

Adoption Date: April 27, 2026

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. 39 -
The Armory (a redevelopment district)



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, Minnesota 55413

BUILDING COMMUNITIES. IT'S WHAT WE DO.

TABLE OF CONTENTS

Modification to the Development Program for Development District No. 17	1
FOREWORD	1
Tax Increment Financing Plan for Tax Increment Financing District No. 39 - The Armory	2
FOREWORD	2
STATUTORY AUTHORITY	2
STATEMENT OF OBJECTIVES	2
DEVELOPMENT PROGRAM OVERVIEW	3
DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED	3
DISTRICT CLASSIFICATION	3
DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT	4
ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS	4
SOURCES OF REVENUE/BONDS TO BE ISSUED	6
USES OF FUNDS	7
ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS	8
SUPPORTING DOCUMENTATION	10
DISTRICT ADMINISTRATION	10
Appendix A: Map of Development District No. 17 and the TIF District	
Appendix B: Estimated Cash Flow for the District	
Appendix C: Findings Including But/For Qualifications	
Appendix D: Redevelopment Qualifications for the District	

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. 39 - The Armory.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Executive Director of Duluth Economic Development Authority 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. 39 - The Armory

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. 39 - The Armory (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 parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate redevelopment of the Armory building into a mixed-use hub for community building, arts education, music production, entertainment and indoor recreation in the City. DEDA intends to enter into an agreement with Sherman Associates as the developer. Development is anticipated to begin in 2026. 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 - 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 encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

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. DEDA 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.

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 2028, 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 2053, 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 2025 for taxes payable 2026.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) 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 City.

The original local tax rate for the District will be the local tax rate for taxes payable 2026, assuming the request for certification is made before June 30, 2026. 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 2028. The Project Tax Capacity listed is an estimate of values when the projects within the District are completed.

Note: Tax capacity includes a 4% 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 26. The tax capacity of the District in year one is estimated to be \$116,625.

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 has reviewed the area to be included in the District and found that some building permit(s) have been issued in the past 18 months, but none that should increase the original tax capacity.

SOURCES OF REVENUE/BONDS TO BE ISSUED

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

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 \$7,001,851. 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 (insert description). 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.

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:

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2026 rate. The total net capacity for the entities listed above are based on Pay 2026 figures. The District will be certified under the Pay 2026 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 \$11,151,996;

- (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 development, police calls for service may be increased. New developments add an increase in traffic, and additional overall demands to the call load. The project is, however, addressing a blighted building which may help mitigate increases in calls for service. 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. The existing blighted building will be rehabilitated, which is expected to help reduce some types of calls. There may be an increase in medical calls or other calls for assistance with the new use. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

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 significant additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

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 \$2,059,367;

- (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 \$5,297,360;
- (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, (2) review of the Developer's pro forma; and (3) 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

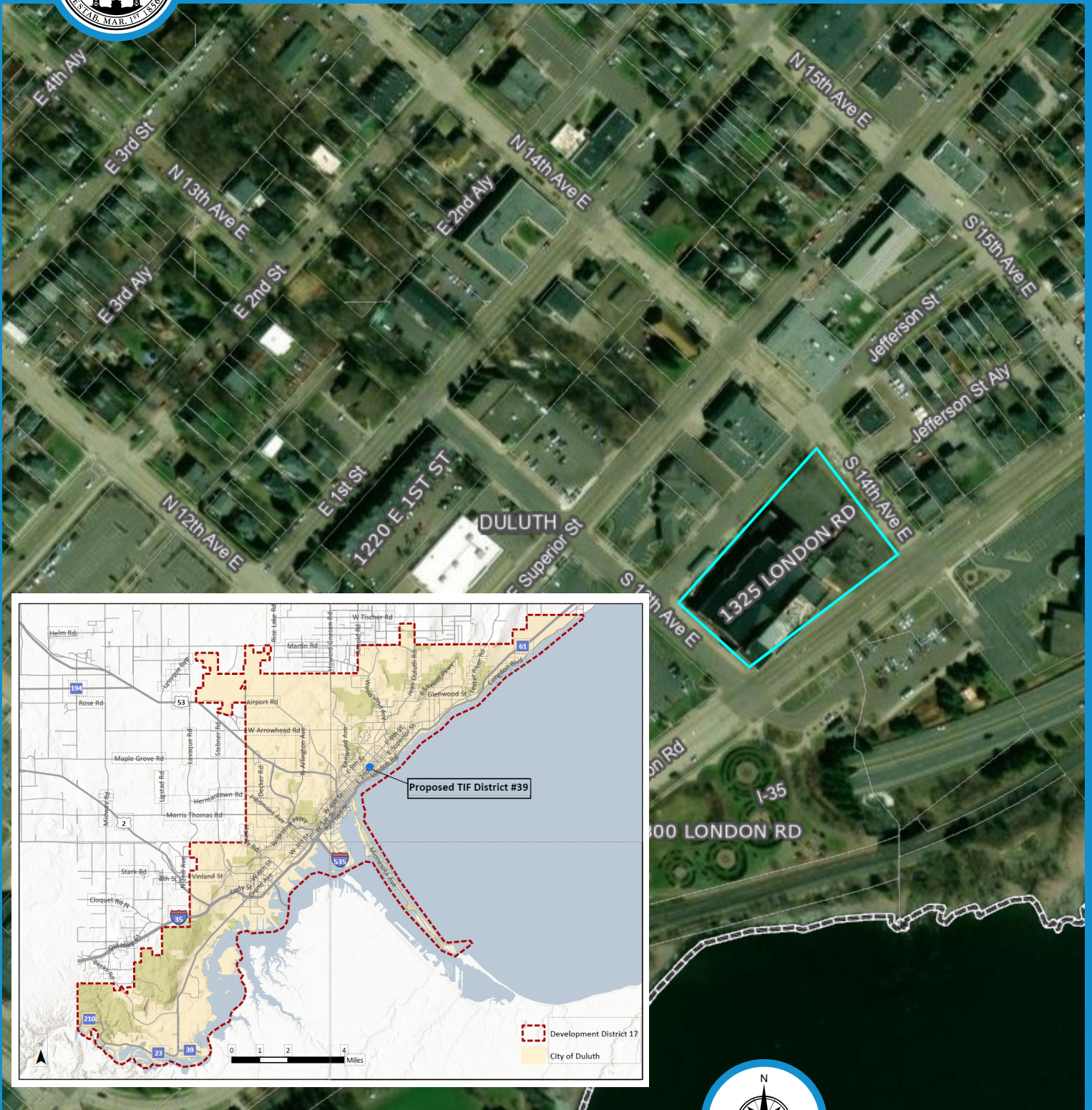
Administration of the District will be handled by the Executive Director of the Duluth Economic Development Authority.

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



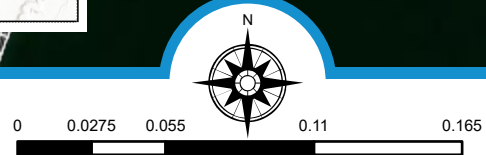
County Land Explorer

St. Louis County, Minnesota



Proposed Armory Redevelopment TIF District

Map created using County Land Explorer
www.stlouiscountymn.gov/explorer



County Land Explorer

St. Louis County

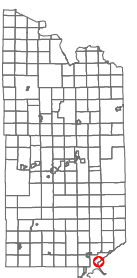
www.stlouiscountymn.gov/explorer

Minnesota

Disclaimer

This is a compilation of records as they appear in the Saint Louis County
Offices affecting the area shown. This drawing is to be used only for reference
purposes and the County is not responsible for any inaccuracies herein

© Copyright St. Louis County Minnesota | All Rights Reserved Printed: 3/9/2026



Appendix B: Estimated Cash Flow for the District

Armory Arts and Music Center - No Inflation

City of Duluth, MN

Mixed-Use



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	29
County District #:	
First Year Construction or Inflation on Value	2026
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	4.00%
Interest Rate:	5.00%
Present Value Date:	1-Aug-27
First Period Ending	1-Feb-28
Tax Year District was Certified:	Pay 2026
Cashflow Assumes First Tax Increment For Development:	2028
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2053
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2026
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2026
Maximum/Frozen Local Tax Rate:	126.874% Pay 2026
Current Local Tax Rate: (Use lesser of Current or Max.)	126.874% Pay 2026
State-wide Tax Rate (Comm./Ind. only used for total taxes)	28.8570% Pay 2026
Market Value Tax Rate (Used for total taxes)	0.13556% Pay 2026

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
1	010-0190-00330	AAMC	1325 London Road	818,300	936,800	1,755,100	100%	1,755,100	Pay 2026	Exempt	-	C/I Pref.	34,352	1
2	010-0190-00330	AAMC	1325 London Road	60,300	162,400	222,700	100%	222,700	Pay 2026	C/I Pref.	3,704	C/I	4,454	
				878,600	1,099,200	1,977,800		1,977,800			3,704		38,806	

Note:

1. Base values are for pay 2026 based on review of County website on 3-4-26.
2. Located in SD #709 and UTA: 010-0709-00-02-00-00

Armory Arts and Music Center - No Inflation

City of Duluth, MN
Mixed-Use



Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Property Tax Class	Project Tax Capacity/Unit	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	Percentage Completed 2029	First Year Full Taxes Payable
	Mixed-Use	11,700,000	1	C/I Pref.	233,250	50%	100%	100%	100%	2029
TOTAL										
Subtotal Residential			0							
Subtotal Commercial/Ind.			1							

Note:

1. Market values are based upon estimates from the County Assessor.

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	Taxes Per Sq. Ft./Unit
Mixed-Use	233,250	0	233,250	295,934	0	66,660	15,861	378,453.80

Note:

1. 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	378,454
less State-wide Taxes	(66,660)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(15,861)
less Base Value Taxes	(49,235)
Annual Gross TIF	246,699

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,977,800
New Market Value - Est.	11,700,000
Difference	9,722,200
Present Value of Tax Increment	5,320,767
Difference	4,401,433
Value likely to occur without Tax Increment is less than:	4,401,433

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. 39 - The Armory (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. 39 - The Armory 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 for redevelopment of the Armory building into a mixed-use hub for community building, arts education, music production, entertainment and indoor recreation. 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. 39 - The Armory 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 redeveloping a substandard building, 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 renovating the existing facility as proposed is not supported fully by the revenues for the new uses in the building. 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 \$9,722,200.
 - 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 \$5,320,767.
 - 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 \$4,401,433 (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 April 14, 2026 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. 39 - The Armory 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.

Appendix D: Redevelopment Qualifications for the District

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

DULUTH ARMORY REDEVELOPMENT TIF DISTRICT
DULUTH, MINNESOTA



January 25, 2022

Prepared for the
CITY OF DULUTH

Prepared by:
LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 220035



Table of Contents

Part 1: Executive Summary	3
Purpose of the Evaluation.....	3
Scope of Work	4
Conclusion	4
Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements	4
Interior Inspection	4
Exterior Inspection and Other Means	4
Documentation.....	4
Qualification Requirements.....	4
1. Coverage Test	4
2. Condition of Buildings Test	5
3. Distribution of Substandard Buildings	6
Part 3: Procedures Followed	6
Part 4: Findings	6
1. Coverage Test	6
2. Condition of Building Test	7
3. Distribution of Substandard Structures	9
Part 5: Team Credentials	10
Appendices.....	10
APPENDIX A Property Condition Assessment Summary Sheet	
APPENDIX B Building Code, Condition Deficiency and Context Analysis Reports	
APPENDIX C Building Replacement Cost Reports	
Code Deficiency Cost Reports	
Photographs	

Part 1: Executive Summary

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 along London Road at the corner of South 13th Avenue East border by Jefferson Street and South 14th Avenue East (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether two (2) buildings on one (1) 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 (1) parcel with two (2) structures. Two (2) buildings were inspected on January 18, 2022. A Building Code and Condition Deficiency reports for the buildings that were inspected and found substandard are located 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

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 is in compliance with 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 on the basis of 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. In order 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 of 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 of 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

LHB inspected two (2) of the two (2) buildings during the day of January 18, 2022.

Part 4: Findings

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 parcel 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 or not 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 2022.

- 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 actually 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 2022; 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

Two (2) out of two (2) 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 buildings 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 in order 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, two (2) out of two (2) 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 green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

Part 5: Team Credentials

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

Michael has 34 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.

Thomas D. Fennessey – Inspector

Prior to joining the LHB team in early 2015, Tom served over 30 years in various positions within facilities management at the University of Wisconsin-Superior, including serving as Director of Facilities Management for over 10 years. His role in LHB's Superior office includes owner's representation, quality assurance of project delivery, construction management, Wisconsin business development, building assessments, plan reviews, and other facilities-related assessments and projects. He has served nearly eight years as a city councilor for the City of Superior and is currently city council president. In his various roles he has worked with both local and state levels of government in seeking new and revised legislation for both higher Ed and local government.

Appendices

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

APPENDIX A

Property Condition Assessment Summary Sheet

Duluth Armory Redevelopment TIF District

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-1	010-0190-00330	1325 London Road	Improved	Interior/Exterior	78,252	72,774	93.0%	78,252	1	\$17,476,196	\$2,621,429	\$5,555,537	1	1
A-2	010-0190-00330	1325 London Road	Improved	Interior/Exterior					1	\$1,088,269	\$163,240	\$395,684	1	1
TOTALS					78,252	Total Coverage Percent:		78,252	2	Percent of buildings exceeding 15 percent code deficiency threshold:			2	2
								100.0%	Percent of buildings determined substandard:			100.0%	100.0%	

M:\22Proj\220035\300 Design\Reports\Final Report\[Duluth Armory Redevelopment TIF Summary Spreadsheet.xlsx]Property Info

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Duluth Armory Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A-1

Duluth Armory Building/Art and Event Space

Address:	1325 London Road, Duluth, Minnesota 55805
Parcel ID:	010-0190-00330
Inspection Date(s) & Time(s):	January 18, 2022 @ 3:30pm
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:	\$17,476,196
Estimated Cost to Correct Building Code Deficiencies:	\$5,555,537
Percentage of Replacement Cost for Building Code Deficiencies:	31.8%

DEFECTS IN STRUCTURAL ELEMENTS

1. Exterior of the building is comprised of a brick veneer over poured concrete bearing walls. The exterior brick veneer and concrete coping is in average condition that needs spot tuck pointing along with some areas in need of tooth-in brick repair. Foundation walls are poured concrete. Certain areas have spalling and cracking of concrete and need repair to stop water intrusion.
2. Interior floor structure on upper floors need additional reinforcement to meet current floor loading code requirements.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. There are no code-compliant ADA accessible restrooms.
 - b. There is no code required drinking fountains.
 - c. Several of the interior stairways do not meet code and are required to be updated.
 - d. The building does not have a code-required passenger elevator to meet accessibility requirements to each level.
 - e. Balconies do not meet code due to inadequate guards/railings.
 - f. The roof is at its end of life allowing water intrusion.
 - g. The building plumbing system does not meet code.
 - h. There is no emergency backup electrical generator for life-safety equipment.
2. Light and Ventilation
 - a. The lighting system does not comply with code.
 - b. Electrical system does not comply with code.
 - c. There is no working heating/ventilation system.

3. Fire Protection/Adequate Egress
 - a. The lighting system does not comply with code.
 - b. The electrical system does not comply with code.
 - c. Stairways do not comply with code.
 - d. Flooring in upper levels is damaged/uneven creating an impediment to emergency egress that does not comply with code.
 - e. Exit doors and hardware do not meet current egress codes.
 - f. There is no code-required smoke/heat alarm system.
 - g. There is no code-required emergency lighting system.
 - h. There is no code-required building sprinkler system.
 - i. The building lacks proper code-required fire separation walls around stairwells and required spaces.
4. Layout and Condition of Interior Partitions/Materials
 - a. Wall and ceiling paint is peeling in nearly all areas of the building.
 - b. Walls should be repaired/repainted.
 - c. Roll-up service doors do not seal at bottom allowing water/snow and pest intrusion.
5. Exterior Construction
 - a. Building exterior windows are single pane and have broken/missing glazing allowing water and pest intrusion.
 - b. Exterior doors need repair and paint.
 - c. Brick and mortar are damaged/missing allowing water intrusion.
 - d. Roofing material is at end-of-life cycle and failing allowing water intrusion.
 - e. Provide code required passenger elevator for accessibility to all levels

DESCRIPTION OF CODE DEFICIENCIES

1. Create code-compliant restrooms
2. Install code-required drinking fountains
3. Install code compliant handrails and guards on all stairs and balconies
4. Upper floors need additional reinforcement to meet current floor loading code requirements
5. Install code compliant egress doors
6. Install code compliant egress door hardware on all exit doors
7. Modify stairways to comply with code
8. Repair/replace damaged flooring to create an unimpeded means for emergency egress per code
9. Install building sprinkler system
10. Install code required smoke/fire detection system
11. Install/modify code required fire separations around stairs and between required rooms/floors
12. Install code required emergency lighting and exit sign system building-wide

13. Repair spalling brick and cracked foundation wall to prevent water intrusion.
14. Repair/replace building windows that have cracked and missing glazing to prevent water and animal intrusion
15. Repair roll up service door seals to prevent water, snow, and pest intrusion
16. Replace failed roofing system to prevent water intrusion
17. Install code compliant HVAC system
18. Install code compliant building wide plumbing system
19. Install/update existing building electrical system to meet code requirements
20. Install code-required emergency backup electrical generator for life safety equipment

OVERVIEW OF DEFICIENCIES

This building is a 4-story concrete structure w/brick veneer exterior. Currently, the building is vacant and does not have a working heating/ventilation system, plumbing system or adequate electrical system. There are no code required accessible restrooms. Code compliant and required life safety systems are not present in the building. Various stairways and balconies within the building do not comply with code for proper egress and compliant handrails and guards. Several stairways and other building spaces do not meet code required fire separation walls. Existing building lighting does not meet current code and energy requirements. Failed window and roof system is allowing water and pest intrusion. Exterior brick, mortar and concrete foundation walls need repair to eliminate water intrusion. This building does not have a passenger elevator for accessibility to all levels. Indications show the upper-level floors do not meet current code for floor loading requirement.

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 the building is substandard.

M:\22Proj\220035\300 Design\Reports\Building Reports\Armory Bldg Reports\Duluth Armory Building Context Analysis Report.docx

Duluth Armory Redevelopment TIF District

Building Code, Condition Deficiency and Context Analysis Report

Parcel A-2

Duluth Armory Annex/Art Studio

Address:	1325 London Road, Duluth, Minnesota 55805
Parcel ID:	010-0190-00330
Inspection Date(s) & Time(s):	January 18, 2022 @ 3:30pm
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:	\$1,088,269
Estimated Cost to Correct Building Code Deficiencies:	\$395,684
Percentage of Replacement Cost for Building Code Deficiencies:	36.4%

DEFECTS IN STRUCTURAL ELEMENTS

1. Exterior of the building is comprised of a stucco-like material over wood construction. The exterior walls are in average condition. The exterior roof membrane is deteriorated causing water leakage into numerous areas of the building interior.
2. Interior of the building has significant water damage to ceiling tiles throughout the building along with damaged gypsum board walls due to the water intrusion from the leaky roof membrane.

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. Current restrooms on basement and first floor levels are not code-compliant or ADA accessible.
 - b. There is no code required drinking fountains.
 - c. Exiting from basement does not meet code requirements.
 - d. Current stairway to basement does not meet code compliance for handrails.
2. Light and Ventilation
 - a. Existing electrical building system does not meet current electrical code requirements.
 - b. Existing building lighting does not meet current energy code requirements.
 - c. Existing building heating and ventilation system does not meet current energy code requirements.
 - d. Existing building plumbing system requires upgrades to meet applicable code requirements.
3. Fire Protection/Adequate Egress
 - a. There is no code required smoke or heat detectors.
 - b. There is no existing building fire sprinkler system.

- c. Code-required fire separation walls and ceilings are nearly non-existent.
4. Layout and Condition of Interior Partitions/Materials
- a. Water intrusion from the leaking roof has damaged ceilings and wall structure extensively.
 - b. Various ceilings and walls have been removed to make larger spaces.
 - c. Floor material in various areas of the building have been removed leaving bare concrete and uneven surfaces between rooms.
5. Exterior Construction
- a. At time of inspection, a layer of snow covered the entire roof area. Due to the melting snow, water was observed leaking into the interior of building in numerous areas. Due to the amount of water intrusion and length of time roof has leaked, it is assumed that the roof structure/substrate is extensively damaged.
 - b. Building exterior walls are in average condition but are showing paint deterioration.

DESCRIPTION OF CODE DEFICIENCIES

1. Create code compliant restrooms on first floor
2. Install code-required drinking fountains
3. Install code-compliant handrails to stairs leading to basement
4. Add additional exiting stairway from basement to meet exiting code
5. Replace door hardware on rear exit door to meet code required egress operation
6. Install code-required smoke/heat detectors
7. Install building-wide fire sprinkler system
8. Install code required fire walls and separations between spaces
9. Repair/Replace failed roofing system to prevent water intrusion
10. Provide code and energy compliant mechanical HVAC system
11. Install/repair building plumbing system to meet code requirements
12. Repair non-working drain in storage room
13. Provide new code-compliant building electrical system and energy compliant lighting fixtures

OVERVIEW OF DEFICIENCIES

This building was originally designed and built as a Perkins restaurant. Currently it is used as an Annex building for the Duluth Armory Arts and Music Center. It currently houses offices along with leased art and music spaces. The main floor (first floor) comprises of offices and art studios. Several walls and ceilings have been removed to make larger space venues. The current roof on the building is quickly failing causing extensive water intrusion in numerous areas of the building. The basement area is currently used for storage. The building has inadequate restroom facilities for ADA accessibility. The building's mechanical and electrical systems are dated and do not meet today's required energy efficiency standards. This building does not have working fire sprinkler, fire alarm or heat detector systems. Accessibility to the lower level is by stairs only. Lower-level egress is a concern with the only two stairways leading from the lower level are in close proximity to each other.

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.

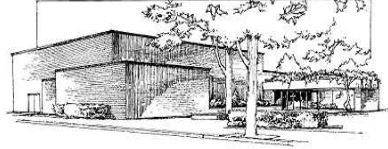
M:\22Proj\220035\300 Design\Reports\Building Reports\Annex Bldg Reports\01 Armory ANNEX Building Context Analysis Report.docx

APPENDIX C

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

Estimate Name:	Duluth Armory	
Building Type:	Auditorium with Face Brick & Concrete Block / Bearing Walls	
Location:	DULUTH, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	4	
Story Height (L.F.):	24	
Floor Area (S.F.):	102000	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2022	
Cost Per Square Foot:	\$171.34	
Building Cost:	\$17,476,195.77	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		4.84%	\$7.53	\$768,284.14
A1010	Standard Foundations			\$2.00	\$203,599.31
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	995		\$0.50	\$50,539.04
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	297.51		\$1.50	\$153,060.27
A1030	Slab on Grade			\$1.67	\$170,415.74
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	25500		\$1.67	\$170,415.74
A2010	Basement Excavation			\$1.01	\$103,360.94
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	25500		\$1.01	\$103,360.94
A2020	Basement Walls			\$2.85	\$290,908.15
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	995		\$2.85	\$290,908.15
B	Shell		37.89%	\$59.01	\$6,019,442.33
B1010	Floor Construction			\$10.46	\$1,067,304.83
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	3570.12		\$2.93	\$298,444.18
B10102083200	Steel column, W8, 100 KIPS, 20' unsupported height, 40 PLF	1190		\$1.00	\$101,538.65
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	25500		\$4.02	\$410,254.20
B10102461400	Floor, concrete, slab form, open web bar joist @ 2' OC, on bearing wall, 30' span, 24.5" deep, 125 PSF superimposed load, 172 PSF total load	12750		\$2.52	\$257,067.80
B1020	Roof Construction			\$1.39	\$141,936.57
B10201161900	Roof, steel joists, 1.5" 22 ga metal deck, on bearing walls, 30' bay, 23.5" deep, 40 PSF superimposed load, 60 PSF total load	25500		\$1.39	\$141,936.57
B2010	Exterior Walls			\$32.24	\$3,288,003.53
B20101321200	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill	92654.4		\$32.24	\$3,288,003.53
B2020	Exterior Windows			\$9.54	\$973,184.51
B20202101850	Aluminum flush tube frame, for insulating glass, 2" x 4-1/2", 5'x20' opening, 3 intermediate horizontals	19104		\$4.94	\$503,463.95
B20202202050	Glazing panel, plate glass, 1/4" thick, tempered	19104		\$4.61	\$469,720.56
B2030	Exterior Doors			\$3.48	\$354,701.17
B20301106350	Door, aluminum & glass, without transom, narrow stile, double door, hardware, 6'-0" x 7'-0" opening	25.5		\$1.72	\$175,679.06
B20302203700	Door, steel 18 gauge, hollow metal, 2 doors with frame, no label, 6'-0" x 7'-0" opening	25.5		\$1.76	\$179,022.11
B3010	Roof Coverings			\$1.67	\$170,598.79
B30101051400	Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped	25500		\$0.74	\$75,639.12
B30103203090	Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite	25500		\$0.47	\$48,382.68
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	995		\$0.28	\$28,944.80
B30104300040	Flashing, aluminum, no backing sides, .019"	995		\$0.09	\$8,959.36
B30106305100	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	995		\$0.09	\$8,672.83
B3020	Roof Openings			\$0.23	\$23,712.93

B30202100200	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", aluminum	17		\$0.23	\$23,712.93
C	Interiors		18.65%	\$29.05	\$2,962,820.31
C1010	Partitions			\$3.34	\$340,925.21
C10101045500	Concrete block (CMU) partition, light weight, hollow, 6" thick, no finish	40800		\$3.34	\$340,925.21
C1020	Interior Doors			\$3.48	\$355,347.60
C10201022600	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	255		\$3.48	\$355,347.60
C2010	Stair Construction			\$2.13	\$217,707.53
C20101100760	Stairs, steel, pan tread for conc in-fill, picket rail,20 risers w/ landing	12.75		\$2.13	\$217,707.53
C3010	Wall Finishes			\$4.74	\$483,509.73
C30102202000	2 coats paint on masonry with block filler	76416		\$2.28	\$232,325.27
C30102300320	Painting, masonry or concrete, latex, brushwork, primer & 2 coats	57120		\$0.92	\$94,137.76
C30102300340	Painting, masonry or concrete, latex, brushwork, addition for block filler	57120		\$0.78	\$79,522.46
C30102300900	Wall coatings, epoxy coatings, water based	24480		\$0.76	\$77,524.24
C3020	Floor Finishes			\$6.45	\$658,024.94
C30204100160	Carpet, tufted, nylon, roll goods, 12' wide, 36 oz	30600		\$1.62	\$164,919.31
C30204100240	Carpet, padding, add to above, 13.0 density	30600		\$0.40	\$40,574.68
C30204101640	Vinyl tile, maximum	71400		\$1.54	\$157,523.39
C30204102260	Add for sleepers on concrete, treated, 24" OC, 1"x2"	30600		\$1.75	\$178,382.09
C30204102360	Underlayment, plywood, 5/8" thick	30600		\$1.14	\$116,625.47
C3030	Ceiling Finishes			\$8.90	\$907,305.30
C30302106000	Acoustic ceilings, 3/4" fiberglass board, 24" x 48" tile, tee grid, suspended support	102000		\$8.90	\$907,305.30
D	Services		38.63%	\$60.17	\$6,136,903.92
D1010	Elevators and Lifts			\$4.30	\$438,937.88
D10101108500	Hydraulic passenger elevator, 4500 lb., 2 floor, 125 FPM	4.25		\$4.30	\$438,937.88
D2010	Plumbing Fixtures			\$10.41	\$1,062,231.19
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	170		\$6.41	\$653,916.90
D20102102040	Urinal, vitreous china, stall type	40.8		\$1.05	\$106,828.27
D20103102040	Lavatory w/trim, wall hung, PE on CI, 18" x 15"	81.6		\$1.59	\$162,566.78
D20104404260	Service sink w/trim, PE on CI, corner floor, 28" x 28", w/rim guard	6.8		\$0.32	\$32,532.83
D20107101840	Shower, stall, fiberglass 1 piece, three walls, 36" square	13.6		\$0.24	\$24,619.81
D20108201920	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	34		\$0.80	\$81,766.60
D2020	Domestic Water Distribution			\$4.88	\$497,762.72
D20202502260	Gas fired water heater, commercial, 100 < F rise, 600 MBH input, 576 GPH	13.6		\$4.88	\$497,762.72
D2040	Rain Water Drainage			\$1.17	\$119,765.91
D20402102120	Roof drain, DWV PVC, 5" diam, 10' high	27.2		\$0.74	\$75,162.58
D20402102160	Roof drain, DWV PVC, 5" diam, for each additional foot add	765		\$0.44	\$44,603.33
D3050	Terminal & Package Units			\$13.89	\$1,417,177.80
D30501504200	Rooftop, single zone, air conditioner, restaurants, 10,000 SF, 50.00 ton	102000		\$13.89	\$1,417,177.80
D4010	Sprinklers			\$3.48	\$355,347.60
D40104100620	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF	102000		\$3.48	\$355,347.60
D4020	Standpipes			\$0.46	\$46,570.01
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	4.25		\$0.46	\$46,570.01
D5010	Electrical Service/Distribution			\$2.15	\$219,525.35
D50101200400	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 800 A	4.25		\$0.70	\$71,406.16
D50102300400	Feeder installation 600 V, including RGS conduit and XHHW wire, 800 A	318.75		\$0.66	\$67,559.38
D50102400280	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 800 A	4.25		\$0.79	\$80,559.81
D5020	Lighting and Branch Wiring			\$13.99	\$1,426,898.11

D50201100440	Receptacles incl plate, box, conduit, wire, 8 per 1000 SF, .9 watts per SF	102000		\$2.84	\$289,689.18
D50201300280	Wall switches, 2.0 per 1000 SF	102000		\$0.47	\$47,440.20
D50201350280	Miscellaneous power, 1 watt	102000		\$0.30	\$30,912.12
D50201400240	Central air conditioning power, 3 watts	102000		\$0.65	\$65,855.28
D50201450720	Motor installation, three phase, 200 V, 15 HP motor size	4.25		\$0.13	\$13,488.86
D50201550600	Motor feeder systems, three phase, feed to 200 V 15 HP, 230 V 15 HP, 460 V 40 HP, 575 V 50 HP	425		\$0.06	\$6,372.29
D50202100540	Fluorescent fixtures recess mounted in ceiling, 2.4 watt per SF, 60 FC, 15 fixtures @ 32 watt per 1000 SF	102000		\$9.54	\$973,140.18
D5030	Communications and Security			\$3.93	\$400,669.74
D50309100240	Communication and alarm systems, includes outlets, boxes, conduit and wire, sound systems, 30 outlets	6.59		\$2.73	\$278,702.63
D50309100452	Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire	5.1		\$1.06	\$108,451.63
D50309100462	Fire alarm command center, addressable with voice, excl. wire & conduit	1		\$0.13	\$13,515.48
D5090	Other Electrical Systems			\$1.49	\$152,017.61
D50902100400	Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 100 kW	361.25		\$1.49	\$152,017.61
E	Equipment & Furnishings		0.00%	\$0.00	\$0.00
E1090	Other Equipment			\$0.00	\$0.00
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$155.76	\$15,887,450.70
Contractor Fees (General Conditions,Overhead,Profit)			10.0 %	\$15.58	\$1,588,745.07
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$171.34	\$17,476,195.77

DULUTH ARMORY REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel A1 -1325 London Road, Duluth, Minnesota 55805

Parcel ID 010-0190-00330

Building Name or Type

Duluth Armory/Art and Event Space

Code	Related Cost Items	Unit Cost	Unit Quantity	Units	Total
------	--------------------	-----------	---------------	-------	-------

Accessibility Items

Restrooms:

Create code-compliant restrooms	\$	10.41	SF	102000	\$	1,061,820.00
---------------------------------	----	-------	----	--------	----	--------------

Drinking Fountains:

Install code-required drinking fountains	\$	0.16	SF	102000	\$	16,320.00
--	----	------	----	--------	----	-----------

Handrails/guards:

Install code compliant handrails and guards on all stairs and balconies	\$	0.25	SF	102000	\$	25,500.00
---	----	------	----	--------	----	-----------

Elevator:

Provide code required passenger elevator for accessibility to all levels	\$	4.25	SF	102000	\$	433,500.00
--	----	------	----	--------	----	------------

Structural Elements

Upper floors need additional reinforcement to meet current floor loading code requirements

\$	2.25	SF	45000	\$	101,250.00
----	------	----	-------	----	------------

Exiting

Doors:

Install code compliant egress doors		4	EA	1200	\$	4,800.00
-------------------------------------	--	---	----	------	----	----------

Install code compliant egress door hardware on all exit doors	\$ 6,479.00		Lump	1	\$	6,479.00
---	-------------	--	------	---	----	----------

Stairways:

Modify stairways to comply with code	\$	1.98	SF	102000	\$	201,960.00
--------------------------------------	----	------	----	--------	----	------------

Flooring:

Repair/replace damaged flooring to create an unimpeded means for emergency egress per code	\$	2.18	SF	9000	\$	19,620.00
--	----	------	----	------	----	-----------

Fire Protection

Building Fire Sprinkler System:

Install building sprinkler system	\$	3.48	SF	102000	\$	354,960.00
-----------------------------------	----	------	----	--------	----	------------

Smoke/Fire Alarm System:

Install code required smoke/fire detection system	\$	3.93	SF	102000	\$	400,860.00
---	----	------	----	--------	----	------------

Fire Separations:

Install/modify code required fire separations around stairs and between required rooms/floors	\$	1.02	SF	25000	\$	25,500.00
---	----	------	----	-------	----	-----------

Code	Related Cost Items	Unit Cost	Unit Quantity	Units	Total
	Emergency Lighting/Egress System:				
	Install code required emergency lighting and exit sign system building-wide	\$ 1.75	SF	102000	\$ 178,500.00
	Exterior Construction				
	Masonry:				
	Repair spalling brick and cracked foundation wall to prevent water intrusion.	\$ 45.00	SF	500	\$ 22,500.00
	Windows:				
	Repair/replace building windows that have cracked and missing glazing to prevent water and animal intrusion	\$ 216.00	EA	28	\$ 6,048.00
	Overhead Service Doors:				
	Repair roll up service door seals to prevent water, snow and pest intrusion	\$ 525.00	EA	4	\$ 2,100.00
	Roof Construction				
	Replace failed roofing system to prevent water intrusion	\$ 1.90	SF	102000	\$ 193,800.00
	Mechanical- Electrical				
	Heating System:				
	Install code compliant HVAC system	\$ 13.89	SF	102000	\$ 1,416,780.00
	Plumbing:				
	Install code compliant building wide plumbing system	\$ 4.88	SF	102000	\$ 497,760.00
	Electrical System:				
	Install/update existing building electrical system to meet code requirements	\$ 4.25	SF	102000	\$ 433,500.00
	Install code-required emergency backup electrical generator for life safety equipment	\$ 1.49	SF	102000	\$ 151,980.00
	Total Code Improvements				\$ 5,555,537

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3745.JPG



IMG_3746.JPG



IMG_3747.JPG



IMG_3748.JPG



IMG_3749.JPG



IMG_3752.JPG



IMG_3753.JPG



IMG_3754.JPG



IMG_3755.JPG



IMG_3756.JPG



IMG_3757.JPG



IMG_3758.JPG

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3759.JPG



IMG_3760.JPG



IMG_3761.JPG



IMG_3762.JPG



IMG_3763.JPG



IMG_3764.JPG



IMG_3765.JPG



IMG_3766.JPG



IMG_3767.JPG



IMG_3768.JPG



IMG_3769.JPG



IMG_3770.JPG

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3771.JPG



IMG_3818.JPG



IMG_3819.JPG



IMG_3820.JPG



IMG_3821.JPG



IMG_3822.JPG



IMG_3823.JPG



IMG_3824.JPG



IMG_3825.JPG



IMG_3826.JPG



IMG_3827.JPG



IMG_3828.JPG

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3829.JPG



IMG_3830.JPG



IMG_3831.JPG



IMG_3832.JPG



IMG_3833.JPG



IMG_3834.JPG



IMG_3835.JPG



IMG_3836.JPG



IMG_3837.JPG



IMG_3838.JPG



IMG_3839.JPG



IMG_3840.JPG

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3841.JPG



IMG_3842.JPG



IMG_3843.JPG



IMG_3844.JPG



IMG_3845.JPG



IMG_3846.JPG



IMG_3847.JPG



IMG_3848.JPG



IMG_3849.JPG



IMG_3850.JPG



IMG_3851.JPG



IMG_3852.JPG

Duluth Armory Redevelopment TIF District - Armory Building: Parcel A-1



IMG_3853.JPG



IMG_3854.JPG

Estimate Name:	Duluth Armory Annex Bldg	
Building Type:	Restaurant with Brick Veneer / Wood Frame	
Location:	DULUTH, MN	 Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.
Story Count:	1	
Story Height (L.F.):	12.00	
Floor Area (S.F.):	4500	
Labor Type:	OPN	
Basement Included:	Yes	
Data Release:	Year 2022	
Cost Per Square Foot:	\$241.84	
Building Cost:	\$1,088,269.12	

		Quantity	% of Total	Cost Per S.F.	Cost
A	Substructure		15.91%	\$34.98	\$157,391.96
A1010	Standard Foundations			\$6.50	\$29,261.42
A10101102700	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide	273		\$3.08	\$13,866.49
A10102107410	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep	29.92		\$3.42	\$15,394.93
A1030	Slab on Grade			\$6.68	\$30,073.37
A10301202240	Slab on grade, 4" thick, non industrial, reinforced	4500		\$6.68	\$30,073.37
A2010	Basement Excavation			\$4.05	\$18,240.17
A20101104620	Excavate and fill, 10,000 SF, 8' deep, sand, gravel, or common earth, on site storage	4500		\$4.05	\$18,240.17
A2020	Basement Walls			\$17.74	\$79,817.01
A20201107260	Foundation wall, CIP, 12' wall height, pumped, .444 CY/LF, 21.59 PLF, 12" thick	273		\$17.74	\$79,817.01
B	Shell		30.76%	\$67.63	\$304,345.47
B1010	Floor Construction			\$23.41	\$105,355.23
B10102030860	Cast-in-place concrete column, 12" square, tied, 200K load, 12' story height, 142 lbs/LF, 4000PSI	359.09		\$6.67	\$30,017.76
B10102103450	Wood column, 8" x 8", 20' x 20' bay, 10' unsupported height, 133 BF/MSF, 160 PSF total allowable load	4500		\$0.65	\$2,939.67
B10102221720	Flat slab, concrete, with drop panels, 6" slab/2.5" panel, 12" column, 15'x15' bay, 75 PSF superimposed load, 153 PSF total load	4500		\$16.09	\$72,397.80
B1020	Roof Construction			\$5.52	\$24,858.54
B10201024150	Wood roof, flat rafter, 2" x 12", 16" O.C.	4500		\$5.52	\$24,858.54
B2010	Exterior Walls			\$16.84	\$75,786.91
B20101291400	Brick veneer wall, standard face, 2x6 studs @ 16" back-up, running bond	2293.2		\$14.71	\$66,198.26
B20101907600	Insulation, fiberglass batts, 6" thick, R19	4500		\$2.13	\$9,588.65
B2020	Exterior Windows			\$5.57	\$25,049.38
B20202101100	Aluminum flush tube frame, for 1/4"glass,1-3/4"x4", 5'x6' opening, no intermediate horizontals	163.8		\$1.09	\$4,912.17
B20202202050	Glazing panel, plate glass, 1/4" thick, tempered	819		\$4.47	\$20,137.20
B2030	Exterior Doors			\$7.39	\$33,233.59
B20301106550	Door, aluminum & glass, without transom, full vision, double door, hardware, 6'-0" x 7'-0" opening	2.7		\$4.78	\$21,527.98
B20301107250	Door, aluminum & glass, with transom, non-standard, double door, hardware, 6'-0" x 10'-0" opening	0.9		\$1.88	\$8,465.49
B20302203450	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.9		\$0.72	\$3,240.13
B3010	Roof Coverings			\$7.75	\$34,876.39
B30101203400	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	4500		\$1.72	\$7,747.38
B30103202700	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	4500		\$3.97	\$17,882.37
B30104201400	Roof edges, aluminum, duranodic, .050" thick, 6" face	273		\$1.76	\$7,941.64
B30106100050	Gutters, box, aluminum, .027" thick, 5", enameled finish	136.5		\$0.23	\$1,047.16

B30106200100	Downspout, aluminum, rectangular, 2" x 3", embossed mill finish, .020" thick	54.6		\$0.06	\$257.84
B3020	Roof Openings			\$1.15	\$5,185.43
B30202100300	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	1.8		\$0.52	\$2,340.14
B30202102100	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	1.8		\$0.63	\$2,845.29
C	Interiors		8.82%	\$19.39	\$87,247.83
C1010	Partitions			\$2.75	\$12,379.55
C10101241200	Wood partition, 5/8" fire rated gypsum board face, none base, 2 x 4, @ 16" OC framing, same opposite face, 0 insul	1440		\$1.57	\$7,050.84
C10101242400	Wood partition, 5/8" water resistant gypsum board face, no base, 2 x 4 @ 16" OC framing, same opposite face, no insulation	360		\$0.41	\$1,833.34
C10101280700	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	2293.2		\$0.47	\$2,096.37
C10101280960	Add for the following: taping and finishing	2293.2		\$0.31	\$1,398.99
C1020	Interior Doors			\$0.70	\$3,135.92
C10201022510	Door, single leaf, wood frame, 3'-0" x 7'-0" x 1-3/8", birch, hollow core	4.5		\$0.70	\$3,135.92
C1030	Fittings			\$0.98	\$4,391.89
C10301100420	Toilet partitions, cubicles, ceiling hung, plastic laminate	4.5		\$0.98	\$4,391.89
C3010	Wall Finishes			\$1.86	\$8,366.26
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	2880		\$0.48	\$2,162.71
C30102300140	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	2293.2		\$0.38	\$1,722.06
C30102301940	Ceramic tile, thin set, 4-1/4" x 4-1/4"	720		\$1.00	\$4,481.50
C3020	Floor Finishes			\$8.68	\$39,060.95
C30204100080	Carpet tile, nylon, fusion bonded, 18" x 18" or 24" x 24", 35 oz	3150		\$3.74	\$16,813.19
C30204101800	Tile, quarry tile, mud set, minimum	675		\$2.34	\$10,510.63
C30204101820	Tile, quarry tile, mud set, maximum	675		\$2.61	\$11,737.14
C3030	Ceiling Finishes			\$4.43	\$19,913.27
C30301105100	Gypsum board ceilings, 5/8" fire rated gypsum board, painted and textured finish, 1" x 3" wood, 16" OC furring, wood support	4500		\$4.43	\$19,913.27
D	Services		39.91%	\$87.73	\$394,794.38
D2010	Plumbing Fixtures			\$10.67	\$48,024.64
D20101102080	Water closet, vitreous china, bowl only with flush valve, wall hung	4.5		\$3.85	\$17,309.57
D20102102000	Urinal, vitreous china, wall hung	1.8		\$0.54	\$2,424.58
D20103101560	Lavatory w/trim, vanity top, PE on CI, 20" x 18"	4.5		\$1.72	\$7,748.55
D20104102040	Kitchen sink w/trim, countertop, stainless steel, 44" x 22" triple bowl	4.5		\$2.64	\$11,857.59
D20104404340	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.9		\$1.15	\$5,191.25
D20108201880	Water cooler, electric, wall hung, dual height, 14.3 GPH	0.9		\$0.78	\$3,493.11
D2020	Domestic Water Distribution			\$5.88	\$26,459.55
D20202502220	Gas fired water heater, commercial, 100 < F rise, 500 MBH input, 480 GPH	0.9		\$5.88	\$26,459.55
D3050	Terminal & Package Units			\$38.88	\$174,959.60
D30501554040	Rooftop, multizone, air conditioner, restaurants, 3,000 SF, 15.00 ton	3600		\$32.01	\$144,028.80
D30501556900	Commercial kitchen exhaust/make-up air system, rooftop, gas, 2000 CFM	0.9		\$6.87	\$30,930.80
D4010	Sprinklers			\$10.37	\$46,686.89
D40104100580	Wet pipe sprinkler systems, steel, light hazard, 1 floor, 2000 SF	4815		\$8.75	\$39,354.05
D40104101020	Wet pipe sprinkler systems, steel, ordinary hazard, 1 floor, 1000 SF	900		\$1.63	\$7,332.84
D4020	Standpipes			\$2.63	\$11,834.26
D40203101540	Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor	1.08		\$2.63	\$11,834.26
D5010	Electrical Service/Distribution			\$5.33	\$23,988.18
D50101200320	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 400 A	1		\$1.33	\$5,989.75

D50102300320	Feeder installation 600 V, including RGS conduit and XHHW wire, 400 A	60		\$1.25	\$5,612.40
D50102400200	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	1		\$2.75	\$12,386.03
D5020	Lighting and Branch Wiring			\$10.85	\$48,829.59
D50201100520	Receptacles incl plate, box, conduit, wire, 10 per 1000 SF, 1.2 watts per SF	4500		\$3.05	\$13,737.15
D50201350400	Miscellaneous power, 1.8 watts	4500		\$0.47	\$2,136.20
D50201400320	Central air conditioning power, 6 watts	4500		\$1.01	\$4,531.86
D50202100520	Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF	4500		\$6.32	\$28,424.39
D5030	Communications and Security			\$3.11	\$14,011.67
D50309100450	Communication and alarm systems, fire detection, addressable, 12 detectors, includes outlets, boxes, conduit and wire	0.9		\$2.44	\$10,965.47
D50309100460	Fire alarm command center, addressable without voice, excl. wire & conduit	0.9		\$0.68	\$3,046.21
E	Equipment & Furnishings		4.60%	\$10.12	\$45,555.93
E1090	Other Equipment			\$10.12	\$45,555.93
E1090114413101300 ⊕	1.00-Broiler, commercial kitchen equipment, without oven, standard	1		\$0.72	\$3,256.50
E1090114210101850 ⊕	1.00-Coffee urn, commercial kitchen equipment, twin, 6 gallon	1		\$1.10	\$4,959.90
E1090114113202350 ⊕	1.00-Cooler, commercial kitchen equipment, reach-in, beverage, 6' long	1		\$0.75	\$3,381.75
E1090114813102720 ⊕	1.00-Dishwasher, commercial kitchen equipment, 10 to 12 racks/hour	1		\$6.68	\$30,060.00
E1090114616103300 ⊕	1.00-Food warmer, commercial kitchen equipment, counter, 1.2KW	1		\$0.16	\$706.41
E1090114413106900 ⊕	2.00-Range, commercial kitchen equipment, restaurant type, 6 burners & 1 standard oven, 36" wide	2		\$0.68	\$3,056.10
E1090132126505210 ⊕	1.00-Refrigeration room, prefab walk-in, aluminum, 6' x 6', 7' 6" h, incl. refrigeration, doors & floors, excl. partitions	1		\$0.03	\$135.27
F	Special Construction		0.00%	\$0.00	\$0.00
G	Building Sitework		0.00%	\$0.00	\$0.00
SubTotal			100%	\$219.85	\$989,335.57
Contractor Fees (General Conditions,Overhead,Profit)			10.0 %	\$21.99	\$98,933.56
Architectural Fees			0.0 %	\$0.00	\$0.00
User Fees			0.0 %	\$0.00	\$0.00
Total Building Cost				\$241.84	\$1,088,269.12

DULUTH ARMORY REDEVELOPMENT TIF DISTRICT

Code Deficiency Cost Report

Parcel A2 - 1325 London Road, Duluth, Minnesota 55805

Parcel ID 010-0190-00330

Building Name or Type

Annex/Art Studio

Code	Related Cost Items	Unit Cost	Unit Quantity	Units	Total
------	--------------------	-----------	---------------	-------	-------

Accessibility Items

Restrooms:

Create code compliant restrooms on first floor	\$	10.67	SF	4500	\$	48,015.00
--	----	-------	----	------	----	-----------

Drinking fountains:

Install code-required drinking fountains	\$	0.16	SF	4500	\$	720.00
--	----	------	----	------	----	--------

Handrails:

Install code-compliant handrails to stairs leading to basement	\$	2.75	LF	125	\$	343.75
--	----	------	----	-----	----	--------

Structural Elements

Exiting

Basement exiting:

Add additional exiting stairway from basement to meet exiting code	\$	17,125.00	Lump	1	\$	17,125.00
--	----	-----------	------	---	----	-----------

Doors:

Replace door hardware on rear exit door to meet code required egress operation	\$	425.00	Lump	1	\$	425.00
--	----	--------	------	---	----	--------

Fire Protection

Smoke Detectors:

Install code-required smoke/heat detectors	\$	3.11	SF	4500	\$	13,995.00
--	----	------	----	------	----	-----------

Building Fire Sprinkler System:

Install building-wide fire sprinkler system	\$	10.37	SF	4500	\$	46,665.00
---	----	-------	----	------	----	-----------

Fire Separations:

Install code required fire walls and separations between spaces	\$	2.75	SF	1500	\$	4,125.00
---	----	------	----	------	----	----------

Exterior Construction

Roof Construction

Repair/Replace failed roofing system to prevent water intrusion	\$	7.75	SF	4500	\$	34,875.00
---	----	------	----	------	----	-----------

Mechanical- Electrical

Heating System:

Provide code and energy compliant mechanical HVAC system	\$	38.88	SF	4500	\$	174,960.00
--	----	-------	----	------	----	------------

Plumbing:

Install/repair building plumbing system to meet code requirements	\$	0.98	SF	4500	\$	4,410.00
---	----	------	----	------	----	----------

Repair non-working drain in storage room	\$	1,200	Lump	1	\$	1,200.00
--	----	-------	------	---	----	----------

Code	Related Cost Items	Unit Cost	Unit Quantity	Units	Total
	Electrical System:				
	Provide new code-compliant building electrical system and energy compliant lighting fixtures	\$ 10.85	SF	4500	\$ 48,825.00
Total Code Improvements					\$ 395,684

Duluth Armory Redevelopment TIF District - Annex Building: Parcel A-2



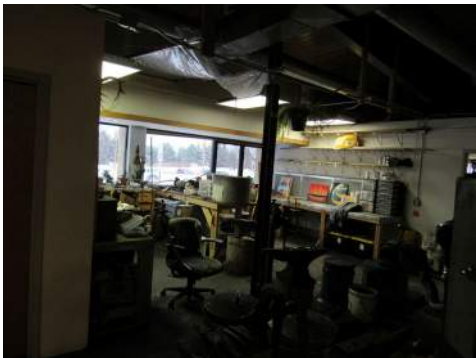
IMG_3744.JPG



IMG_3772.JPG



IMG_3773.JPG



IMG_3774.JPG



IMG_3775.JPG



IMG_3776.JPG



IMG_3777.JPG



IMG_3778.JPG



IMG_3779.JPG



IMG_3780.JPG



IMG_3781.JPG



IMG_3782.JPG

Duluth Armory Redevelopment TIF District - Annex Building: Parcel A-2



IMG_3783.JPG



IMG_3784.JPG



IMG_3785.JPG



IMG_3786.JPG



IMG_3787.JPG



IMG_3788.JPG



IMG_3789.JPG



IMG_3790.JPG



IMG_3791.JPG



IMG_3792.JPG



IMG_3793.JPG



IMG_3794.JPG

Duluth Armory Redevelopment TIF District - Annex Building: Parcel A



IMG_3795.JPG



IMG_3796.JPG



IMG_3797.JPG



IMG_3798.JPG



IMG_3799.JPG



IMG_3800.JPG



IMG_3801.JPG



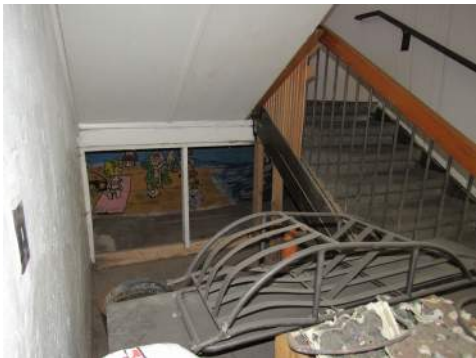
IMG_3802.JPG



IMG_3803.JPG



IMG_3804.JPG



IMG_3805.JPG



IMG_3806.JPG

Duluth Armory Redevelopment TIF District - Annex Building: Parcel A-2



IMG_3807.JPG



IMG_3808.JPG



IMG_3809.JPG



IMG_3810.JPG



IMG_3811.JPG



IMG_3813.JPG



IMG_3814.JPG



IMG_3815.JPG



IMG_3816.JPG



IMG_3817.JPG