

Adoption Date: June 10, 2024

**Duluth Economic  
Development Authority**  
City of Duluth, St. Louis County,  
Minnesota

**MODIFICATION TO THE  
DEVELOPMENT PROGRAM**

Development District No. 17

**&**

**Tax Increment Financing (TIF) Plan**

Establishment of Tax Increment Financing District No. 37 -  
Incline Plaza Phase 1  
(a redevelopment district)



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**BUILDING COMMUNITIES. IT'S WHAT WE DO.**

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# **Modification to the Development Program for Development District No. 17**

## **FOREWORD**

The following text represents a Modification to the Development Program for Development District No. 17. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 17. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 37 - Incline Plaza Phase 1.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Executive Director at the City of Duluth. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 17.

# Tax Increment Financing Plan for Tax Increment Financing District No. 37 - Incline Plaza Phase 1

## FOREWORD

The Duluth Economic Development Authority ("DEDA"), the City of Duluth (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 37 - Incline Plaza Phase 1 (the "District"), a redevelopment tax increment financing district, located in Development District No. 17.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, DEDA and the City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.090 - 469.1082, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 17.

## STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate development of 120 condominium units and a 220-unit multifamily rental building in the City. DEDA intends to enter into an agreement with STC Building, LLC; Chester Creek View LLC; and Incline Plaza Development, LLC. Development is anticipated to begin in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 17.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 17 and the District.

# DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, DEDA or the City is authorized to undertake the following activities in the District:

- 1. Property to be Acquired - Although not anticipated at this time, selected property located within the District may be acquired by DEDA or the City and is further described in this TIF Plan.
- 2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
- 3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, DEDA or the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
- 4. DEDA or the City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

# DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District will encompass property and adjacent roads rights-of-way and abutting roadways of a portion the parcel listed below.

Parcel number	Address	Owner
010-0435-00030	802 E. Central Ent.	STC Building LLC

Note: The parcel will be re-platted and the District will only include a portion of the parcel as shown in Appendix A.

Please also see the map in Appendix A for further information on the location of the District.

DEDA or the City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by DEDA or the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.

The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DEDA or the City does not own the parcel of the property to be included in the District.

## **DISTRICT CLASSIFICATION**

DEDA and the City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of one (1) parcel.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## **DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT**

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by DEDA or the City (a total of 26 years of tax increment).

DEDA or the City elects to receive the first tax increment in 2026, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2051, or when the TIF Plan is satisfied. DEDA or the City reserves the right to decertify the District prior to the legally required date.

**ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2023 for taxes payable in 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2026) the amount by which the original value has increased or decreased as a result of:

- 1. Change in tax exempt status of property;
- 2. Reduction or enlargement of the geographic boundaries of the District;
- 3. Change due to adjustments, negotiated or court-ordered abatements;
- 4. Change in the use of the property and classification;
- 5. Change in state law governing class rates; or
- 6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to DEDA or the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 17, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below.

DEDA and the City request 100% of the available increase in tax capacity be used for repayment of the obligations of DEDA or the City and current expenditures, beginning in the tax year payable 2026. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Development estimated Tax Capacity upon completion	3,093,119
Original estimated Net Tax Capacity	23,035
Fiscal Disparities	0
Estimated Captured Tax Capacity	<b>3,070,084</b>
Original Local Tax Rate	125.9590%
Estimated Annual Tax Increment	<b>\$3,867,047</b>
Percent Retained by the City	100%

Note: Tax capacity includes a 2% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$181,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, DEDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

**SOURCES OF REVENUE/BONDS TO BE ISSUED**

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 75,082,313
Interest	7,508,231
<b>TOTAL</b>	<b>\$ 82,590,544</b>



The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. DEDA or the City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans.

Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate DEDA or the City to incur debt. DEDA or the City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

DEDA or the City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$41,097,385. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

**USES OF FUNDS**

Currently under consideration for the District is a proposal to facilitate development of 120 condominium units and a 220-unit multifamily rental building in the City. DEDA and the City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

DEDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<b>USES</b>	
Land/Building Acquisition	\$ -
Site Improvements/Preparation	10,000,000
Utilities	5,000,000
Other Qualifying Improvements	18,589,154
Administrative Costs (up to 10%)	7,508,231
<b>PROJECT COSTS TOTAL</b>	<b>\$ 41,097,385</b>
Interest	41,493,159
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$ 82,590,544</b>

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 17, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

**ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS**

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, DEDA or the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	276,097,489	3,070,084	1.1120%
City of Duluth	110,954,651	3,070,084	2.7670%
ISD 709 (Duluth)	123,761,321	3,070,084	2.4806%

Impact on Tax Rates				
Entity	Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	56.6220%	44.95%	3,070,084	\$1,738,343
City of Duluth	38.4020%	30.49%	3,070,084	1,178,974
ISD 709 (Duluth)	25.0780%	19.91%	3,070,084	769,916
Other	5.8570%	4.65%	3,070,084	179,815
	<b>125.9590%</b>	<b>100.00%</b>		<b>\$3,867,047</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2024 rate. The total net capacity for the entities listed above are based on Pay 2024 figures. The District will be certified under the Pay 2024 rates.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$75,082,313;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. With any addition of new residents, calls for service as well as inspection and code enforcement will be increased. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities. In addition, vaving new development on the vacant site will mitigate the attractive nuisance conditions that currently exist.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$14,948,628;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$33,751,544;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the District and Appendix C.

(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

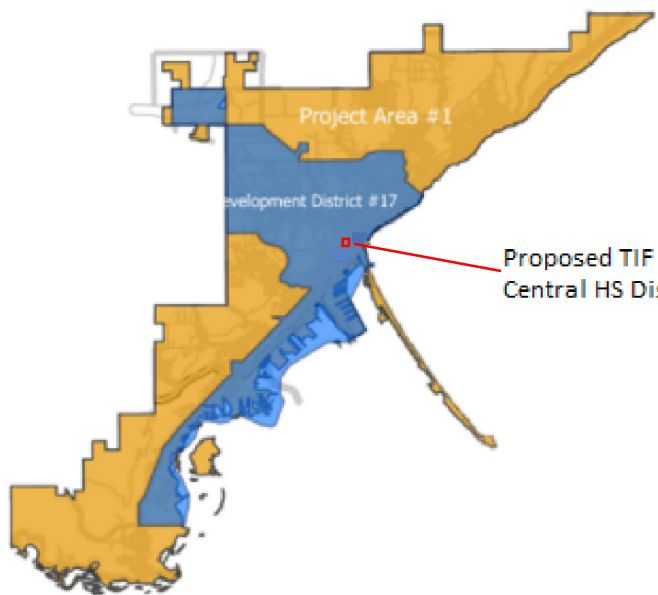
## **DISTRICT ADMINISTRATION**

Administration of the District will be handled by the Executive Director.

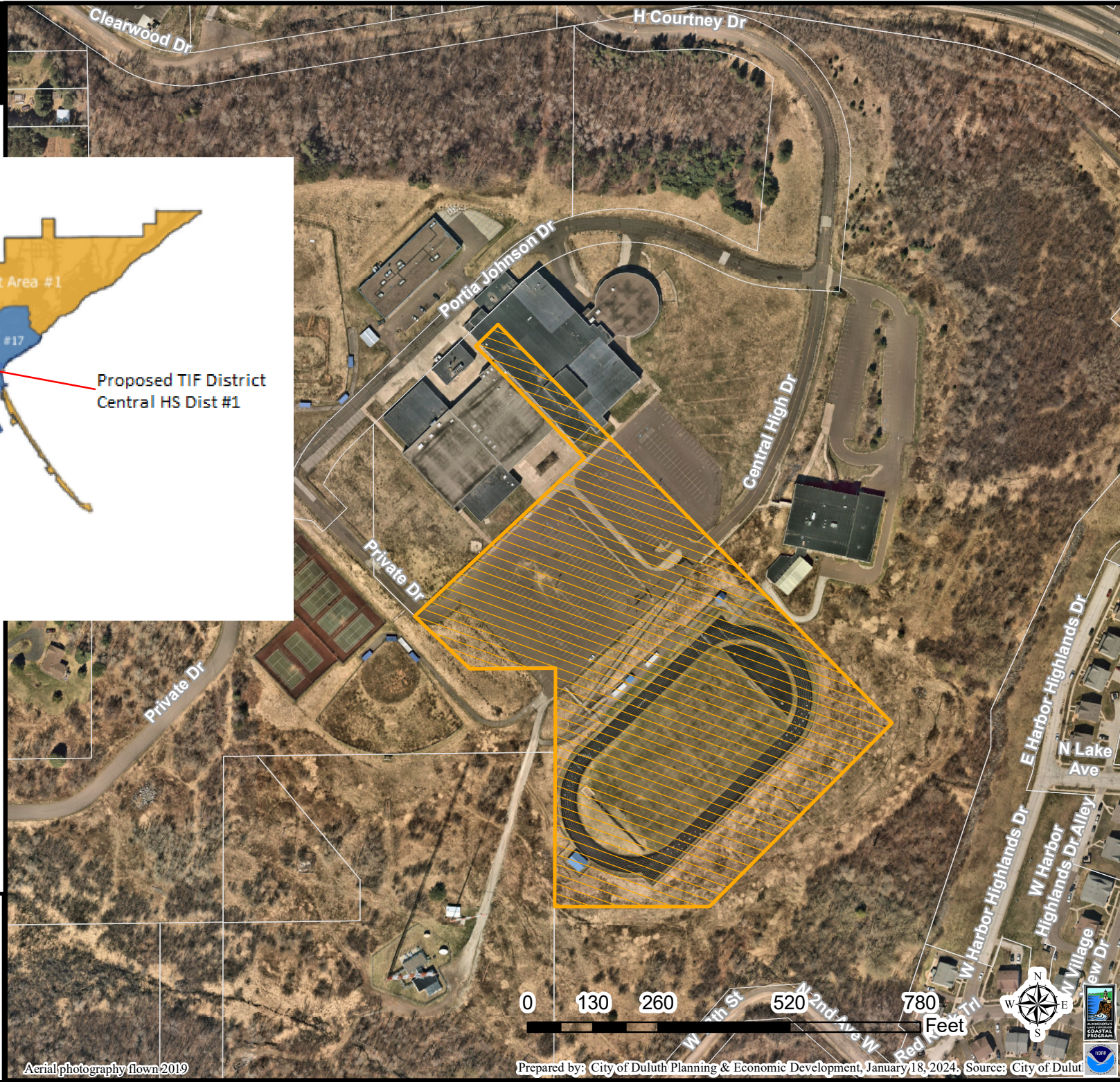
**Appendix A: Map of Development District No. 17 and the TIF District**



# Proposed TIF District Central HS Dist #1



Proposed TIF District  
Central HS Dist #1



The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used as one. The drawing/data is a compilation of records, information and data located in various City, County and State offices and other sources affecting the area shown and is to be used for reference purposes only. The City of Duluth shall not be liable for errors contained within this data provided or for any damages in connection with the use of this information contained within.

Aerial photography flown 2019

Prepared by: City of Duluth Planning & Economic Development, January 18, 2024; Source: City of Duluth

# Appendix B: Estimated Cash Flow for the District



## TIF District No. 37 Incline Plaza Phase 1 - 2% Inflation

City of Duluth, MN

120 Condo Units and 220 rental units



### ASSUMPTIONS AND RATES

<b>District Type:</b>	Redevelopment
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2024</b>
<b>Existing District - Specify No. Years Remaining</b>	
<b>Inflation Rate - Every Year:</b>	<b>2.00%</b>
<b>Interest Rate:</b>	<b>7.00%</b>
<b>Present Value Date:</b>	<b>1-Aug-25</b>
<b>First Period Ending</b>	<b>1-Feb-26</b>
<b>Tax Year District was Certified:</b>	<b>Pay 2024</b>
<b>Cashflow Assumes First Tax Increment For Development:</b>	<b>2026</b>
<b>Years of Tax Increment</b>	<b>26</b>
<b>Assumes Last Year of Tax Increment</b>	<b>2051</b>
<b>Fiscal Disparities Election [Outside (A), Inside (B), or NA]</b>	<b>NA</b>
<b>Incremental or Total Fiscal Disparities</b>	<b>NA</b>
<b>Fiscal Disparities Contribution Ratio</b>	NA Pay 2024
<b>Fiscal Disparities Metro-Wide Tax Rate</b>	NA Pay 2024
<b>Maximum/Frozen Local Tax Rate:</b>	125.959% Pay 2024
<b>Current Local Tax Rate: (Use lesser of Current or Max.)</b>	125.959% Pay 2024
<b>State-wide Tax Rate (Comm./Ind. only used for total taxes)</b>	29.2940% Pay 2024
<b>Market Value Tax Rate (Used for total taxes)</b>	0.14859% Pay 2024

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First \$150,000		1.50%
Over \$150,000		2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First \$100,000		0.25%
Over \$100,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

### BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
010-0435-00030	010-0435-00030	STC Building LLC	802 E. Central Ent.	149,900	7,621,300	7,771,200	16%	1,262,820	Pay 2024	C/I Pref.	24,506	Hmstd. Res.	14,535	1
010-0435-00030	010-0435-00030	STC Building LLC	802 E. Central Ent.	149,900	7,621,300	7,771,200	9%	679,980	Pay 2024	C/I Pref.	12,850	Rental	8,500	
								<b>1,942,800</b>			<b>37,356</b>		<b>23,035</b>	

Note:

1. Base values are for pay 2024 and assumes 25% of total value is allocated to the TIF district - split 65% to homestead residential and 35% to rental.
2. Located in SD #709 and UTA 010-0709-00-02-00-00

## TIF District No. 37 Incline Plaza Phase 1 - 2% Inflation

City of Duluth, MN  
120 Condo Units and 220 rental units



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	Condominiums	1,066,667	1,066,667	60	64,000,000	Hmstd. Res.	725,000	12,083	25%	75%	100%	100%	2028
1	Condominiums	1,066,667	1,066,667	60	64,000,000	Hmstd. Res.	725,000	12,083	0%	25%	75%	100%	2029
1	Apartments	195,000	195,000	220	42,900,000	Rental	536,250	2,438	0%	25%	75%	100%	2029
<b>TOTAL</b>					<b>170,900,000</b>		<b>1,986,250</b>						
<b>Subtotal Residential</b>				<b>340</b>	<b>170,900,000</b>		<b>1,986,250</b>						
<b>Subtotal Commercial/Ind.</b>				<b>0</b>	<b>0</b>		<b>0</b>						

Note:

- Market values for rental housing are based upon discussions in 2023 with County Assessor and using Endi as a comparable.  
Market Values for condominiums are based on assumed average resale prices as provided by the developer.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Condominiums	725,000	0	725,000	913,203	0	0	95,098	1,008,300	16,805.01
Condominiums	725,000	0	725,000	913,203	0	0	95,098	1,008,300	16,805.01
Apartments	536,250	0	536,250	675,455	0	0	63,745	739,200	3,360.00
<b>TOTAL</b>	<b>1,986,250</b>	<b>0</b>	<b>1,986,250</b>	<b>2,501,861</b>	<b>0</b>	<b>0</b>	<b>253,940</b>	<b>2,755,801</b>	

Note:

- Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	2,755,801
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(253,940)
less Base Value Taxes	(29,015)
<b>Annual Gross TIF</b>	<b>2,472,846</b>

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,942,800
New Market Value - Est.	170,900,000
Difference	168,957,200
Present Value of Tax Increment	29,083,504
Difference	139,873,696
Value likely to occur without Tax Increment is less than:	<b>139,873,696</b>



## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 37 - Incline Plaza Phase 1 (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 37 - Incline Plaza Phase 1 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of one (1) parcel and vacant right-of-way, with plans to redevelop the area for 120 condominium units and a 220-unit multifamily rental building in the City. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 37 - Incline Plaza Phase 1 permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, the incompatible land uses at close proximity, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$168,957,200.
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$29,083,504.
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$139,873,696 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on February 6, 2024 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 37 - Incline Plaza Phase 1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 17 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Through the implementation of the TIF Plan, DEDA or the City will increase the availability of safe and decent life-cycle housing in the City.

# Appendix D: Redevelopment Qualifications for the District

REPORT OF INSPECTION PROCEDURES AND RESULTS  
FOR  
DETERMINING QUALIFICATIONS  
OF A  
TAX INCREMENT FINANCING DISTRICT

DULUTH INCLINE LAKEVIEW  
REDEVELOPMENT TIF DISTRICT

*Prepared for*

CITY OF DULUTH, MINNESOTA

January 24, 2024





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# Part 1: Executive Summary

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## Purpose of the Evaluation

LHB was hired by the City of Duluth to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located at the former Central High School site south of East Central Entrance Road (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one building on one parcel, located within the proposed TIF District, meets the qualifications required for a Redevelopment District.

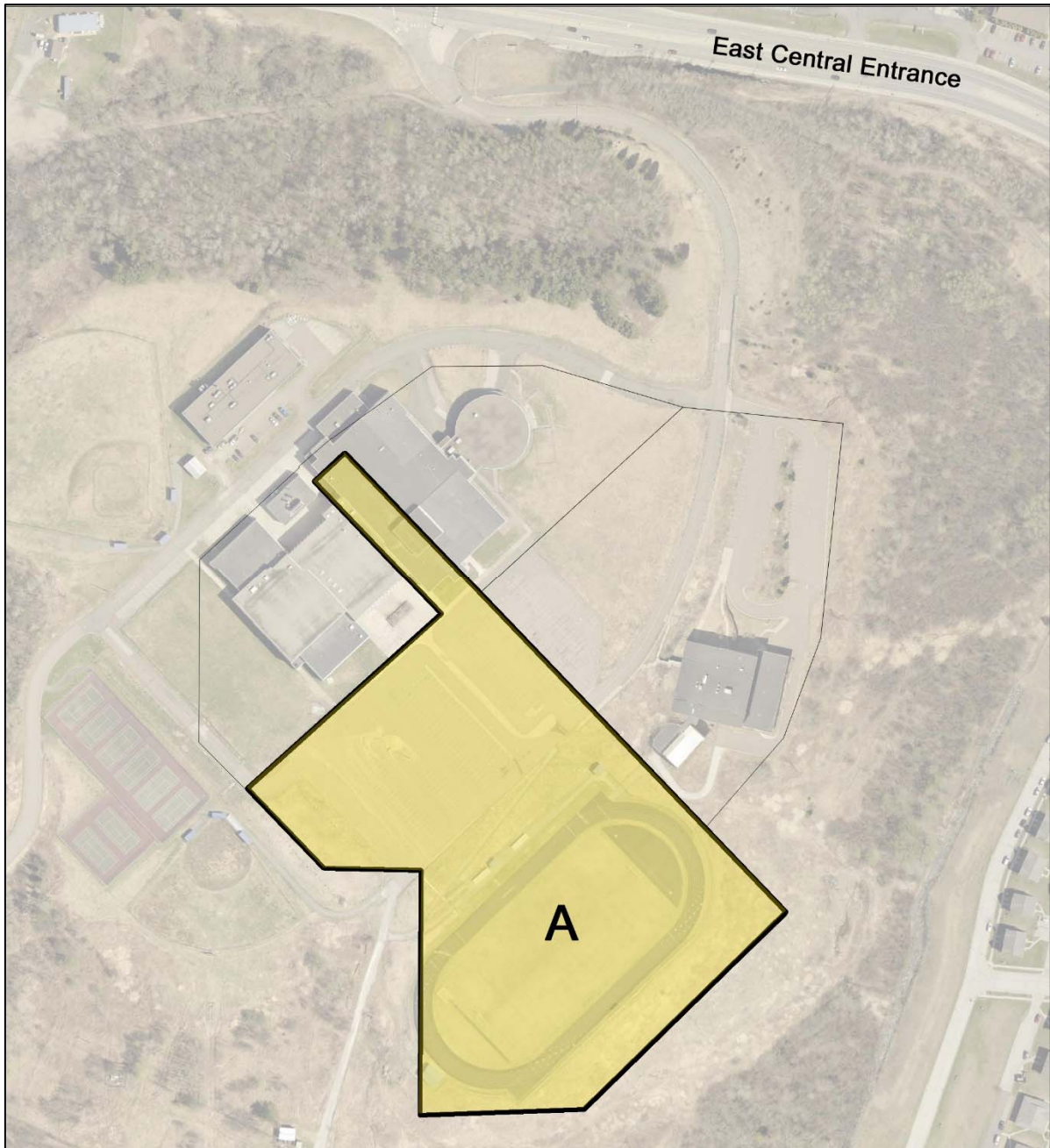


Diagram 1: Proposed TIF District

## Scope of Work

The proposed TIF District consists of one parcel with one building. The building was inspected on August 31, 2023. Building Code and Condition Deficiency reports are in Appendix B.

## Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

# Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

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The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

## Interior Inspection

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

## Exterior Inspection and Other Means

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

## Documentation

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

## Qualification Requirements

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires three tests for occupied parcels:

### 1. COVERAGE TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a)(1) states:

"Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."

- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

## 2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects, or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

- i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

"A building is not structurally substandard if it follows the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

- i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c) for the following reasons:
  - 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
  - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*..."
  - 3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
  - 4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
  - 5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.

- 6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

### 3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions "reasonably distributed throughout the district.":

"(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way.

(3) tank facilities, or property whose immediately previous use was for tank facilities..."

- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

## Part 3: Procedures Followed

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LHB inspected one building on August 31, 2023.

## Part 4: Findings

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### 1. Coverage Test

- a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

## FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

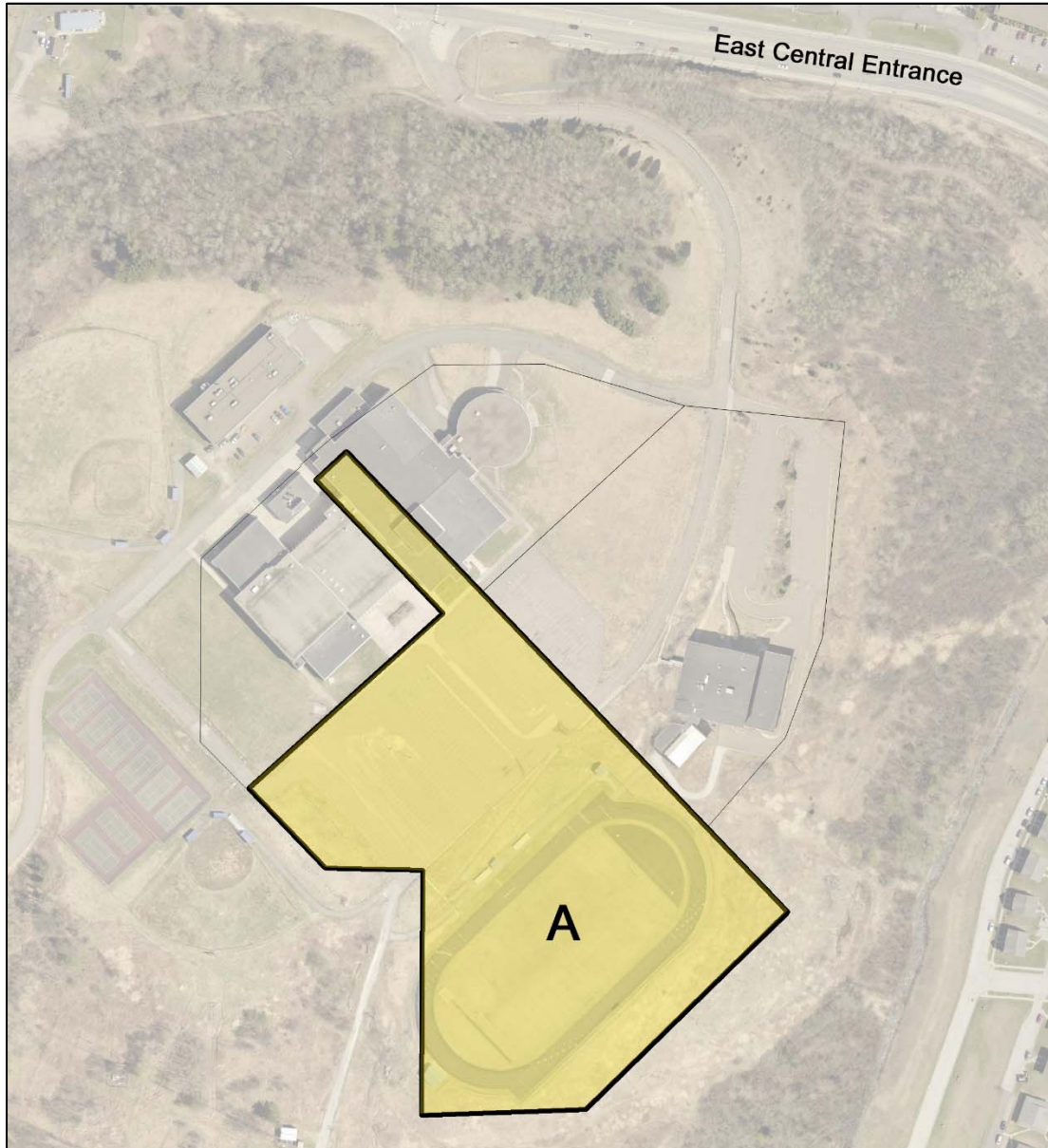


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

## 2. Condition of Building Test

### a. BUILDING INSPECTION

- i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

### b. REPLACEMENT COST

- i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2023.
- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Duluth, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

### c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2023; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

### FINDING

One out of one buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the building(s) in the proposed TIF District can be found in Appendix B of this report.

### d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then for such building to be “structurally substandard” under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building’s defects, or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.
- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

#### **FINDING**

In our professional opinion, one out of one buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

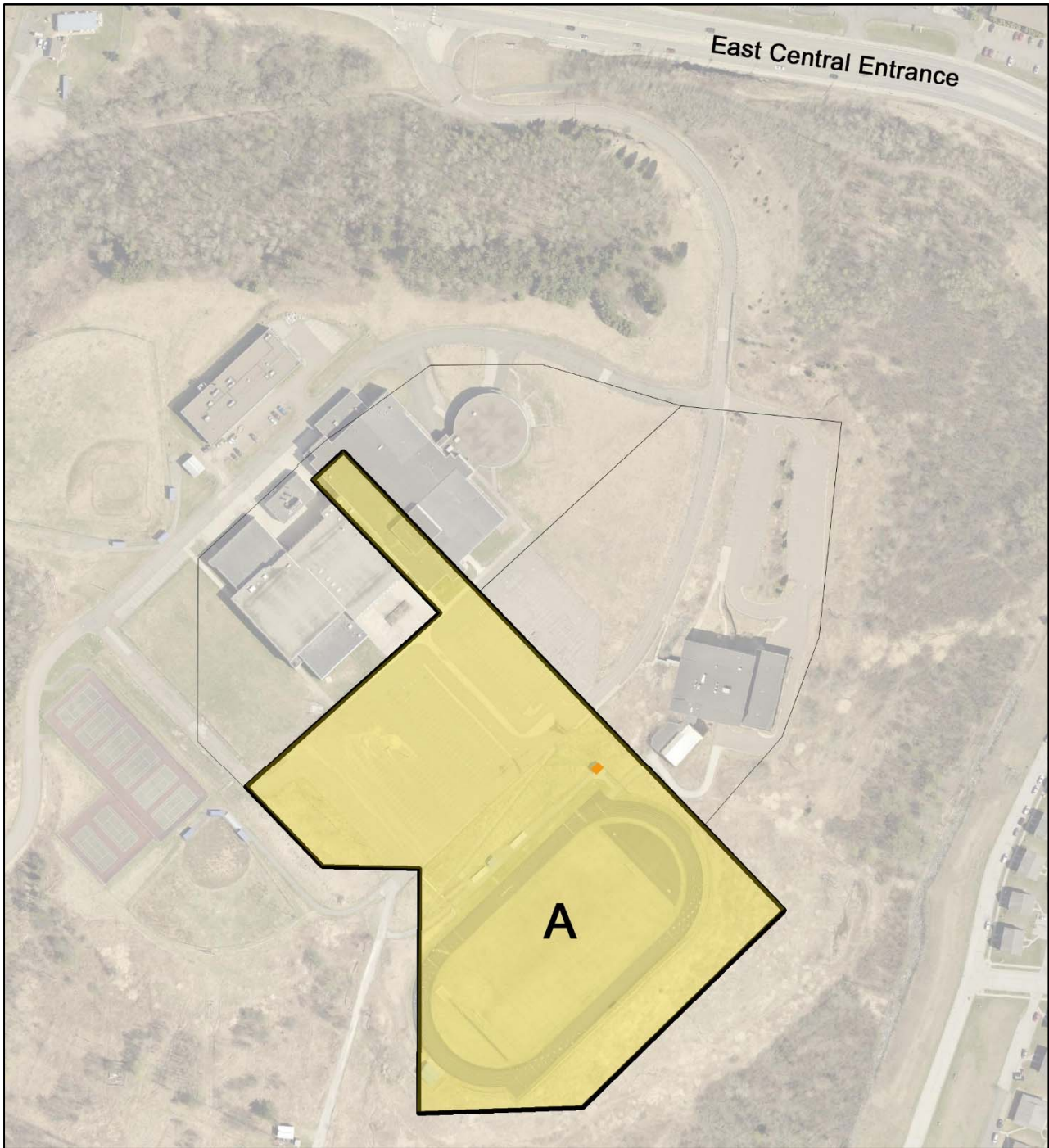
### **3. Distribution of Substandard Structures**

- e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

#### **FINDING**

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.





**Diagram 3 – Substandard Buildings**

Shaded yellow area depicts parcels with buildings.  
Shaded orange area depicts substandard buildings.

# Part 5: Team Credentials

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## Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 37 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

## Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

# Appendices

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- APPENDIX A Property Condition Assessment Summary Sheet
- APPENDIX B Building Code, Condition Deficiency and Context Analysis Report
- APPENDIX C Building Replacement Cost Report
  - Code Deficiency Cost Report
  - Photographs

# APPENDIX A

Property Condition Assessment Summary Sheet

# Duluth Incline Lakeview Redevelopment TIF District

Property Condition Assessment Summary Sheet

Duluth, Minnesota

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard		
A	N/A	N/A	Improved	Interior/Exterior	446,490	348,262	78.0%	446,490	1	\$65,629	\$9,844	\$12,666	1	1		
<b>TOTALS</b>					446,490				446,490	1				1	1	
								<b>Total Coverage Percent:</b>			<b>100.0%</b>					
												<b>Percent of buildings exceeding 15 percent code deficiency threshold:</b>	<b>100.0%</b>			
												<b>Percent of buildings determined substandard:</b>	<b>100.0%</b>			

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# APPENDIX B

Building Code, Condition Deficiency and Context Analysis Report

# Duluth Incline Lakeview Redevelopment TIF District

## Building Code, Condition Deficiency and Context Analysis Report

### Parcel A

### Central High School Stadium Restroom

Address: 800 East Central Entrance, Duluth, Minnesota 55811  
Parcel ID: 010-0435-00030  
Inspection Date(s) & Time(s): August 31, 2023, 10am  
Inspection Type: Interior and Exterior  
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:  
- Substantial renovation is required to correct Conditions found.  
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$65,629
Estimated Cost to Correct Building Code Deficiencies:	\$12,666
Percentage of Replacement Cost for Building Code Deficiencies:	19.3%

### DEFECTS IN STRUCTURAL ELEMENTS

- \* No deficiencies observed.

### COMBINATION OF DEFICIENCIES

- Essential Utilities and Facilities
  - There is no code required potable water connected to the building.
  - There is no code required electrical service to the building.
  - There is no code required accessible parking.
  - There is no code compliant accessible route into the building.
- Light and Ventilation
  - The lighting system does not comply with code.
  - The HVAC system does not comply with code.
- Fire Protection/Adequate Egress
  - There is no code required smoke detectors.
  - There is no code required emergency notification system.
  - There is no code required emergency lighting system.

4. Layout and Condition of Interior Partitions/Materials
  - a. Interior walls should be repainted.
  - b. Graffiti should be removed per city code.
  
5. Exterior Construction
  - a. The EIFS siding is damaged allowing for water intrusion which is contrary to code.
  - b. Metal doors and frames should be repainted.

#### **DESCRIPTION OF CODE DEFICIENCIES**

1. Potable water should be connected per code.
2. Electrical service should be connected per code.
3. Accessible parking should be established per code.
4. An accessible route into the building should be created per code.
5. A code-compliant lighting system should be installed.
6. A code-compliant HVAC system should be installed.
7. Code required smoke detectors should be installed.
8. An emergency notification system should be installed per code.
9. Install a code required emergency lighting system.
10. The EIFS siding should be repaired to prevent water intrusion per code.

#### **OVERVIEW OF DEFICIENCIES**

This restroom previously served the football stadium. There is no code required potable water or electrical service connected to the building. There is no code required accessible parking or a code required accessible route into the building. The lighting system and HVAC systems should be replaced to comply with code. There are no code required smoke detectors or an emergency notification system in the building. There is no code required emergency lighting system. The interior block walls should be repainted. Graffiti should be removed per code. The exterior EIFS wall system should be repaired to prevent water intrusion per code.

#### **ENERGY CODE DEFICIENCIES**

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether or not the building is substandard.

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# APPENDIX C

Building Replacement Cost Report

Code Deficiency Cost Report

Photographs



# Duluth Incline Lakeview Redevelopment TIF District

## Replacement Cost Report

**RSMMeans data**  
from **GOBDIAN**

Square Foot Cost Estimate Report

Date:

9/14/2023

Estimate Name:	Central High Stadium Restroom	
Building Type:	Concrete Block / Bearing Walls	
Location:	DULUTH, MN	
Story Count:	1	
Story Height (L.F.):	10.00	
Floor Area (S.F.):	260	
Labor Type:	STD	
Basement Included:	No	
Data Release:	Year 2021 Quarter 1	Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Cost Per Square Foot:	\$252.38	
Building Cost:	\$65,619.82	

		Quantity	% of Total	Cost Per S.F.	Cost
<b>A</b>	<b>Substructure</b>		<b>18.05%</b>	<b>\$39.61</b>	<b>\$10,299.61</b>
<b>A1010</b>	<b>Standard Foundations</b>			<b>\$29.73</b>	<b>\$7,729.32</b>
A10101051520	Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick	70		\$23.77	\$6,179.15
A10101102100	Strip footing, concrete, unreinforced, load 2.6 KLF, soil bearing capacity 3 KSF, 8" deep x 16" wide	70		\$5.96	\$1,550.17
<b>A1030</b>	<b>Slab on Grade</b>			<b>\$8.67</b>	<b>\$2,253.62</b>
A10301203400	Slab on grade, 5" thick, light industrial, reinforced	260		\$8.67	\$2,253.62
<b>A2010</b>	<b>Basement Excavation</b>			<b>\$1.22</b>	<b>\$316.67</b>
A20101102220	Excavate and fill, 1000 SF 4' deep sand, gravel, or common earth, on site storage	260		\$1.22	\$316.67
<b>B</b>	<b>Shell</b>		<b>29.69%</b>	<b>\$65.15</b>	<b>\$16,939.28</b>
<b>B1020</b>	<b>Roof Construction</b>			<b>\$10.01</b>	<b>\$2,602.60</b>
B10201027100	Wood roof, truss, 4/12 slope, 24" O.C., 30' to 43' span	260		\$10.01	\$2,602.60
<b>B2010</b>	<b>Exterior Walls</b>			<b>\$21.87</b>	<b>\$5,686.20</b>
B20101525260	E.I.F.S., CMU, 8" x 8" x 16", 1" EPS	260		\$21.87	\$5,686.20
<b>B2030</b>	<b>Exterior Doors</b>			<b>\$17.64</b>	<b>\$4,585.41</b>
B20302203500	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-6" x 7'-0" opening	1.5		\$17.64	\$4,585.41
<b>B3010</b>	<b>Roof Coverings</b>			<b>\$15.63</b>	<b>\$4,065.07</b>
B30101301050	Roofing, corrugated, steel, colored, 26 ga, 1.43 PSF	260		\$5.17	\$1,344.20
B30103203090	Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite	260		\$2.09	\$544.33
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	70		\$8.37	\$2,176.54
<b>C</b>	<b>Interiors</b>		<b>4.41%</b>	<b>\$9.67</b>	<b>\$2,514.03</b>
<b>C1010</b>	<b>Partitions</b>			<b>\$6.01</b>	<b>\$1,563.13</b>
C10101022000	Concrete block (CMU) partition, regular weight, hollow, 8" thick, no finish	130		\$6.01	\$1,563.13
<b>C1020</b>	<b>Interior Doors</b>			<b>\$2.15</b>	<b>\$557.89</b>
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	0.43		\$2.15	\$557.89
<b>C3010</b>	<b>Wall Finishes</b>			<b>\$1.51</b>	<b>\$393.01</b>
C30102300300	Painting, masonry or concrete, latex, brushwork, primer & 1 coat	260		\$1.51	\$393.01
<b>D</b>	<b>Services</b>		<b>43.84%</b>	<b>\$96.20</b>	<b>\$25,012.79</b>
<b>D2010</b>	<b>Plumbing Fixtures</b>			<b>\$15.36</b>	<b>\$3,992.66</b>
D20101102000	Water closet, vitreous china, tank type, 2 piece close coupled	1.1		\$6.62	\$1,720.39
D20103102040	Lavatory w/trim, wall hung, PE on CI, 18" x 15"	1.1		\$8.74	\$2,272.27
<b>D2020</b>	<b>Domestic Water Distribution</b>			<b>\$44.68</b>	<b>\$11,616.93</b>
D20202502140	Gas fired water heater, commercial, 100< F rise, 300 MBH input, 278 GPH	0.55		\$44.68	\$11,616.93
<b>D4090</b>	<b>Other Fire Protection Systems</b>			<b>\$2.01</b>	<b>\$521.64</b>
D40909100080	Detectors with brackets, ion detector (smoke) detector	2		\$2.01	\$521.64
<b>D5010</b>	<b>Electrical Service/Distribution</b>			<b>\$12.32</b>	<b>\$3,202.60</b>
D50101301700	Underground service installation, includes excavation, backfill, and compaction, 100' length, 4' depth, 1 phase, 3 wire, 120/240 volts, 100 A	0.32		\$7.79	\$2,025.87
D50102501000	Panelboard, 4 wire w/conductor & conduit, NQOD, 120/208 V, 100 A, 0 stories, 0' horizontal	0.32		\$4.53	\$1,176.73

<b>D5020</b>	<b>Lighting and Branch Wiring</b>			<b>\$13.88</b>	<b>\$3,608.24</b>
D50201100600	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 watts per SF	260		\$4.37	\$1,137.43
D50202100540	Fluorescent fixtures recess mounted in ceiling, 2.4 watt per SF, 60 FC, 15 fixtures @ 32 watt per 1000 SF	260		\$9.50	\$2,470.81
<b>D5030</b>	<b>Communications and Security</b>			<b>\$7.96</b>	<b>\$2,070.72</b>
D50309100458	Fire alarm control panel, 8 zone, excluding wire and conduit	1		\$7.96	\$2,070.72
<b>E</b>	<b>Equipment &amp; Furnishings</b>		<b>4.02%</b>	<b>\$8.83</b>	<b>\$2,295.00</b>
<b>E1090</b>	<b>Other Equipment</b>			<b>\$8.83</b>	<b>\$2,295.00</b>
E10908100130	Architectural equipment, heaters, wall mounted, to 200 CF	2		\$8.83	\$2,295.00
<b>F</b>	<b>Special Construction</b>		<b>0.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>G</b>	<b>Building Sitework</b>		<b>0.00%</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>SubTotal</b>			<b>100%</b>	<b>\$219.46</b>	<b>\$57,060.71</b>
<b>Contractor Fees (General Conditions,Overhead,Profit)</b>			<b>15.0%</b>	<b>\$32.92</b>	<b>\$8,559.11</b>
<b>Architectural Fees</b>			<b>0.0%</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>User Fees</b>			<b>0.0%</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Total Building Cost</b>				<b>\$252.38</b>	<b>\$65,619.82</b>

# Duluth Incline Lakeview Redelopment TIF District

## Code Deficiency Cost Report

Parcel A - 800 East Central Entrance, Duluth, Minnesota, 55811  
 Parcel ID 010-0435-00030

Building Name or Type  
 Central High School Stadium Restroom

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
<b>Accessibility Items</b>					
	Parking				
	Create code required accessible parking	\$ 100.00	Lump	1	\$ 100.00
	Accessible Route				
	Create a code required accessible route into the building	\$ 2,500.00	Lump	1	\$ 2,500.00
<b>Structural Elements</b>					
*No Deficiencies Observed*					
<b>Exiting</b>					
	Thresholds				
	Thresholds do not comply with code for maximum height	\$ 100.00	EA	2	\$ 200.00
	Emergency Notification System				
	Install code required emergency notification system	\$ 5.00	SF	260	\$ 1,300.00
	Emergency Lighting System				
	Install code required emergency lighting system	\$ 500.00	EA	2	\$ 1,000.00
<b>Fire Protection</b>					
	Smoke Detectors				
	Install code required smoke detectors	\$ 500.00	EA	1	\$ 500.00
<b>Exterior Construction</b>					
	EIFS Siding				
	Repair damaged EIFS siding to prevent water intrusion per code	\$ 5.00	SF	260	\$ 1,300.00
<b>Roof Construction</b>					
*No Deficiencies Observed*					
<b>Mechanical - Electrical</b>					
	Mechanical				
	Connect code required potable water to the building	\$ 500.00	EA	1	\$ 500.00
	Install a code compliant HVAC system	\$ 9.50	SF	260	\$ 2,470.00
	Electrical				
	Connect code required electrical service to the building	\$ 500.00	EA	1	\$ 500.00
	Install a code compliant lighting system	\$ 8.83	SF	260	\$ 2,295.80
<b>Total Code Improvements</b>					<b>\$ 12,666</b>

# Duluth Incline Lakeview Redevelopment TIF District | Parcel A



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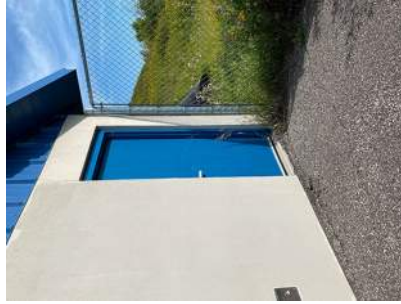


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# Duluth Incline Lakeview Redevelopment TIF District | Parcel A



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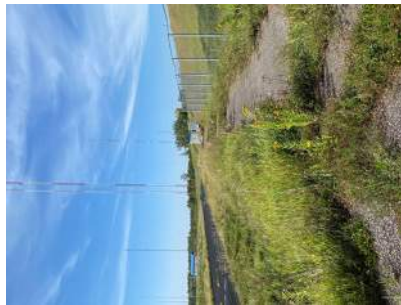
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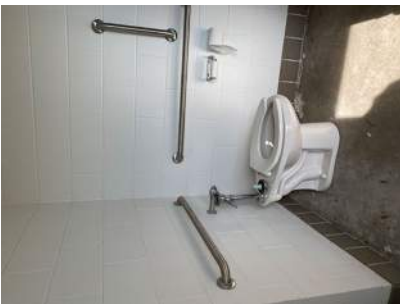
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# Duluth Incline Lakeview Redevelopment TIF District | Parcel A



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LHB Project No. 230660.00

