quickly. The tax incentives have been working out great. We have minimized questions by clarifying in all communications efforts that this is not a grant or loan program, but is an incentive program.
- I really like the idea of allowing demolition costs to be included in the program. We have many buildings in the community that could be torn down and rebuilt. We are 100% behind any legislation to include demolition costs. I think that the program is well designed, especially because local tax incentives are decided locally.
- We would like the participation level in the program to increase. Most of the projects up until now have been facade improvements.
- The program has been fairly successful in bringing new businesses to our town. The main barrier is getting the information out to potential participants.
- The five year 100% exemption hurts. The incentives could possibly be awarded in increments: Years 1&2 – 100%, Year 3 – 75%, Year 4 – 50% and Year 5 – 25%.
- Rehabilitation has been the most successful. We have also been able to build new buildings and residential projects have been strong. Leasing seems to work only for some businesses. We have had difficulty communicating with the State Historical Society to endorse historic projects. Instead, most of our development has been repeat work with architects. Most do not even consider historic preservation, because it is seen as a hassle.
- In terms of success, the Renaissance Zone has brought new people and employees into the community. There has also been a major improvement in our residential area. We, as a city, need to improve our Renaissance Zone plan to make sure that we don't have too broad of regulations and that all program participants are fulfilling their obligations. We want to be sure that participants are investing something for the benefit they get in return.
- I think that our program is so new it is hard to tell what the current impact is. We need more time to see if we are making a difference.
- The revitalization of marginal areas has made a huge difference. The program has done what it's intended to do.
- The program is successful because of the flexibility it offers. One can rehabilitate property on an incremental scale. Adding additional blocks has been helpful. If we could have more blocks, we would use them.
- The success is in the project itself. Word-of-mouth spreads when people see projects getting done.



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #10

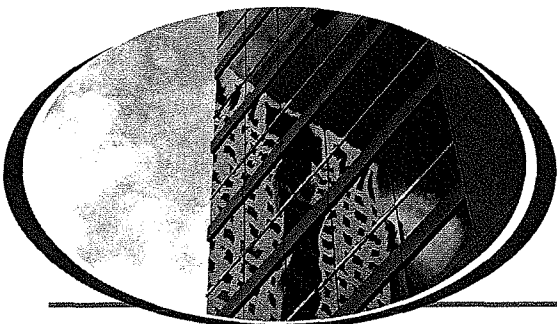
Do you have any other thoughts or suggestions related to North Dakota's Renaissance Zone program?

- We have had a very good experience; it has been very positive.
- This is a very good program.
- DCS could help to change the perception that taxes will increase dramatically after participation in the program.
- Could DCS provide us with something that better explains the tax exemption benefit? There is a booklet and Renaissance Zone form that are currently provided to send in with state income taxes. If DCS could fill out a sample form that served as an example, participants could better see the benefit at the bottom line. This could then be provided to participants who have questions.
- It is very important for DCS to touch base with communities interested in establishing a Renaissance Zone. At first, the paperwork seems cumbersome. If you work at it, it is a huge benefit to the community.
- I've been happy working with Gordon. He is clear and quick to respond. I need a little help understanding the tax issues.
- I think the program is running well. It is not complicated for participating companies.
- Things are going really well. The state should be commended. It would be advantageous to expand the program beyond 15 years. If it weren't for this program, much of our downtown would be empty.

Question #11

Would you like a follow-up call regarding the information you've provided?

None of the participants requested a follow-up phone call.



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

RESEARCH FINDINGS - INTERESTED PARTICIPANTS

Question #1

How long has your city been giving consideration to participating in the North Dakota Renaissance Zone program?

Less than 3 years (8)
3 – 5 years (4)
More than 5 years (0)

Question #2

On a scale of 1-5, how valuable would it be for your city to participate in North Dakota's Renaissance Zone program (one being not at all valuable and five being extremely valuable)?

<u>Scale</u>	<u>Number of Responses</u>
1	0
2	0
3	4
4	4
5	3
N/A	1

The average of the eleven total responses is 3.91.

When asked to describe the estimated value in more detail, participants made the following comments:

- The city incentives and tax breaks would be valuable for encouraging remodeling or new business. We previously thought that the Renaissance Zone program was only for renovating historic buildings.
- We do not believe that we would qualify to participate in the Renaissance Program. We do not have the right amount of blocks.
- The Renaissance Zone program would encourage people in the community to build on or make modifications to our existing buildings. The Renaissance Zone is a good option for any community.
- We want to see the city develop and we want to benefit the community.
- It will be valuable to have some of the older buildings renovated and get the owners motivated to renovate.
- We are not sure which businesses would currently take advantage of such a program.
 - The Renaissance Zone program is of value because there are local people who are willing to invest for an incentive.
 - More on following page...



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

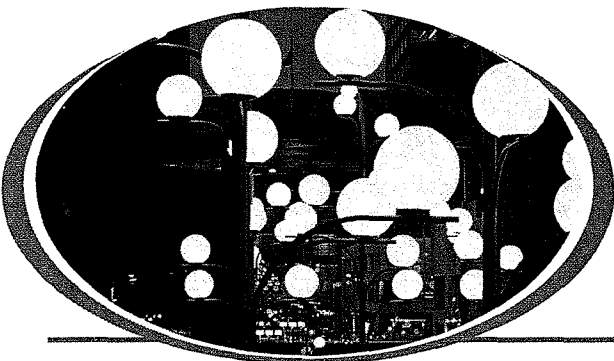
- 2009 -

- There may be more opportunity to entice the enhancement of buildings. In a small town, I am not sure that it is attractive to utilize the program.
- The Renaissance Zone program would help us to preserve some of the great old buildings in our community. It would help us to get our downtown looking more consistent and beautiful.
- Our city is having a lot of downtown problems and businesses have been closing. The Renaissance Zone program could be a positive incentive for businesses in the community.
- Our businesses could utilize a program like this. The Renaissance Zone program would be beneficial for both residential areas and businesses.
- A few cities have shown high interest.

Question #3

Describe any barriers your city has encountered in moving forward with the Renaissance Zone program (man power, time, money, etc.).

- The biggest barrier for our city has been establishing a strategic plan. We have discovered that we can use the county as a resource and update an existing strategic plan. The money that it costs to have an outside company create a strategic plan is between \$2,000 - \$3,000.
- There are numerous restrictions for participating in the Renaissance Zone program. When we presented the findings to the city council, there was a lack of interest. Furthermore, no one is willing to be the program director. Being a part of the Renaissance Zone seems very overwhelming, especially for a small town.
- No one will take the leadership to set-up the program in our community. The paperwork is cumbersome.
- Our city has been busy working on other programs and hasn't had the time to start with the Renaissance Zone program. We just finished a large sewer program, and we will now take steps toward establishing a Renaissance Zone.
- Time and staffing have been barriers to moving forward with the Renaissance Zone program.
- No one has had the time or energy to follow through with establishing the program. This may be changing – there may be someone now who is ready to take this on.
- Time has been the largest barrier to establishing a Renaissance Zone program. Other projects keep coming up, but one day, we will make it a priority. We have plans to focus on the program this summer.
- Time and paperwork. Most rural communities only have a single-person staff to implement these programs.
- We don't seem to have the kind of buildings that are typical to the program. This could present a challenge in establishing a Renaissance Zone. I think we should pursue the program and we could use some suggestions for generating business in the community.
- A few of the commissioners are not quite convinced and are holding up the process.
- Volunteers and community development have been the largest barriers.
- We have had a change in leadership within the last year, so the biggest barrier has been the transition of duties.



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #4

Were you aware that the Division of Community Services at the North Dakota Department of Commerce is available to make a Renaissance Zone presentation in your city?

Yes – 11

No – 1

Question #5

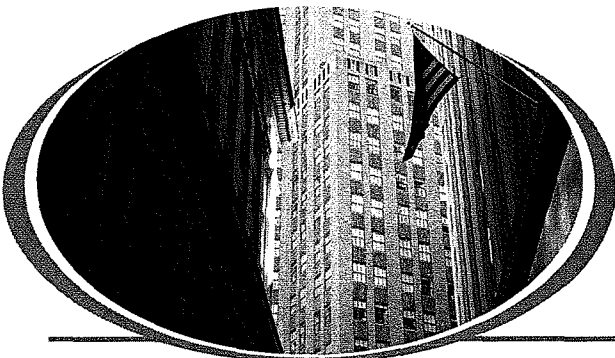
Now that you know the Division of Community Services is available to make a Renaissance Zone presentation in your city, how likely is it that you will utilize this resource (one being not at all likely and five being extremely likely)?

<u>Scale</u>	<u>Number of Responses</u>
1	1
2	1
3	4
4	0
5	2
N/A	4

The average of the eight total responses is 3.13.

When asked to explain their answers in more detail, respondents said:

- Gordon has already visited our city to discuss steps for creating a Renaissance Zone.
- We have already had a site visit.
- There was no interest to hear more information after the idea was brought to the city council meeting.
- The Division of Community Services has already presented to the city's economic development group.
- Much of the council has already seen presentations on establishing a Renaissance Zone. Many say that the process is cumbersome.
- I am new to the program, so I would like to learn more about it. There are also many new residents who need to be aware of the program.
- We are already aware of the program and what it offers.
- The commissioners are not real enthused about the program. With the economy, however, there may now be more interest.
- We are excited about the opportunity and ready to learn more.



NORTH DAKOTA RENAISSANCE ZONE PROGRAM

- 2009 -

Question #6

Explain how the North Dakota Department of Commerce might better assist your city in moving forward with plans to create a Renaissance Zone.

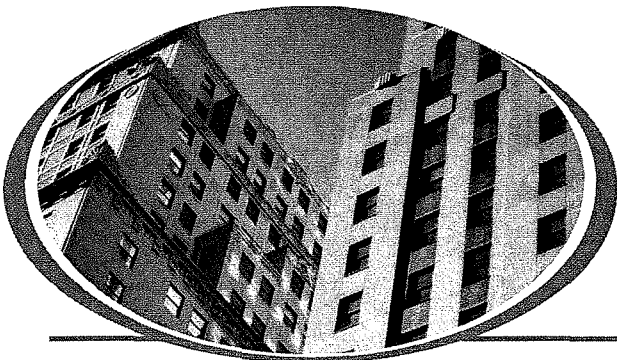
- Gordon has been very helpful in assisting our community.
- The North Dakota Department of Commerce has been very helpful and willing to assist us.
- Anything that the ND Department of Commerce can do to streamline the process and make it less cumbersome would be beneficial.
- We know that the North Dakota Department of Commerce is there to help us if we decide to move forward with the program in the future.
- We're good for now.

Question #7

Would you like a follow-up call regarding the information you've provided?

Twila Morrison, Kindred – Yes. Please call.

Kristen Vesledahl, Hettinger - Yes, I would like to have a follow-up call regarding New England and Regent.



RENAISSANCE ZONE SURVEY

Executive Summary – February 20, 2009

In January 2009, Marketing & Advertising Business Unlimited, Inc. (dba Agency MABU) conducted a Renaissance Zone program assessment on behalf of the Community Services Division of the North Dakota Department of Commerce. Two telephone surveys were conducted: one designed for current program participants and the other designed for communities that have shown interest in establishing a Renaissance Zone. A total of 12 current program participants and 12 communities that have shown interest completed the survey.

General Observations – Current Renaissance Zone Program Participants

Level of Satisfaction

Of the 12 participants surveyed, the average level of satisfaction with their city's Renaissance Zone program was 4.17, where 1 was "Not at all Satisfied" and 5 was "Extremely Satisfied."

Respondents who rated their satisfaction level 5 said they have had good utilization of the program and that it has been easy to use. An increase in property values, private investment, jobs and city tax revenues were all cited as reasons for extreme satisfaction with the program. Preservation of historic property, downtown revitalization and the creation of new business were other reasons for high satisfaction levels.

Respondents who rated their satisfaction level 3 or 4 wished more people in the community would take advantage of the program. Tax exemptions on the entire property, rather than on the improvement alone, have impacted the revenues of some cities. A lack of time to promote the Renaissance Zone program was cited as another source of concern.

Customer Service Ratings

All respondents said questions about their cities' Renaissance Zones have been answered in a timely manner and that they understand the Division of Community Services' past evaluations in approving and/or denying Renaissance Zone projects.

Renaissance Zone Site Visits

Respondents whose Renaissance Zones have been visited had an average site visit satisfaction level of 4.57, where 1 was "Not at all Satisfied" and 5 was "Extremely Satisfied." Five of the 12 participants surveyed said they have never had a site visit conducted by the Division of Community Services.

Preferred Method of Communication

Seven respondents said they prefer to communicate with the Division of Community Services by phone, while the rest of respondents prefer to communicate by email. No respondents preferred to communicate with a site visit.

Renaissance Zone Promotion - Community

When asked how they promote Renaissance Zone projects in their communities, the majority of participants said word-of-mouth, newspaper articles and brochures. Other methods of promotion include television and radio, city and county economic development websites, signs or plaques marking completed projects, and letters targeting potential program participants, lending companies and realtors.

Renaissance Zone Promotion – DCS

When asked how DCS could help to promote each community's Renaissance Zone, the majority of respondents said promotion is the responsibility of the community and that they look to DCS to answer questions and make sure projects are feasible. Three respondents said they need assistance with marketing materials, such as simple brochures.

Overall Program Success

Respondents named tax incentives, creation of new business, rehabilitation of buildings, increased employment opportunities and the program's flexibility as success factors of the Renaissance Zone program.

Suggestions for Program Improvement

Ideas for program improvement include expanding the Renaissance Zone to include more blocks, allowing demolition costs to be covered by the program and decreasing the overall amount of tax incentives awarded during the five year period.

Additional Comments

Respondents offered a number of positive comments regarding their experience with the Renaissance Zone program including the ease of the program, their interaction with DCS staff and the beneficial impact of the program on their communities.

Respondents mentioned that it would be helpful for DCS to clarify tax exemption benefits and provide informational materials to participants about the tax exemption benefit.

General Observations – Interested Renaissance Zone Program Participants

Value of Participating in the Renaissance Zone Program

Of the 12 respondents, one person did not believe the community qualified to participate in the Renaissance Zone program. Of the remaining 11 respondents, the average estimated value of participating in the program was 3.91, where 1 was “Not at all Valuable” and 5 was “Extremely Valuable.”

Respondents believed the program would be valuable because of city incentives, tax breaks, new business, and enhancement and preservation of buildings.

Barriers to Establishing a Renaissance Zone

For many communities, identifying a program director along with necessary community volunteers has been the largest barrier to establishing a Renaissance Zone. Other barriers include a lack of time, cumbersome program paperwork and needed funding to establish a strategic plan.

Renaissance Zone Presentations

All but one respondent were aware that DCS is available to make Renaissance Zone presentations in interested cities.

Just two of the twelve respondents said they were extremely likely to have DCS make a Renaissance Zone presentation in their city. Other respondents claimed they had already seen a presentation and were aware of what the program offered or that there was no real interest in pursuing the program, so it was unlikely they would request a future presentation.

Further Assistance from DCS

One respondent said it would be beneficial for North Dakota Department of Commerce to streamline the Renaissance Zone process and make it less cumbersome.

Other respondents said they are aware that DCS is available to assist them if they decide to move forward with the program.