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Sent: Tuesday, July 6, 2021 6:26 PM

To: Council <Council@duluthmn.gov>

Subject: Agenda-St. Louis County Jail Project

Hello:

Please note the following comments and questions on the TIF District and Development Agreement for the St. Louis County Jail Housing Project. Please read at Council meeting during the public comment period. Answers to questions appreciated.

1. In the proposed Development Agreement between the Developer and the DEDA, it is noted that "Developer has requested assistance from DEDA for demolition of the so-called Annex building, redevelopment of the existing building, site preparation and infrastructure costs and other costs eligible for public financing related to the Project as is hereinafter set forth since, without such assistance, the Project would not be economically viable".

In light of the current housing market in Duluth, where market rents are increasing each year, what specific financial analyses undertaken by city staff to document the financial need for the tax incentive? If none was undertaken by the city, why not?

2. The Tax Increment Plan projects that the Estimated Annual Tax Increment to be \$72,000.00(present dollars) for 26 years. This is money that would ordinarily go to the various taxing entities in the city. But during this 26 year period, children living in the project will attend public school; tenants will utilize public safety, health, social services and the recreation amenities of the city. In addition, capital assets such as streets, sidewalks, and public utilities will be accumulating depreciation during these years.

During the 26 years that the city and other taxing agencies will not receive property taxes from the project's increase in taxable value, how will the operational and depreciation costs incurred as a result of the project be paid for? What programs will be cut or increased revenues procured to make up for these deficits?

Thank you!

Mark A. Baker