



# City of Grand Forks Staff Report

**Local Government Advisory Committee – November 10, 2025**

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**Agenda Item:** Beacon Development Project Update

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**Submitted by:** Todd Feland, City Administrator

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**Staff Recommended Action: Receive Beacon Development Project Update and Provide Feedback.**

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## **BACKGROUND:**

In 2020/2021, the Beacon by EPIC redevelopment project was submitted by EPIC Companies and was proposed as a major mixed-use redevelopment with a public plaza at the site of the existing Townhouse Hotel and surrounding properties at 710 North 1<sup>st</sup> Avenue. The concept and idea were to activate a new community and downtown space with new living and commercial opportunities. Part of the plan includes enhanced parking in the area, a community plaza with an associated programming, financial, and organizational plan, and broadening and connecting to the existing downtown and beyond. The primary partners included the Developer - EPIC Companies, Architectural Manager – EPIC Companies, and Construction Manager – Community Contractors. The proposed plan called for the demolition of the Townhouse Hotel in the spring of 2021 with the phased construction start of the first mixed use building in the spring/summer of 2021. The proposed and phased mixed use redevelopment project proposed to eventually include three, seven story mixed use buildings that will surround a 40,000 square foot (+/-) public plaza amenity. The mixed-use development buildings were proposed as apartments, condominiums, commercial space, underground parking, and connective features with the broader downtown area. The public plaza was an estimated \$7-9 million public amenity that was proposed to have various community programming and events.

The 2020 assessed value of the Townhouse Hotel and surrounding property was approximately \$2.3 million and the estimated construction cost of the completed Beacon by Epic project development was approximately \$50 million. The estimated taxable value of the completed Beacon by EPIC development was estimated at approximately \$35 million. A TIF Bond was approved with 80% of the property tax increment going to pay the TIF Bond and the remaining 20% property tax increment going to the local governmental taxing entities. The community plaza was noted to include an ongoing financial, programming, and management plan to ensure the successful outcome of the community plaza.

The approval called for capturing 80 percent of the available tax increment revenues up to a 25-year period to repay debt service on the City TIF bond that would be issued to finance the public plaza improvements. The City TIF bond was estimated to support the debt service of an approximate \$7 million public plaza improvement project.

The Beacon development project meets and is aligned with the public purpose benefits requirements of the use of tax increment financing to include.

- Achieving high quality redevelopment and private investment on sites, which would not be redeveloped otherwise.
- Removing slum/blight and/or rehabilitate a high visibility/high priority site.
- Offsetting increased costs of infill development (e.g. demo, site remediation) over and above the costs normally incurred in “greenfield” development.
- Enhancing and diversifying City’s economic base.
- Making meaningful contribution to the City’s tax base.

- Retaining and/or increasing number and diversity of jobs that offer stable employment and/or attractive wages and benefits.

The Beacon development project meets and is aligned with Downtown Action Plan’s Principles.

- Identify priorities and strategic opportunities to encourage appropriate development, improve underutilized spaces, and activate civic assets to their highest and best use.
- Identify best practices for continued efforts to make downtown Grand Forks a more livable, walkable, and thriving urban center.
- Drive investment to Grand Forks and maximize return on both public and private sector investments.
- Integrate and synchronize the aesthetics and amenities of anticipated public and private sector projects.
- Develop high impact action steps that provide an ongoing roadmap to the future.
- Encourage broad public engagement and support throughout the community.

The Beacon development project meets and is aligned with the Downtown Action Plan’s Big Ideas.

- Create bold public spaces.
- Animate street life downtown.
- Improve access to and around downtown.
- Spur development in key emerging areas.
- Mobilize the right community policies, partners, and resources to improve downtown.

The Beacon development project meets and is aligned with the Demers Avenue experiences and themes of the “The Arrival”.

- The Arrival – 6<sup>th</sup> Street.
- Lifestyle – 5<sup>th</sup> Street.
- Learning + Creativity – 4<sup>th</sup> Street.
- Attractions – 3<sup>rd</sup> Street.
- Nature and Health – Greenway and Red River.

The Public Plaza is aligned with the Town Square renewal strategy:

- Activated – e.g. interactive water feature, open lawn/ice rink, performance stage, play area, lighting.
- Programming – e.g. farmers market, festivals, concerts, performances, food trucks.
- Nightlife – day and night.
- In Season – 300+ days.

As an infill development project, the Beacon development project did not require significant City infrastructure development and investment.

## **ANALYSIS AND FINDINGS OF FACT:**

- Due to the bankruptcy of EPIC companies, a local development group to include Dakota Commercial and Community Contractors are working to own and complete the Beacon development project. The local development group is requesting consideration of the following.
  - Change the property tax incentive from a TIF Revenue Bond at an 80% level and up to 25-year period property tax incentive to support the public plaza investment to a Payment In Lieu of Taxes (PILOT) incentive at an 80% level and up to 15-year term.
  - Request for the City of Grand Forks to own, operate, maintain, and program the public plaza.
  - City of Grand Forks will continue to include grant funding of approximately \$1.15 million from beautification funds for the public plaza.
  - The local taxing entities will commit the Beacon property tax increment from 2023-2025 for the TIF Bond to the public plaza improvement. The estimated dollar amount is \$844,354.00.
  - The City of Grand Forks will work with the youth hockey groups, Grand Forks Park District, Grand Forks School District, and other stakeholders regarding the use, maintenance, and funding of the ice arena component of the public plaza.

- Existing Building #1 (NW Beacon 1923) and Building #2 (E Beacon Split) second floor commercial will be fitted up as rented residential units with approximately 10-12 units per building. Proposed building #3 will be mostly rented residential units with some first floor commercial and underground and first floor parking.
- The following are the current considerations of the Beacon development project.
  - Building #1 (NW Beacon 1923) - \$13 million estimated value.  
Building #2 (E Beacon Split) - \$14-\$16 million estimated value.  
Building #3 - \$10-\$11 million estimated value.  
Total Ranging from \$37-40 million estimated value.
  - Estimated Property Tax Collected Over 30 Years Comparisons.
    - Former Townhouse Hotel - \$1.3 million.
    - 80%/25 Year TIF Bond - \$8.9 million.
    - 80%/15 Year PILOT - \$15.5 million.
  - Beacon Increment Summary Estimate (2023-2025) - \$844,354.
  - Public Plaza Construction Cost Estimates
    - Stage and Related Site Development, Splash Park, & Parking - \$2.3 million.
    - Outdoor Ice Arena - \$2.0 million.
    - Locker Rooms and Bathrooms - \$350,000.
    - Total Estimated Construction Cost - \$4.65 million.
  - Public Plaza Construction Cost Revenue Estimates
    - City of Grand Forks Beautification Funds - \$1.15 million.
    - Beacon Property Tax Increment (2023-25) - \$844,354.
    - Outdoor Facility Investment (TBD) - \$2.0 million.
    - Developer Contribution - \$655,646.
    - Total Estimated Revenue - \$4.65 million.
  - The City of Grand Forks is working with the Alerus Center third party manager, Oak View Group (OVG), regarding the feasibility of OVG managing the public plaza from operations, financial, and programming perspectives.

### **SUPPORT MATERIALS:**

- Comparison of 25 year 80% TIF to Revised 15-year 80% PILOT.
- Site Plan.
- Plaza Renderings.
- The Beacon Public Plaza Construction Cost Estimates.