

# **City of Duluth**

411 West First Street Duluth, Minnesota 55802

# Meeting Agenda

## Planning Commission.

Tuesday, September 8, 2020	5:00 PM	Council Chamber, Third Floor, City Hall, 411
		West First Street

#### To view the meeting, visit http://www.duluthmn.gov/live-meeting

#### Call to Order and Roll Call

#### Public Comment on Items Not on Agenda

#### Approval of Planning Commission Minutes

- PL 20-0811 Planning Commission Minutes August 11, 2020
- Attachments: 08-11-20 PC Minutes (not approved yet) (1)
- PL 20-0810 Tax Forfeit Subcommittee Minutes
- Attachments: 08-10-20 Tax Forfeit Subcommittee

#### Consent Agenda

- PL 20-124 Concurrent Use Permit for a Railroad Crossing at S 59th Avenue W by IPS Cranes
- Attachments: PL 20-124 Staff report and attachment
- PL 20-125 Concurrent Use Permit for a Railroad Crossing at Waseca Industrial Road by IPS Cranes
- Attachments: PL 20-125 Staff report and attachment

#### **Public Hearings**

- <u>PL 20-120</u> Variance to Lot Size Requirements for a Six-Unit Residential Building at 106 S 15th Avenue E by James Talago
- Attachments:
   PL 20-120 Staff Report and Attachments

   Public Comments Redact
   Public Comments Redact
- PL 20-121Variance to Rear Yard Setback for a Six-Unit Residential Building at 106 S15th Avenue E by James Talago

Attachments: PL 20-121 Staff Report and Attachments
Public Comments Redact

<u>PL 20-129</u>	Concurrent Use Permit for Concrete Barrier and Underground Sewer at 2 W 1st Street by Station Two LLC
<u>Attachments:</u>	PL 20-129 Staff Report and Attachments
	Public Comment for Special Use Permit for Automobile and Light Vehicle Repair at 5718 Cody Street
<u>Attachments:</u>	FW Public comment regarding PL 16-055 redact
	New Business
<u>PL 20-123</u>	Lincoln Park Flats Conformance with Comprehensive Plan
<u>Attachments:</u>	Planning Commission- MEMO- LP Flats conformance with UDC- 9-8-20 PC Resolution- TIF Plan conforms with comp plan TIF Plan#33
<u>PL 20-133</u>	Planning Commission Review of Tax Forfeiture Parcels Proposed for Reclassification (8 in Total), Recommendation from Tax Forfeit Subcommittee
<u>Attachments:</u>	DOC081020-08102020104247

#### Communications

Land Use Supervisor Report

Historic Preservation Commission Report

Joint Airport Zoning Board Report

Duluth Midway Joint Powers Zoning Board Report

Brown Bag Meeting Thursday, September 17, from 12:00 pm to 1:00 pm to Discuss Proposed UDC Amendments

NOTICE: The Duluth Planning Commission will be holding its September 8, 2020 Special Meeting by other electronic means pursuant to Minnesota Statutes Section 13D.021 in response to the COVID-19 emergency. Some members of the Commission will be participating through video conference. Due to the COVID-19 emergency and the closure of City facilities, public comment will not be taken in person. However, members of the public can monitor the meeting and provide public comment on agenda items through WebEx Events. Visit https://duluthmn.gov/live-meeting to access the meeting. The public is also encouraged to submit written comment to planning@duluthmn.gov prior to the meeting. Please include "Planning Commission Agenda" in the subject line, and include your name and address and the agenda item you are speaking to. Please note that all public comment is considered Public Data. The public is also encouraged to watch the meeting by tuning into Public Access Television, Channel 180.

#### City of Duluth Planning Commission August 11, 2020 Meeting Minutes

Due to the COVID-19 emergency, many planning commission members participated through video conference from home. The meeting was held as a Special Meeting pursuant to Minnesota Statute 13D.021 in response to the Covid-19 emergency. Public comment was taken at <u>planning@duluthmn.gov</u> prior to and during the meeting, and via verbal comment through public attendance in the WebEx video conference during the meeting.

#### Call to Order

President Margie Nelson called to order the meeting of the city planning commission at 5:00 p.m. on Tuesday, August 11th, 2020.

Roll Call

Attendance: (\* Via WebEx video conferencing – all votes conducted via roll call)

Members Present: Gary Eckenberg\*, Tim Meyer\*, Margie Nelson\*, Eddie Ratnam\*, Michael Schraepfer\*, Andrea Wedul\*, Sarah Wisdorf\*, and Zandra Zweibel\* Member Absent: Jason Crawford Staff Present: Adam Fulton\*, Robert Asleson\*, Kris Liljeblad\*, John Kelley\*, and Chris Lee\*

The Commissioners introduced themselves and welcomed new planning commissioner Eddie Ratnam.

Public Comment on Items Not on Agenda - None

Approval of Planning Commission Minutes – July 14, 2020

**MOTION/Second:** Wisdorf/Eckenberg approved the minutes

VOTE: (8-0)

Consent Agenda

PL 20-060 Variance to Shoreland Setbacks for a Garage at 2130 Abbotsford Avenue by Leonore Baumler

PL 20-091 Vacation of a Portion of Calvary Road at 5 W Calvary Road by the city of Duluth

PL 20-106 Vacation of a Portion of Calvary Road at 1 Calvary Road by the city of Duluth

PL 20-109 Variance to Build a Garage at 1221 W. 5<sup>th</sup> Street by Matthew Unzeitig (Removed by Applicant)

PL 20-110 Variance to Front Yard Setback for New Single-Family House at Anson Avenue by Daniel and Jodi Slick

PL 20-111 Concurrent Use Permit for Low Clearance Signage at 36<sup>th</sup> Avenue E by St. Louis and Lake Counties Railroad Authority

PL 20-112 Concurrent Use Permit for Low Clearance Signage at 32<sup>nd</sup> Avenue E by St. Louis and Lake Counties Railroad Authority

PL 20-118 Vacation of W. Michigan Street at 2102 W Superior Street by Jon Aamodt

PL 20-119 Vacation of Slope Easement at 2102 W Superior Street by Jon Aamodt

#### Staff: N/A

#### Applicant: N/A

Public: PL 20-060: The applicant Robert Baumler is in attendance if the commissioners have comments or questions. PL 20-091 and PL 20-106: Deputy Director Adam Fulton shared Mark Baker's email related to comments that he doesn't feel the area should be vacated and is opposed. 20-110: Neighbors Bill and Pat Kron are in support. PL 20-111 and 20-112: Wade Smith feels the design is inappropriate for a residential area. He is opposed. Steve Schneider doesn't feel it fits the neighborhood, and is opposed. PL 20-091: Fulton shared the full text of an email from Mike Casey who stated the vacation seems odd to him, and doesn't benefit the public in any way. He is opposed. PL 20-111: Josh Larson lives on Greysolon Road and noted the signs look too large and industrial for a residential area. He is opposed. Scott Stemehar (applicant rep from Krech and Ojard) noted this is a challenging area with low bridges. It would be less impactful to the neighborhood to have the proposed passive signage. He noted the aesthetics, and the full design aren't finalized. The signs will be fully located in the city Right-of-Way. Richard Leighton questioned the weight and height of the clearance bars. He also had frost depth questions. Stemehar noted the clearance bars are light in weight. The impact to vehicles would be minimal compared to hitting the bridge. The bars have a break-away feature. He noted the frost depths are typical and will be certified by a professional engineer. Commissioners: PL 20-111 and 20-112: Andrea Wedul asked if there will be lighting involved. City senior transportation planner Kris Liljeblad stated no supplemental lighting is proposed. There is current street lighting in existence, which would add ambient lighting. **MOTION/Second:** Eckenberg/Wedul approved the consent agenda items as per staff recommendations.

#### VOTE: (8-0)

#### Public Hearings

(The next two agenda items are related, and will be introduced at the same time.)

PL 20-103 Variance to Fence Height at 2316 W 7<sup>th</sup> Street by Justin Lee and PL 20-104 Concurrent Use Permit for a Fence in the Right of Way

**Staff:** Chris Lee introduced the applicants' proposal for an eight-foot tall wood privacy fence in the front yard, instead of the maximum four feet allowed by code. The applicant expressed that the practical difficulty and desire for a high fence stems from the lack of privacy, the unsafe conditions of the street, and the containment of an athletic dog. Staff determined that these aspects do not fall constitute practical difficulty related to construction of a conforming fence on the site. The applicant has provided a petition with 37 signatures from their immediate neighbors who are in support. Based on the findings of fact listed in the staff report, staff recommends denial of the variance. Chris Lee then introduced the applicants' proposal for a concurrent use permit for right of way improvements to allow an eight-foot tall fence. The area proposed to be used is roughly 50 feet long by eight feet wide and occupies 400 square feet. Staff recommends approval of the concurrent use permit with the conditions listed in the staff report.

**Commissioners:** Gary Eckenberg questioned why staff recommended denial for PL 20-103 and then recommended approval for PL 20-104. Does this mean the fence can remain at a lower height? Lee affirmed. Wedul asked about snow removal. Are there concerns? Lee noted the applicant will perform their own sidewalk snow removal. Wedul asked if they will be blowing it back into their yard over the fence. Lee deferred to the applicant. Deputy Director Fulton noted it is not uncommon for a concurrent use permit, but staff is concerned about the fence height. Zandra Zwiebel asked about the view from the back. Is the 3' build-up from the yard, which will make it 11' high? Lee affirmed and noted it would be more substantial in height. In the past, they usually don't allow a fence on top of another structure. Zwiebel stated it is important to set a proper precedent.

**Applicant:** Justin and Julia Lee addressed the commission. Justin apologized for not following the rules to begin with. They have lived in Duluth since 2018, and began constructing the fence a year later. He noted they have removed the snow themselves. They have never placed the snow in the street, or on their neighbors' property. He noted the knee wall and the fence on grade into a sloping corner. The rear fence elevation remains consistent with the rest of the fence. It was a practical and aesthetic choice. He noted they have received 46 letters in support. He also received comments from a city engineering employee stating the fence looked good aesthetically. He commented that a neighbor's house for sale recently sold for full price. Tim Meyer asked if they had a permit before they started the project. The applicant plead ignorance and stated that they did not obtain a permit. They did the work themselves, and did not hire a contractor. They want to make it right. Meyer stated as an architect the first step is to check with city planning and construction services before starting a project. He noted the fence's nice design and is aware of their neighbors' support. Eddie Ratnam asked about the hardscaping. Lee stated they didn't want to tether the dogs. Ratnam asked about electrical underground fences. The applicant stated he didn't feel it was humane, and noted the opaque fencing lessens the dogs barking.

**Public:** Chris Lee noted the received 47 petitions in support and also a comment from a Tara who was upset that this was in issue, and is in support.

**Commissioners:** Zwiebel noted the fence design has a significant amount of slope. It is a beautiful fence, but thinks it is too high. She is concerned about setting a precedent. Eckenberg noted a 4' fence is standard. He doesn't feel the proposed height is appropriate. Wedul stated the fence is well-designed, but feels a 4' fence is appropriate, and agrees with Zwiebel and Eckenberg and is also concerned about setting a precedent. Michael Schraepfer noted although the neighborhood needs investment, it is important to look at the bigger picture and not set a precedent.

MOTION/Second: PL 20-103: Zwiebel/Eckenberg denied as per staff recommendations.

#### VOTE: (8-0)

PL 20-104 Concurrent Use Permit for a Fence in the Right of Way (ROW) of W  $7^{\rm th}$  Street at 2316 W  $7^{\rm th}$  Street by Justin Lee

**Staff:** (See above.) Chris Lee noted engineering has approved, and fences are allowed in the ROW with a concurrent use permit. Staff is okay with the location of the fence in the ROW and recommends approval with the conditions listed in the staff report.

**Commissioners:** Chair Nelson asked about other residences that have concurrent use permits for fences. Lee noted there are some, but a lot are likely unpermitted and they have enforced beginning in 2017. Some applicants back away from obtaining the permit due to cost and the procedure involved.

**Applicant:** Julia Lee provided examples of other fences in the ROW. Justin noted an 8' fence on a nearby commercial lot. He doesn't feel their fence is different. The city should be enforcing

other non-conforming fences. He doesn't feel the fence closes them off. Chair Nelson noted the importance of setting a good precedent. Chris Lee noted transparency includes decorative rod iron designs. Zwiebel noted the importance of transparency and feels the fence creates a closed off feeling. They need to work on a more inviting look for pedestrians. She gave an example of the downtown brick AT&T building, and how it is not pedestrian friendly.

Public: No comments.

**MOTION/Second:** Eckenberg/Zwiebel recommended approval as per staff recommendations.

#### VOTE: (7-1, Meyer Opposed)

#### **Communications**

Land Use Supervisor (LUS) Report – Deputy Director Fulton gave an overview. A brown bag discussion to discuss UDC changes will be forthcoming.

Heritage Preservation Commission – Commissioner Wisdorf gave an overview. Tiffany windows at the Depot will remain in place, and keep their landmark status.

Joint Airport Zoning Board – No report.

Duluth Midway Joint Powers Zoning Board – No report.

<u>Adjournment</u>

Meeting adjourned at 6:34 p.m.

Respectfully,

Adam Fulton – Deputy Director Planning and Economic Development

#### City of Duluth Tax Forfeit Sub-committee August 10, 2020 Meeting Minutes Due to the COVID-19 emergency, the sub-committee members participated through video conference from home. The meeting was held as a Special Meeting pursuant to Minnesota Statute 13D.021 in response to the Covid-19 emergency.

Members in attendance via webex video conferencing: President Margie Nelson, Gary Eckenberg, Michael Schraepfer and Sarah Wisdorf

Staff in attendance via webex video conferencing: Steven Robertson, Deputy Director Adam Fulton, Division Manager Ben VanTassel, Eleanor Bacso and Cindy Stafford

#### Call to Order

Deputy Director Adam Fulton called the meeting to order at 12:04 p.m. on Monday, August 10<sup>th</sup>, 2020. He thanked commissioners and noted the new planning commissioner Eddie Ratnam will either join this meeting, or will be introduced at tomorrow night's regular planning commission meeting.

Steven Robertson gave an overview. The county wants to sell eight parcels of tax-forfeited land. The parcels are listed as conservation and need to be listed as non-conservation in order to sell. The county would like to know if the city has concerns and/or if they are in agreement with reclassifying the land. Deputy Director Fulton noted the non-conservation classification is not from an environmental point of view, but from a point of view of if it can be used for public use in the future.

#### The lots were grouped in three areas:

**A** 010-0580-00170, 010-0580-00190, 010-0580-00340, 010-0580-00500, These four parcels are located by the Grand Avenue Kwik Trip and are zoned R-2. There is opportunity for limited housing developments. There were no concerns from engineering or city staff.

#### **B** 010-1120-05900

City engineering commented that they would like to acquire this triangular parcel for more road right of way purposes.

**C** 010-1130-00050, 010-1130-00080, 010-1130-00200 There were no concerns or comments on the remaining three parcels.

Commissioners: Gary Eckenberg asked about the triangular parcel that engineering is interested in, and the proximity to the recent fire. Robertson noted the fire was nearby, but not on the parcel being considered. The county has agreed to remove the rubbish on the parcel prior to the reclassification and resulting sale. Eckenberg asked if the sale price is based on county records. Robertson affirmed and noted they will most likely be sold at fair market value. Robertson noted there have been wetland concerns in the past on other parcels, but there are no concerns currently.

Division Manager Ben VanTassel clarified regardless of what the city would like to purchase, all parcels must be removed from conservation status first. Eckenberg affirmed that the sub-

committee will be recommending to the planning commission that all parcels be re-classified as non-conservation status.

**MOTION/Second:** Eckenberg/Wisdorf motion to recommend to the planning commission to reclassify all eight parcels as non-conservation land.

#### VOTE: (4-0)

Eckenberg commented the county is aggressively selling land to add to their tax base, and the land department is not funded by tax dollars. Robertson noted the sale of tax forfeit property ultimately helps the city with its housing needs.

Deputy Director Fulton stated the city has a great partnership with the county and the Land and Mineral Department. He asked commissioners if they had any questions. Robertson noted there will be upcoming brown bag meetings to discuss UDC zoning changes.

#### Adjournment

President Nelson adjourned the meeting at 12:25 p.m.

Respectfully,

Adam Fulton – Deputy Director Planning and Economic Development



# Planning & Development Division

Planning & Economic Development Department

218-730-5580

planning@duluthmn.gov

Room 160	
411 West First Street	
Duluth, Minnesota 55802	

File Number	PL 20-124		Contact		Kris Liljebla	ad, 218-730-5338
Туре	Concurrei	nt Use Permit	Planning Co	mmissio	on Date	September 8, 2020
Deadline	Applicat	ion Date	August 11 , 2020 60 Days		60 Days	October 10, 2020
for Action	Date Ext	ension Letter Mailed	N/A		120 Days	December 9, 2020
Location of Sub	ject	530 S 59 <sup>th</sup> Avenue W, Duluth, MN				
Applicant	IPS Crane	IPS Cranes		Jackie O	ie O'Connell, President/Owner	
Agent	Krech Oja	ard & Associates	Contact	Scott St	cott Stempihar, P.E.	
Legal DescriptionPublic right of way of S 59th Ave W. See attached.						
Site Visit Date August 19, 2020		August 19, 2020	Sign Notice Date August 18, 2020		August 18, 2020	
Neighbor Letter	Date	August 27, 2020	Number of	Letters S	ent	18

**Proposal:** The applicant is proposing to install a new spur track and at-grade railroad crossing of 59<sup>th</sup> Avenue W off an existing private industrial spur track from the Burlington Northern Santa Fe Railway (BNSF) mainline to serve industrial site expansion. IPS Cranes manufactures and rebuilds heavy mobile cranes especially for railroad use. This project is related to CUP PL-125; both projects serve industrial expansion within the Hallett Industrial Park Plat.

Staff Recommendation: That Planning Commission recommend approval to City Council.

	Current Zoning	Existing Land Use	Future Land Use Map Designation
Subject	I-G	Public right of way	Public right of way
North	R-1 Residential	Traditional neighborhood	Traditional neighborhood
South	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing
East	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing
West	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing

#### Summary of Code Requirements:

UDC Section 50-37.7C. The Planning Commission shall review the application, and council shall approve the application or approve it with modifications, if it determines that:

1. The proposed concurrent use will not harm or inconvenience the health, safety and general welfare of the city.

2. Not Applicable – Skywalk related

3. No portion of a public easement proposed for use is being physically used or occupied by the public.

4. Not Applicable – Parking related

#### **Comprehensive Plan Governing Principles and/or Policies:**

Economic Policy #3 – "Build on existing economic strengths and competitive advantages." Strategy S1: "Promote employer expansions that include job growth, as well as new commercial and industrial development to support and enhance the level of activity in the Industry and Commerce Priority Areas."

Transportation Policy #6 – "Protect and enhance regional transportation networks, especially for the purpose of expanding opportunities for movement of freight." Strategy S2: "Promote the use of appropriate regional freight corridors and intermodal facilities for the success of water-borne commerce and shipping by truck and rail." Strategy S6: "Expand public-private partnerships with rail freight companies to maintain, improve and expand rail infrastructure."

Transformational Opportunities: "Preserve and expand economic opportunities within Duluth's industrial waterfront."

#### **Review and Discussion Items**

Staff finds that:

- 1.) The applicant is seeking a concurrent use permit to install a new spur track and at-grade railroad crossing of S 59<sup>th</sup> Ave W off an existing private industrial spur track from the BNSF mainline to an expanded IPS Cranes manufacturing facility on Waseca Industrial Road. A related CUP (PL 20-125) is requested by Hallett Rail and Storage Services for a new at-grade railroad crossing of Waseca Industrial Road. Both crossings are requested to serve industrial expansion in the Hallett Industrial Park Plat, and both would be served from the BNSF mainline.
- 2.) The applicant has indicated that the expansion of manufacturing processes on their site is contingent upon upgraded railroad access. As proposed, the application is consistent with the Comprehensive Plan policies and strategies cited above.
- 3.) City Engineering has determined that the proposed use of public right of way will cause minimal disruption of vehicular travel on S 59<sup>th</sup> Avenue W and Waseca Industrial Road, which serve the Hallett Industrial Park Plat. The new railroad spur and crossings will be designed and constructed to comply with BNSF and Federal Railroad Administration standards. Thus, although this area is currently being used by the public, this concurrent use will not preclude existing use as a public street.
- 4.) The City of Duluth requires concurrent use permits to include liability insurance to indemnify the City against occurrences in the right of way. Other protections for the city and the public are typically included in the ordinance that is submitted to City Council. The ordinance will also state that the City is not responsible for removal/replacement of the applicant's infrastructure should the City need to access the right-of-way in the permitted area.
- 5.) The affected roadway, S 59<sup>th</sup> Ave W is a low volume street serving the Hallett Industrial Park Plat, which would be subject to infrequent travel delays as a result of this CUP. Thus, the proposed use of public right of way will not harm or inconvenience the health, safety and general welfare of the city.
- 6.) No public, agency, or City comments have been received as of September 1, 2020.

#### **Staff Recommendation**

Based on the above findings, Staff recommends that Planning Commission recommend approval of the concurrent use permit to City Council with the following conditions:

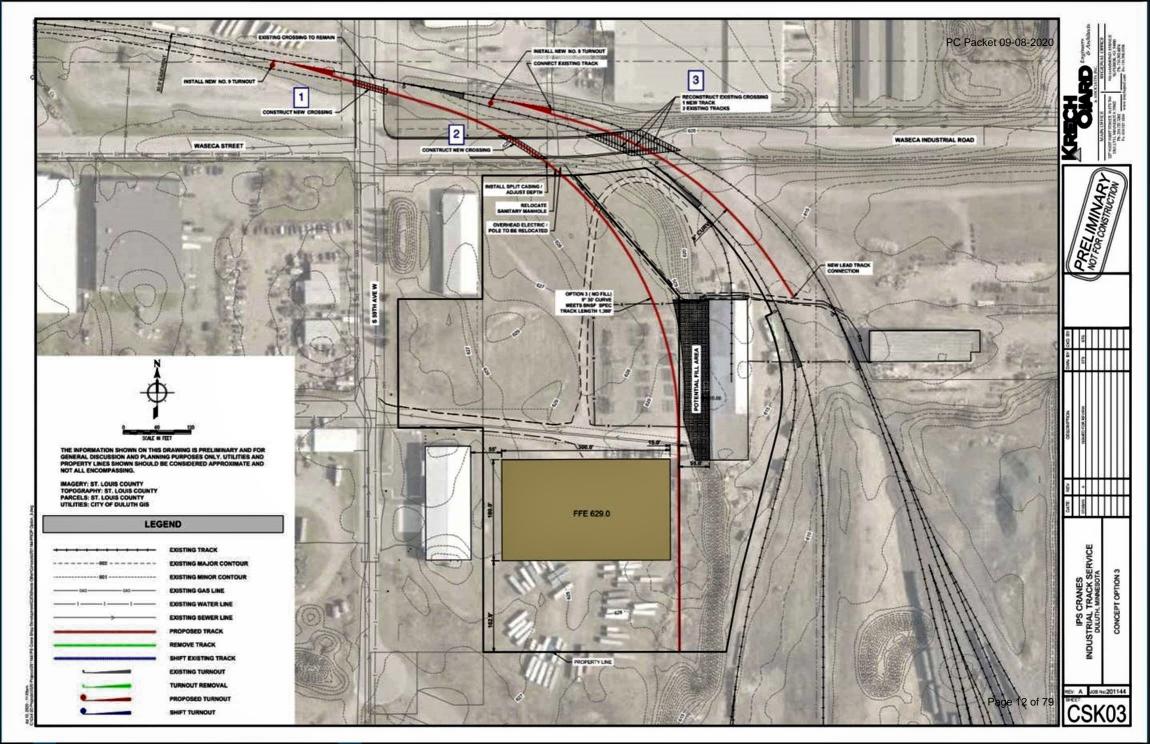
- 1.) Applicant shall construct the proposed at-grade railroad/roadway crossings within the limits identified in the attached exhibit.
- 2.) The proposed at-grade railroad/roadway crossings will need to comply with applicable engineering standards and Federal Railroad Authority requirements.
- 3.) Applicant shall provide annual proof of liability insurance to indemnify the City against any occurrences in the right of way that are due to items covered under this permit.
- 4.) Applicant will remove the at-grade crossings at the applicant's expense if directed to by the City with appropriate notice.
- 5.) The City shall not be responsible for any damage to the at-grade railroad/roadway crossing caused by work in the right of way. Page 10 of 79

6.) Any alterations to the approved plans that do not alter major elements of the plan may be 都的地包的 the Land Use Supervisor without further Planning Commission approval; however, no such administrative approval shall constitute a variance from the provisions of Chapter 50.

#### Legal Description

Description of Proposed Right of Way to be Used:

A 30' wide area of South 59<sup>th</sup> Avenue West right of way to be used for railroad purposes. The centerline of said area is described as follows: Commencing at the northwest corner of Outlot A of Hallett Industrial Park Plat, City of Duluth, St. Louis County, Minnesota; Thence south 00 degrees 04 minutes 54 seconds east 52.69 feet along easterly right of way line of South 59<sup>th</sup> Avenue West to the point of beginning: Thence north 73 degrees 47 minutes 06 seconds west 104.19' more or less to the westerly right of way line of South 59<sup>th</sup> Avenue West and there terminating. The sidelines of said area are to be prolonged or shortened to terminate at the westerly and easterly right of way lines of South 59<sup>th</sup> Avenue West.





# Planning & Development Division

Planning & Economic Development Department

218-730-5580

planning@duluthmn.gov

Room 160	
411 West First Street	
Duluth, Minnesota 55802	

File Number	PL 20-125		Contact	Kris Lilje	blad, 218	3-730-5338
Туре	Concurrei	nt Use Permit	Planning Commission Date		5	September 8, 2020
Deadline	Applicat	ion Date	August 11,	2020 <b>60 Day</b> s	s (	October 10, 2020
for Action Date Exte		ension Letter Mailed	N/A 120 Days		ys D	ecember 9, 2020
Location of Subject710 S. 59th Avenue W , Duluth, MN						
Applicant	Hallett Rail and Storage Services		Contact	Jeff Heller, North	eff Heller, North Shore Track	
Agent	Krech Ojard & Associates		Contact	Scott Stempihar,	cott Stempihar, P.E.	
Legal Description         Public right of way of Waseca Industrial Road. See attached.						
Site Visit Date	Site Visit Date August 19, 2020		Sign Notice	Sign Notice DateAugust 18, 2020		st 18, 2020
Neighbor Letter	Date	August 27, 2020	Number of	f Letters Sent	18	

**Proposal:** The applicant is proposing to install a new spur track and at-grade railroad crossing of Waseca Industrial Road off an existing private industrial spur track from the Burlington Northern Santa Fe Railway (BNSF) mainline to provide additional service to their property within the Hallett Industrial Park Plat. This is related to CUP PL-124 located on S 59<sup>th</sup> Ave W and both new at-grade crossings would support industrial expansion within the Hallett Industrial Park Plat.

Staff Recommendation: That Planning Commission recommend approval to City Council.

	Current Zoning	Existing Land Use	Future Land Use Map Designation
Subject	I-G	Public right of way	Public right of way
North	R-1	Traditional neighborhood	Traditional neighborhood
South	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing
East	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing
West	I-G	Heavy industrial manufacturing	Heavy industrial manufacturing

#### Summary of Code Requirements:

UDC Section 50-37.7C. The Planning Commission shall review the application, and council shall approve the application or approve it with modifications, if it determines that:

1. The proposed concurrent use will not harm or inconvenience the health, safety and general welfare of the city.

2. Not Applicable – Skywalk related

3. No portion of a public easement proposed for use is being physically used or occupied by the public.

4. Not Applicable – Parking related

#### **Comprehensive Plan Governing Principles and/or Policies:**

The Economic Development Mission cited in the *Imagine Duluth 2035 Plan* is: "Duluth's economic environment will advance the success and health of our community by promoting growth through an expanded tax base and the creation of new jobs and innovative ideas." Economic Policy #3 – "Build on existing economic strengths and competitive advantages." Strategy S1: "Promote employer expansions that include job growth, as well as new commercial and industrial development to support and enhance the level of activity in the Industry and Commerce Priority Areas."

Transportation Mission: "Duluth's Transportation system will connect all users in a way that promotes safety, health, and quality of life." Policy #6 – "Protect and enhance regional transportation networks, especially for the purpose of expanding opportunities for movement of freight." Strategy S2: "Promote the use of appropriate regional freight corridors and intermodal facilities for the success of water-borne commerce and shipping by truck and rail." Strategy S6: "Expand public-private partnerships with rail freight companies to maintain, improve and expand rail infrastructure."

Transformational Opportunities: "Preserve and expand economic opportunities within Duluth's industrial waterfront."

#### **Review and Discussion Items**

Staff finds that:

- 1.) The applicant is seeking a concurrent use permit to install a new spur track and at-grade railroad crossing of Waseca Industrial Road off an existing private industrial spur track from the BNSF mainline to the Hallett facility. The same spur track would also cross S 59<sup>th</sup> Ave W, and is the subject of the related CUP PL 20-124.
- 2.) The applicant has indicated that the expansion of Dock 7 for the sale, transshipment (rail to waterborne and rail to truck) and storage of rail cargoes on their site is contingent upon upgraded railroad access. The convenient access of Hallett's dock site to the BNSF mainline and Mike's Yard provide for regular rail switching service from one to three times a day of up to 15 rail cars at a time.
- 3.) The proposed CUP for an at-grade rail crossing of Waseca Industrial Road is consistent with Comprehensive Plan policies and strategies as identified above.
- 4.) City Engineering has determined that the proposed use of public right of way will cause minimal disruption of vehicular travel on S 59<sup>th</sup> Ave W and Waseca Industrial Road, which serve the Hallett Industrial Park Plat. The new railroad spur and crossings will be designed and constructed to comply with BNSF and Federal Railroad Administration (FRA) standards.
- 5.) Waseca Industrial Road serves low traffic volume which would be subject to infrequent delays. Thus, the proposed concurrent use will not harm or inconvenience the health, safety and general welfare of the city.
- 6.) The City of Duluth requires concurrent use permits to include liability insurance to indemnify the City against occurrences in the right of way. Other protections for the city and the public are typically included in the ordinance that is submitted to City Council. The ordinance will also state that the City is not responsible for removal/replacement of the applicant's infrastructure should the City need to access the right-of-way in the permitted area.
- 7.) No comments have been received as of September 1, 2020.

#### Staff Recommendation

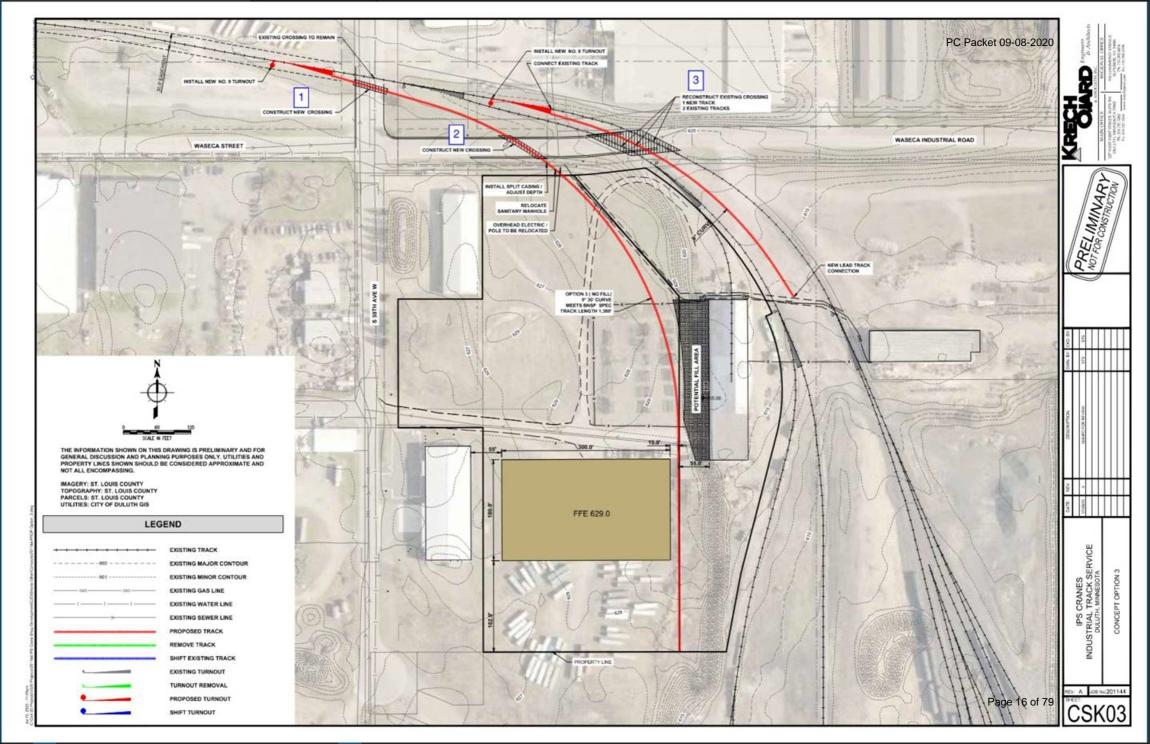
Based on the above findings, Staff recommends that Planning Commission recommend approval of the concurrent use permit to City Council with the following conditions:

- 1.) Applicant shall construct the proposed at-grade railroad/roadway crossings within the limits identified in the attached exhibit.
- 2.) The proposed at-grade railroad/roadway crossings will need to comply with applicable engineering standards and FRA requirements.
- 3.) Applicant shall provide annual proof of liability insurance to indemnify the City against any occurrences in the right of way that are due to items covered under this permit.
- 4.) Applicant will remove the at-grade crossing at the applicant's expense if directed to by the City with appropriate notice.
- 5.) The City shall not be responsible for any damage to the at-grade railroad/roadway crossing caused by work in the right of way.
- 6.) Any alterations to the approved plans that do not alter major elements of the plan may be approved by the Land Use Supervisor without further Planning Commission approval; however, no such administrative approval shall constitute

#### Legal Description

Description of Proposed Right of Way to be Used:

A 60' wide area of Waseca Industrial Road right of way to be used for railroad purposes. The centerline of said area is described as follows: Commencing at the southwest corner of Outlot A of Hallett Industrial Park Plat, City of Duluth, St. Louis County, Minnesota; Thence north 89 degrees 55 minutes 06 seconds east 294.94 feet along northerly right of way line of Waseca Industrial Road to the point of beginning: Thence south 76 degrees 19 minutes 00 seconds east 25.85 feet; Thence along a tangential curve concave to the southwest, having a radius of 603.80' and a central angle of 18 degrees 21 minutes 51 seconds to the southerly right of way line of Waseca Industrial Road and there terminating. The sidelines of said area are to be prolonged or shortened to terminate at the northerly and southerly right of way lines of Waseca Industrial Road.





# Planning & Development Division

Planning & Economic Development Department

Room 160 411 West First Street Duluth, Minnesota 55802 218-730-5580

planning@duluthmn.gov

PL 20-120 Chris Lee, clee@duluthmn.gov **File Number** Contact Variance – minimum lot area for multi-September 8, 2020 Type **Planning Commission Date** family dwelling July 24, 2020 September 22, 2020 60 Days **Application Date** Deadline for Action August 18, 2020 November 21, 2020 **Date Extension Letter Mailed** 120 Days 106 South 15<sup>th</sup> Avenue East **Location of Subject** James Talago Applicant Contact Agent Contact See attached **Legal Description** August 31, 2020 August 25, 2020 Site Visit Date **Sign Notice Date** 53 August 26, 2020 **Number of Letters Sent Neighbor Letter Date** 

#### Proposal

A variance to reduce the minimum lot area (5,000 square feet) to construct a multi-family dwelling unit. The proposal is to allow for a reduction of 223 square feet, with a total lot size of 4,773 square feet.

Recommended Action: Approve variance with conditions.

	Current Zoning	Existing Land Use	Future Land Use Map Designation
Subject	R-2	Residential	Urban Residential
North	R-2	Mixed-Use Commercial	Urban Residential
South	R-2	Residential	Urban Residential
East	R-2	Residential	Urban Residential
West	MU-N	Residential	Central Business Secondary

#### **Summary of Code Requirements**

Sec. 50-37.9. B – Variance Procedures. "The Planning Commission shall...make a decision on the application based on the criteria in subsections 50-37.9. C – M..."

Sec. 50-37.9.C – General Variance Criteria (paraphrased): Granting of variances of any kind is limited to situations where, due to characteristics of the applicant's property, enforcement of the ordinance would cause the landowner exceptional practical difficulties or undue hardship. The Planning Commission must find the following for a variance to be granted: a) That the landowner is proposing to use the property in a reasonable manner, b) that the need for relief for from the normal regulations is due to circumstances unique to the property and not caused by the landowner, c) that granting the variance will not alter the essential character of the area, d) that granting the variance is consistent with the intent of the UDC and the Comprehensive Plan.

# Comprehensive Plan Governing Principles and/or Policies and Current History (if applicable):

Governing Principle #5 – Promote reinvestment in neighborhoods.

Governing Principle #8 – Encourage a mix of activities, uses, and densities. – The current lot is underutilized with the existing structure. This property is served by transit and utilities that makes a strong case for increased density among an area where the higher density already exists.

Housing Policy #2 - Provide affordable, attainable housing opportunities

Housing Policy #4 – Improve the quality of the city's housing stock and neighborhoods

Zoning – Residential-Urban (R-2): The R-2 district is established to accommodate multi-family apartments and townhouses, in an urban setting. This district also allows for single-family detached dwellings, duplexes and group living accommodations as shown in Table 50-19.8. The district is intended primarily for locations closer to commercial and mixed use activity centers, and may serve as a transition between lower-density residential areas and more intense commercial and mixed use neighborhoods.

Future Land Use – Urban Residential - Greatest variety of residential building types, medium to high densities. Applicable to larger infill areas close to downtown, entertainment or activity centers, and waterfront residential areas. May include student housing areas, live/work units, and limited neighborhood retail. Connected or adjacent to parks and open space.

Related files: PL 20-121: variance to reduce the rear yard setbacks to construct an addition to a structure

History: The property currently contains a 1,667 square foot, 3-bedroom residential structure constructed in 1901.

#### **Review and Discussion Items**

Staff finds that:

- The applicant is proposing to construct an addition to the existing home that will contain 5 units, creating a 6-unit multifamily dwelling. The current platted lot is 4,773 square feet. A minimum lot area for a dwelling of this type is 5,000 square feet. The subject property is short 223 square feet.
- 2) The applicant is proposing to use the property in a reasonable manner through development of apartments that are otherwise consistent with zoning requirements. Other surrounding properties currently contain multi-family dwellings including some located on similar legal-nonconforming lots. The applicant expresses that the practical difficult of the lot size is restrictive based on the current code standards and that similar density exists on other lots.
- 3) The applicant is not proposing to alter the character of the neighborhood as there are similar structures in the neighborhood, several within a two-block radius. This lot sits within a transitional space between commercial uses and residential uses. Increasing the density on this lot will provide infill housing in an area that can support it through existing infrastructure and comprehensive plan goals for land use in the area.
- 4) The variance, if granted, would not impair adequate light and air to surrounding properties, would not result in congestion on the surrounding streets.
- 5) The variance, if granted, would not result in congestion on the surrounding streets, would not impair fire or emergency service access, and would not diminish established property values in the surrounding area.
- 6) The variance, if granted, would not impair the intent of the UDC expressed in Sec. 50-2. The variance is consistent with the Comprehensive Plan designation of the property as Urban Residential and housing policy that seeks to foster opportunities for creative housing types and concepts.
- 7) No comments from citizens, City staff, or any other entity have been received.
- 8) Per UDC Section 50-37.1.N. approved variances lapse if the project or activity authorized by the permit or variance is not begun within one-year.

#### **Staff Recommendation**

Based on the above findings, staff recommends that Planning Commission grant the Variance with the following conditions:

- 1) The project be limited to, constructed, and maintained according to the plans submitted with the date of 7/24/2020;
- 2) Any alterations to the approved plans that do not alter major elements of the plan may be approved by the Land Use Supervisor without further Planning Commission; however, no such administration approval shall constitute a variance from the provisions of Chapter 50.



PL 20-120 & PL 20-121 Location Map



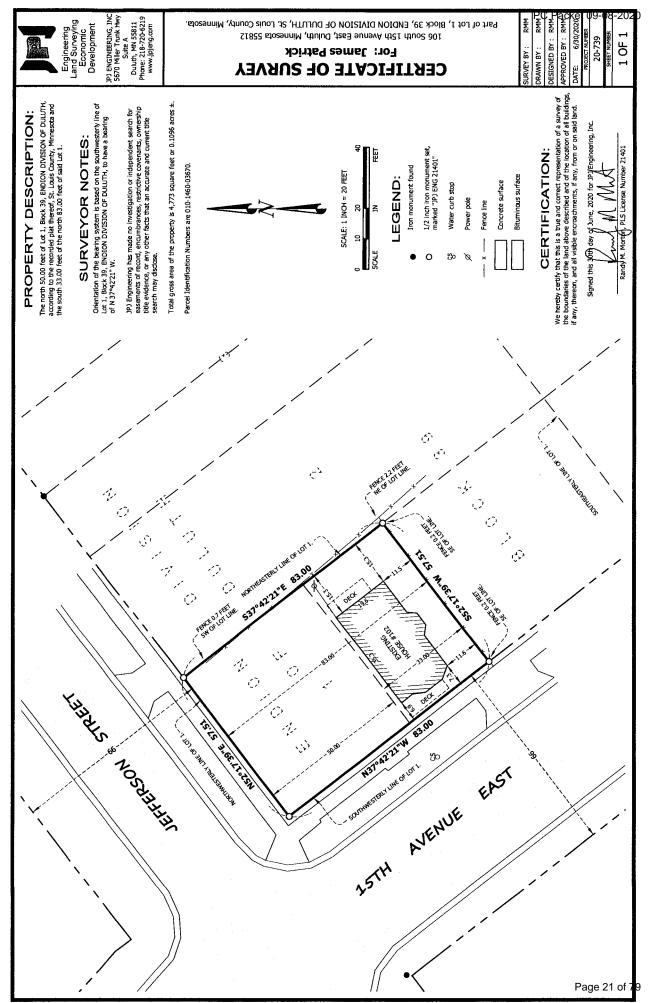
 Hydrant
 Sanitary Sewer Mains
 CITY OF DULUTH WLSSD; PRIVATE
 Sanitary Sewer Forced Main
 Storage Basin
 Pump Station
 Storm Sewer Mains
 Storm Sewer Pipe
 Storm Sewer Pipe
 Storm Sewer Catch Basin
 Vacated ROW
 Easement Type
 Utility Easement
 Other Easement
 Zoning Boundaries

Legend

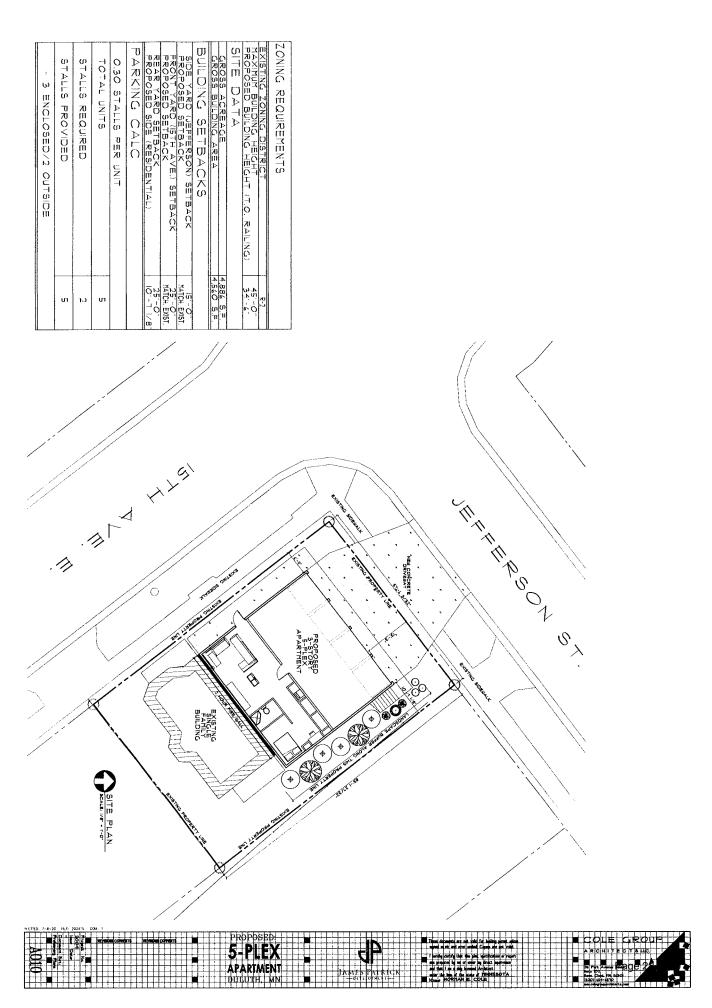
Gas Main

Water Main

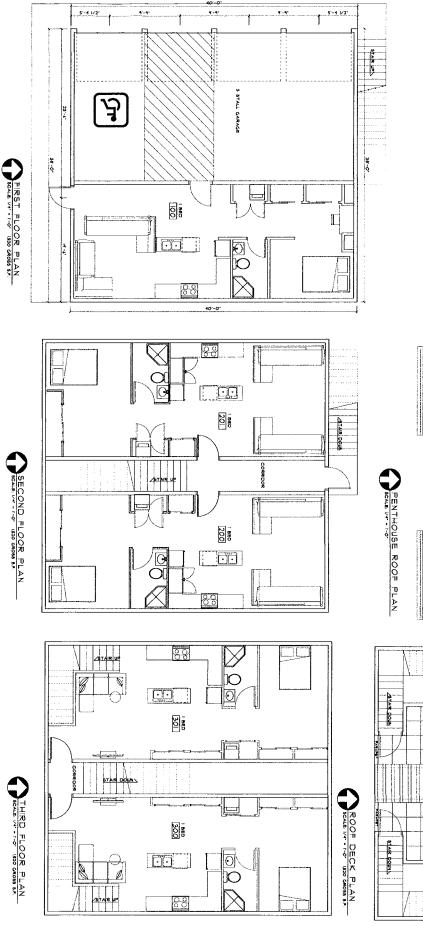
The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used 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.



T:/Pabrick James/20-739 COS Duluth, MN/dwg/200/20-739 James Patrick COS.dwg 7/1/2020 2:02 PM



.



APARTMENT

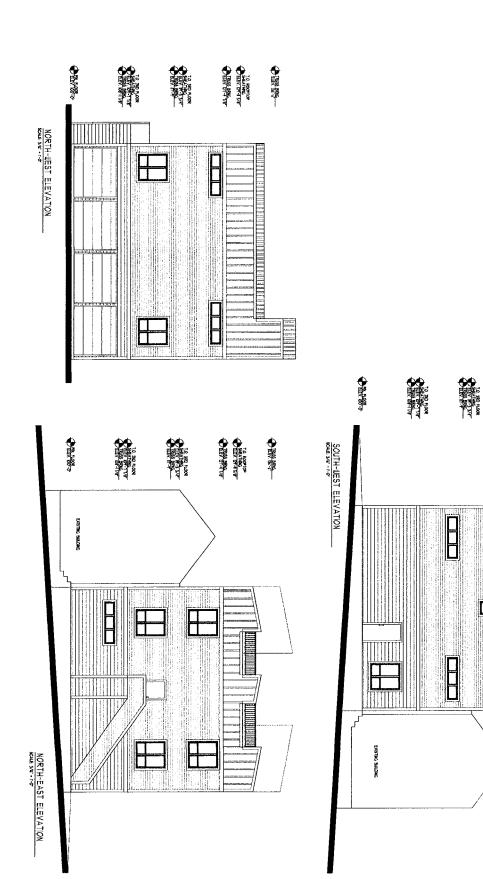
Aragent Na 2004

AHO

**UP** 

		Ī				
	-	r-				
2 DOWNS	BIAR	1			R DOWN	29TA18
	_	<u></u>		]		
7		T			-	
		Ţ				
5LOPE 2.2 \		1	5 <b>81 1675</b>	-		2 SLOPE 212
-		Ţ				
					-	
•••] • • • • • • • • • • • • • • • • •						
		Τ		-	+	
	_					
	PATIO			PATIO	70	
				0. TOP	5	
SLOPE 2/2 V			A BY HON			2 SLOPE 212
		[		-		
		Î			+	
and the second sec		ľ				
<ul> <li>A second s</li></ul>						
SLOPE 2.12			V BY LOF			2 SLOPE 313
The second	-	1				
1		1	A CONTRACT OF A CONTRACT OF			





PROPOSED 5-PLEX APARIMENT DULUTH, MN

đĐ

There is an extended on any comserved as est and over angled. I have be control to be been

e

A501

 PC Packet 09-08-2020

TO POSTO

Π

H

COLE GROUE Ancient strate

- 1. Please explain how the exceptional narrowness, shallowness or shape of the property, or exceptional topographic or other conditions related to the property, would result in practical difficulties under strict application of the requirements of the UDC:
  - a. The parcel at 106 S 15<sup>th</sup> Ave E is 4,773 Square Feet. This property has the dimensions of 57.51' x 83'. Currently the lot has an existing single-family residence which we are proposing to add an addition on to which would add 5 units to the building. The current zoning allows for an additional 5 units to be added to the vacant land adjacent to the existing home but because we are 223 SQFT shy of the 5,0000 required we must seek a variance. We have designed our 5-unit structure to adhere to all regulations with-in the UDC.
- 2. Please explain how the special circumstances or conditions that create the need for relief is due to circumstances unique to the property, and were NOT created by the property owner or the property owners' predecessors-in-interest:
  - a. The circumstances that are preventing this parcel from expanding from a single-family residence to a 6-unit building is that the lot is short of 5,000 SQFT. The owner of the parcel purchased this property and did not decrease the existing square footage of the lot nor make any changes to the property personally that would warrant the need for relief. This is a legal city lot with-in the City of Duluth.
- 3. Please explain the special circumstances or conditions applying to the building or land in question are peculiar to this property or immediately adjoining properties, and do not apply generally to other land or buildings in the vicinity:
  - a. The property in question currently stands as a single-family residence in an R2 zoning district. The variance which we are applying for is needed to build an additional units 5 on the site. Under the R2 zoning district we need 750 SQFT of lot coverage per unit which is attainable on this specific site. The special circumstances are that the parcel is 227 SQFT less than the 5000 SQFT required for multi-family. This parcel is a platted lot with-in the city of Duluth in a multi-family zone district.
  - b. In the surrounding two blocks adjacent to the site there are several properties that do not currently meet the UDC Guidelines such as;
    - i. 109 S 15<sup>th</sup> Ave E. This property is a duplex rental that sits on a 1900 SQFT parcel with on street parking only.
    - ii. 31 S 17<sup>th</sup> Ave E. This property is a multifamily property consisting of 3 or more units. The lot is under the 5,000 SQFT requirement under the UDC.
    - iii. 1708 Greysolon Rd. This parcel is less than 4000 SQFT and houses a 3 unit building.
    - iv. 1713 Jefferson St. This parcel is less than 5,000 SQFT and currently has a duplex on the property
  - c. The surrounding neighborhood around the subject parcel is a majority of older rental housing stock consisting of both single-family homes and multifamily dwellings. By building a new structure we will be increasing the property values and rejuvenating an area that does not see many new structures being built.

- 4. Please explain how the application proposes to use the property in a reasonable manner, which would not be permitted by this code except for a variance:
  - a. The application proposes to increase the market rate housing stock and utilized the urban in-fill lots within the city. We are proposing to add a unique building which will enhance the Jefferson Street façade. We have come up with a newer concept for this neighborhood that will increase the property values and appeal to the area. This new building will have 5 one-bedroom apartments with the upper two units having access to the rooftop deck. Our proposal adheres to the UDC Guidelines and building codes.
- 5. Please explain how that if the variance is granted it will not impair an adequate supply of light and air to adjacent property, or unreasonably increase the congestion in public streets or the danger of fire or imperil the public safety, or unreasonably diminish or impair established property values within the surrounding areas, or in any other respect impair the health, safety or public welfare of the inhabitants of the city:
  - a. The proposed addition will still maintain about 26' from the NE neighbor which is more of a separation that most of the single-family homes in the area. There are several nearby buildings where the separation is around 2'-0".
  - b. This area appears to be in a transitional stage where it has single-family and multi-family so the neighboring streets are already set up for this type of density and traffic flow. The site is next to two collector streets (E. Superior and London Rd) so the additional traffic will have easy access to collector streets without going through several single-family neighbors.
  - c. As described in the other responses, it is our understanding this would increase property values as this area has seen growth and higher density lots popping up nearby.
  - d. The building will comply with the new version of the MN state building code so the addition will include all the latest code requirements as it pertains to the health, safety and public welfare for the addition, existing home and neighboring parcels.
- 6. Please explain how, if the variance is granted, it will not substantially impair the intent of zoning code and the official zoning map, and will not alter the essential character of the neighborhood:
  - a. As our preliminary plans show the building is very well designed 5 units structure with covered parking for 3 vehicle and an additional space for another vehicle. The new building has a modern provincial design that will enhance the corner appeal. The location of the parcel is within walking/biking distance from many amenities and businesses. This building will also feature a rooftop deck that will have built-in garden beds for the residences. It is crucial to take advantage of the rooftop sunlight exposure and be able to grow and enjoy the outside air.

# Does your variance request need to meet any of the specific criteria in UDC Section 50-37.9, subsections D through M (E. Unsewered Areas, F. Two Family Dwellings in R-1, G. Parking Regulations, H. Reduce Setbacks, I. MU-C District, J. Airport Overlay, K. Flood Plain Regulations, L. Shorelands, or M. Non-Conforming Buildings)?

This request does need to meet the UDC Sections G. Parking Regulations, and H. Reduced Setbacks. These sections have been addressed in our preliminary plans.

# **Pictometry**

PC Packet 09-08-2020



From:	planning
To:	Chris Lee
Subject:	FW: setback variances 106 S. 15th Avenue East
Date:	Monday, August 31, 2020 9:41:54 AM

#### From:

Sent: Monday, August 31, 2020 6:58 AM
To: planning <planning@DuluthMN.gov>
Subject: setback variances 106 S. 15th Avenue East

As a neighboring property owner, I ask the question, where will the occupants park? 15th Avenue East as well as Jefferson Street is already very crowded with vehicles. Wintertime parking is very difficult.

>

Is the owner trying to add more into the lot than it can handle? Thank you.

From:	planning
To:	Chris Lee
Subject:	FW: Public Comments for Planning Commission Review regarding Notice of Public Hearing for lot area and rear yard setback variances 106 Sth 15th Ave East (PL 20-120 & PL 20-121)
Date:	Monday, August 31, 2020 11:53:42 AM

From:

Sent: Monday, August 31, 2020 11:11 AM To: planning <planning@DuluthMN.gov> Cc:

**Subject:** Public Comments for Planning Commission Review regarding Notice of Public Hearing for lot area and rear yard setback variances 106 Sth 15th Ave East (PL 20-120 & PL 20-121)

Dear Duluth Planning Commission Review Committee,

My name is **a second of** I live with my family at **a second** Jefferson Street- just a couple houses down the street from the proposed setback variances- 5 plex building proposal for 106 Sth 15th Ave East. My husband, **a second setback** and I are concerned about this proposal and the impact it will have upon our already vehicle congested neighborhood. There just isn't enough parking available to accommodate a new 5 plex apartment building on our block.

The off-street parking in our neighborhood is already at its max. Please see attached a photo taken Sunday morning, 8/30/20, that shows cars parked on both sides of the street. There are few to no parking spaces available and this is during the switch over where both sides are being used. This is a common occurrence here as many of the homes are rental units with 3-4 people living in each unit- many having their own vehicles. We have also attached two photos taken Monday morning, 8/31/20. Each one was taken from our driveway. One looking down the street towards 15th Ave East and the other down the street towards 16th Ave East. As you can see there are no open parking spaces. This is an even greater problem during the noon hour and between the hours of 4-7 pm as there is an Anytime Fitness on the corner of 15th Avenue East and Superior Street. Just up the street from the proposed variance. Patrons often park on Jefferson Street as the lot isn't big enough to accommodate their peak capacity times. There has also been an increase in parking between the 14th- 15th block and on the avenue by Inner Bliss Yoga participants and Center for Changing Lives visitors- both businesses relatively new to our community.

We have one parking space on our lot. My husband parks there and I park on the street. I am often parking two blocks away from our home. I am able bodied so that is not a physical limitation for me but it is a nuisance. We do have elderly people and some folks with special needs that do not have that flexibility. Many times college students unknowingly park in the only handicap spot on our block. Handicap spaces occupy 1 1/2 car spaces. Students and other

renters often can't see the handicap signs as they are desperately looking for a spot to park and that is the only space open- they grab it and go. Shirley, our elderly neighbor with mobility issues requiring that space, has often needed to park two blocks away- sometimes in the winter.

The corner or 15th Ave East and Jefferson Street is busy. Cars speed down the street often missing the stop or barely stopping. There have been several accidents there. A 5 plex apartment building on that corner would decrease visibility even more and increase the likelihood of accidents.

We urge you to consider denying this variance and 5 plex building proposal. The lot and the neighborhood just doesn't have the capacity to accommodate it.

Thank you so much for hearing our comments.

Sincerely,	
Street	
Duluth, MN 55812	

Create the life and world you want to live in!

From:	planning
То:	Chris Lee
Subject:	FW: Proposed 5 plex apartment complex 15th Ave and Jefferson St
Date:	Tuesday, September 1, 2020 6:42:06 AM

From:

Sent: Monday, August 31, 2020 5:21 PMTo: planning <planning@DuluthMN.gov>Subject: Proposed 5 plex apartment complex 15th Ave and Jefferson St

Planning Commission,

I live at **Theorem** Jefferson St and have for over 12 years. I am opposed to the building of a new 5 plex apartment in this neighborhood. There is a condemned apartment building that is directly behind my building that has been nothing but trouble since it was vacated years ago. It has been vandalized and set on fire. A large section of the roof collapsed onto an area in our back yard that could have caused significant damage or injury yet nothing gets done with the building. The police have been called multiple times due to squatters living in the building also. Why can't this building be renovated to accommodate new apartments? It is an eyesore let alone the garbage and used needles that seem to accumulate in the yard. Why add another building to this crowded area?

Another issue to address is the lack of parking spaces in this neighborhood. This building will only add to the problem. Parking between 14th Ave E and 21st Ave E becomes near impossible when the college students return.

Please do not add to the existing issues that have not been addressed or remedied by adding another apartment building.

Thank you

Sent from Yahoo Mail on Android

From:planningTo:Chris LeeSubject:FW: 106 S. 15th Ave EDate:Tuesday, September 1, 2020 6:41:40 AM

From:

Sent: Monday, August 31, 2020 4:31 PM To: planning <planning@DuluthMN.gov> Subject: 106 S. 15th Ave E

Hello!

I saw there is a zoning notice for a new 5-plex at this address. As a resident for nearly four years, I can attest that the parking situation in this area is simply not equipped for any additional parking space, and especially not for this large of a complex. Residents already need to park two to three blocks away, which is not okay for the elderly and disabled residents of our neighborhood. The school year is when it is most difficult, and with our winters, and the fact that this street is low on the priority list for plowing, it would create a major burden on us. Please do not allow this to go through. It would only make things more frustrating for those who reside here yearlong. Please put the current residents first!!

Thank you.





# Planning & Development Division

Planning & Economic Development Department

Room 160 411 West First Street Duluth, Minnesota 55802 218-730-5580

planning@duluthmn.gov

PL 20-121 Chris Lee, clee@duluthmn.gov **File Number** Contact Variance – rear yard structure setback September 8, 2020 Type **Planning Commission Date** July 24, 2020 September 22, 2020 60 Days **Application Date** Deadline for Action August 14, 2020 November 21, 2020 **Date Extension Letter Mailed** 120 Days 106 South 15<sup>th</sup> Avenue East **Location of Subject** James Talago Applicant Contact Agent Contact See attached **Legal Description** August 31, 2020 August 25, 2020 Site Visit Date **Sign Notice Date** August 26, 2020 53 **Number of Letters Sent Neighbor Letter Date** 

#### Proposal

A variance to reduce the rear yard setback from 25 feet to 10 feet to allow for an addition to residential structure.

**Recommended Action**: Approve variance with conditions.

	Current Zoning	Existing Land Use	Future Land Use Map Designation
Subject	R-2	Single Family	Urban Residential
North	R-2	Mixed-Use Commercial	Urban Residential
South	R-2	Residential	Urban Residential
East	R-2	Residential	Urban Residential
West	MU-N	Residential	Central Business Secondary

#### **Summary of Code Requirements**

Sec. 50-37.9. B – Variance Procedures. "The Planning Commission shall...make a decision on the application based on the criteria in subsections 50-37.9. C – M..."

Sec. 50-37.9.C – General Variance Criteria (paraphrased): Granting of variances of any kind is limited to situations where, due to characteristics of the applicant's property, enforcement of the ordinance would cause the landowner exceptional practical difficulties or undue hardship. The Planning Commission must find the following for a variance to be granted: a) That the landowner is proposing to use the property in a reasonable manner, b) that the need for relief for from the normal regulations is due to circumstances unique to the property and not caused by the landowner, c) that granting the variance will not alter the essential character of the area, d) that granting the variance is consistent with the intent of the UDC and the Comprehensive Plan.

# Comprehensive Plan Governing Principles and/or Policies and Current History (if applicable):

Governing Principle #5 – Promote reinvestment in neighborhoods.

Governing Principle #8 – Encourage a mix of activities, uses, and densities. – The current lot is underutilized with the existing structure. This property is served by transit and utilities that makes a strong case for increased density among an area where the higher density already exists.

Housing Policy #2 - Provide affordable, attainable housing opportunities

Housing Policy #4 – Improve the quality of the city's housing stock and neighborhoods

Zoning – Residential-Urban (R-2): The R-2 district is established to accommodate multi-family apartments and townhouses, in an urban setting. This district also allows for single-family detached dwellings, duplexes and group living accommodations as shown in Table 50-19.8. The district is intended primarily for locations closer to commercial and mixed use activity centers, and may serve as a transition between lower-density residential areas and more intense commercial and mixed use neighborhoods.

Future Land Use – Urban Residential - Greatest variety of residential building types, medium to high densities. Applicable to larger infill areas close to downtown, entertainment or activity centers, and waterfront residential areas. May include student housing areas, live/work units, and limited neighborhood retail. Connected or adjacent to parks and open space.

Related files: PL 20-120: Variance to reduce the minimum lot area for a multi-family dwelling.

History: The property currently contains a 1,667 square foot, 3-bedroom residential structure constructed in 1901.

#### **Review and Discussion Items**

Staff finds that:

- 1) The applicant is proposing to construct an addition to the existing home. The proposed addition would be a 3-story, 5unit apartment building, which, when combined with the existing home, will result in 6 total units on the property.
- 2) Because of the orientation of the existing structure, the front yard per UDC requirements is along 15<sup>th</sup> Avenue E rather than along the narrowest part of the lot. This also makes the rear yard setback of 25 feet run parallel to 15<sup>th</sup> Avenue E. This unusual orientation results in building setbacks restricting over half of the lot.
- 3) The current structure encroaches into the rear yard setback by about 15 feet and the applicant is proposing that the addition will be similar to the existing structure. Due to the nature of the corner lot, the applicant would rather build into the rear yard then the corner front yard to reduce the impact on neighborhood character.
- 4) The applicant is proposing to landscape along the property lines between the neighboring structure. This landscaping will consist of a mix of trees and shrubs. This landscaping is required in order to reduce the structures visual impact on the neighboring structure. Staff would like to see a more detailed landscaping plan prior to building permit approval.
- 5) The applicant is proposing to use the property in a reasonable manner through development of apartments that are otherwise consistent with zoning requirements.
- 6) The applicant is not proposing to alter the character of the neighborhood as there are similar structures in the neighborhood.
- 7) The variance, if granted, would not impair adequate light and air to surrounding properties as the three-story addition is proposed to be 26 feet from the nearest structure to the north east.
- 8) The variance, if granted, would not result in congestion on the surrounding streets, would not impair fire or emergency service access, and would not diminish established property values in the surrounding area.
- 9) The variance, if granted, would not impair the intent of the UDC expressed in Sec. 50-2. The variance is consistent with the Comprehensive Plan designation of the property as Urban Residential and housing policy that seeks to foster opportunities for creative housing types and concepts
- 10) No comments from citizens, City staff, or any other entities were received during the drafting of this staff report.
- 11) Per UDC Section 50-37.1.N. approved variances lapse if the project or activity authorized by the permit or variance is not begun within one-year.

#### **Staff Recommendation**

Based on the above findings, staff recommends that Planning Commission grant the Variance with the following conditions:

- 1) The project be limited to, constructed, and maintained according to the plans submitted with the date of 7/24/2020;
- 2) Any alterations to the approved plans that do not alter major elements of the plan may be approved by the Land Use Supervisor without further Planning Commission; however, no such administration approval shall constitute a variance from the provisions of Chapter 50.



PL 20-120 & PL 20-121 Location Map

Legend

Gas Main

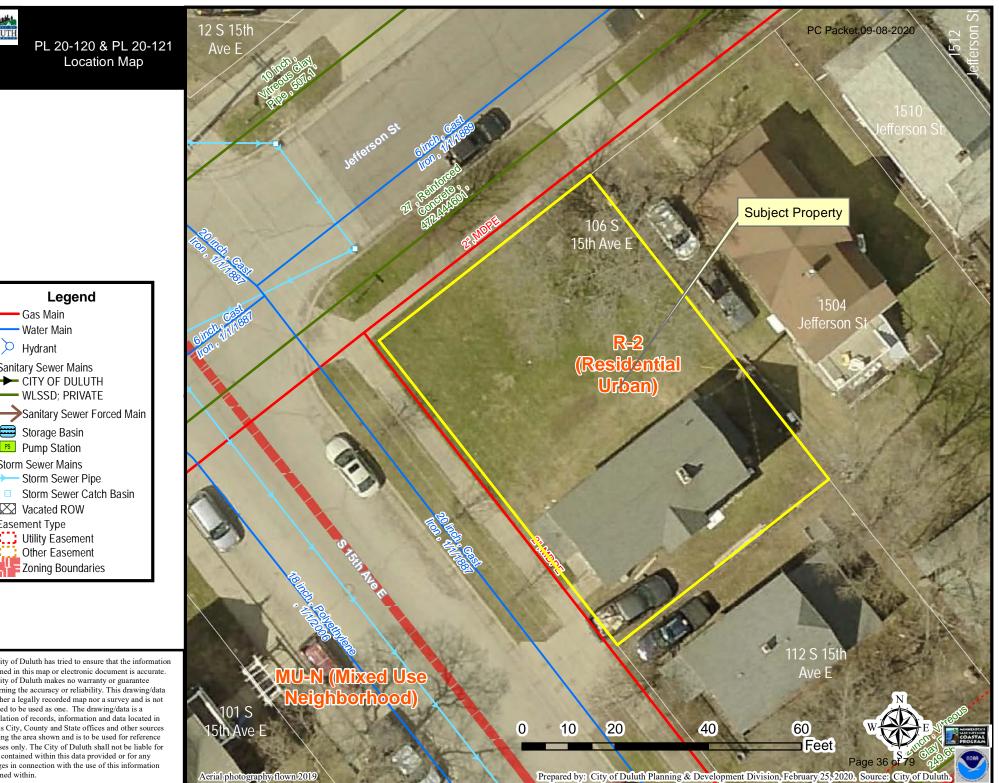
> Hydrant

Water Main

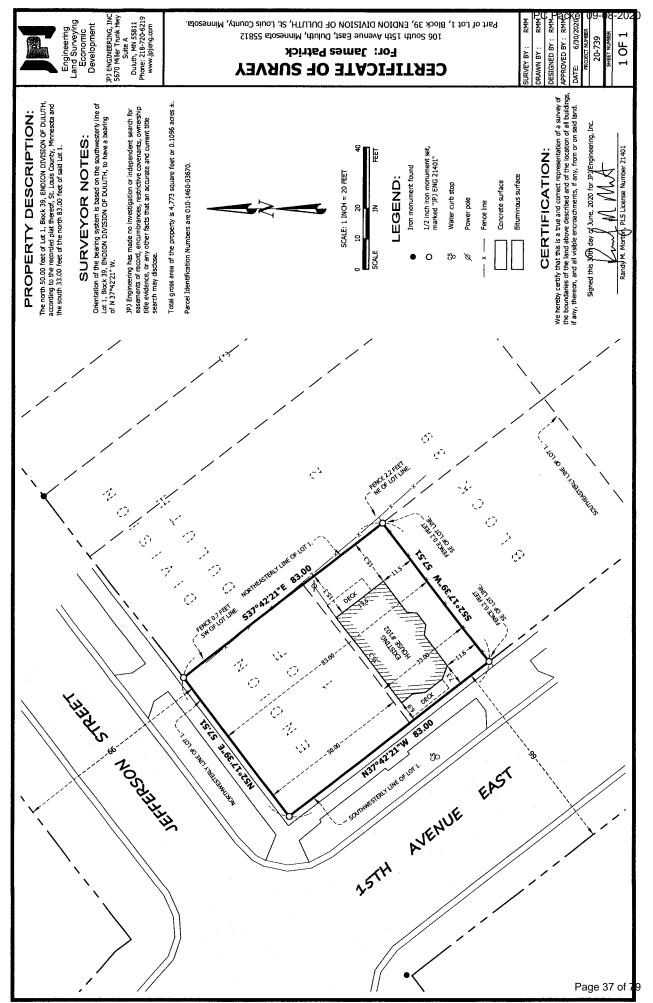
Sanitary Sewer Mains
CITY OF DULUTH - WLSSD; PRIVATE

Storage Basin Pump Station Storm Sewer Mains Storm Sewer Pipe

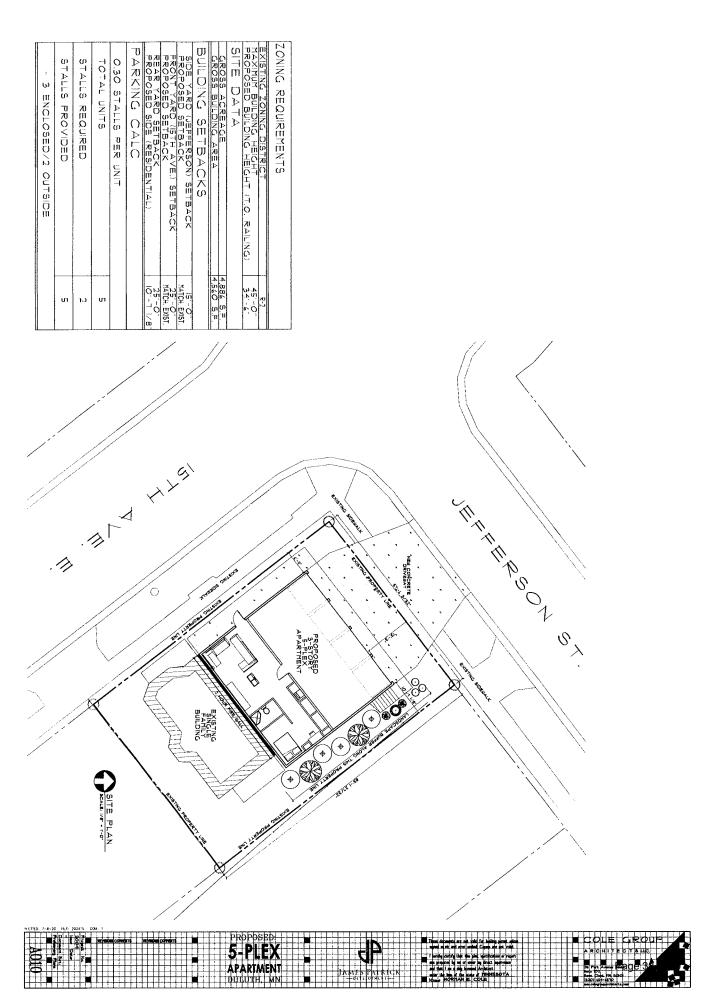
Vacated ROW Easement Type Utility Easement Other Easement Zoning Boundaries



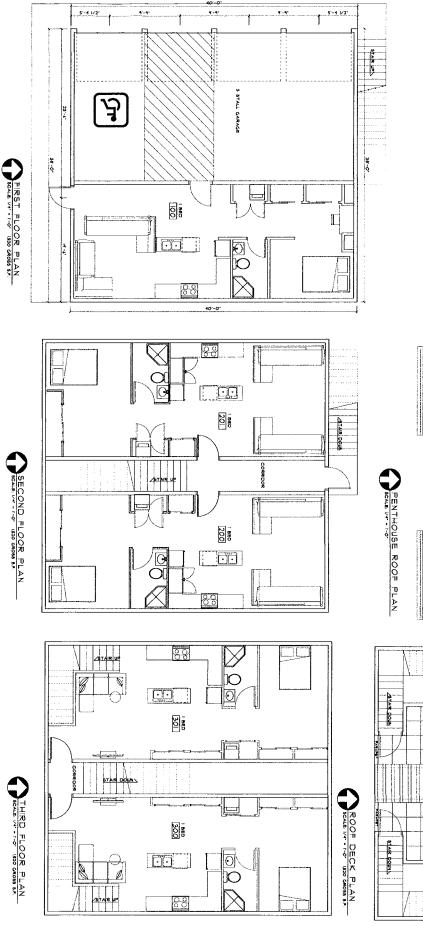
The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used 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



T:/Pabrick James/20-739 COS Duluth, MN/dwg/200/20-739 James Patrick COS.dwg 7/1/2020 2:02 PM



.



APARTMENT

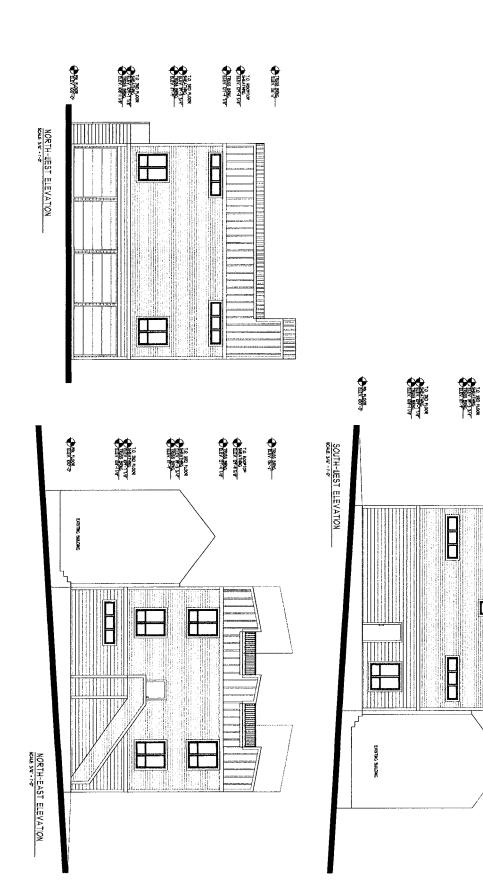
**UP** 

		Ī				
	-	r-				
2 DOWNS	BIAR	1			R DOWN	29TA18
	_	<u></u>		]		
7		T			-	
		Ţ				
5LOPE 2.2 \		1	5 <b>81 1675</b>	-		2 SLOPE 212
-		Ţ				
					-	
•••] • • • • • • • • • • • • • • • • •						
		Τ		-	+	
	_					
	PATIO			PATIO	70	
				0. TOP	5	
SLOPE 2/2 V			A BY HON			2 8LOPE 212
		[		-		
		Î			+	
and the second sec		ľ				
				_		
<ul> <li>A second s</li></ul>						
SLOPE 2.12			V BY LOF			2 SLOPE 313
The second	-	1				
1		-	a second s			

Aragent Na 2004

AHO

PC Packet 09-08-2020



PROPOSED 5-PLEX APARIMENT DULUTH, MN

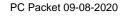
đĐ

There is an experience of the second second

la billios perst apo Capado are del valit apecteción a regart

e

A501



TO POSTO

Π

H

# **Pictometry**

PC Packet 09-08-2020



Variance Application Supplemental Form

#### List the UDC Section you are seeking relief from: 106 S 15<sup>th</sup> Ave E, Duluth, MN 55812

UDC Section 50-14.6 Residential-Urban (R-2): Minimum depth of rear yard – 25'. We are seeking a variance for a 10' rear yard setback.

- 1. Please explain how the exceptional narrowness, shallowness or shape of the property, or exceptional topographic or other conditions related to the property, would result in practical difficulties under strict application of the requirements of the UDC:
  - **a.** The 25' rear yard setback indicated in the UDC Section 50-14.6 would not allow for enough room for the structure being proposed. We are seeking relief from the 25' rear yard setback so that we may add a 5-unit addition on to the existing residence. The existing home on the parcel does not currently meet this 25' rear yard setback. We are proposing to match the existing rear yard setback of the property on the parcel.
- 2. Please explain how the special circumstances or conditions that create the need for relief is due to circumstances unique to the property, and were NOT created by the property owner or the property owners' predecessors-in-interest:
  - **a.** Like many of the parcels in this neighborhood we are faced with having a smaller than average lot size with reduced setbacks but this parcel is larger than some that currently house multifamily structures of 3 or more units such as:
    - i. 1430 E Superior St. This property is a 3-story structure with commercial and multifamily use.
    - ii. 109 S 15<sup>th</sup> Ave E. Property is currently a 2-story duplex that shows the rear yard setback less than 5' from the property line.
    - iii. 101 S 15<sup>th</sup> Ave E. Single family home that shows a rear yard setback less than 2' from the property line.
    - iv. Most of the properties within a 2-block radius have structures that would not meet the UDC guidelines with either the main existing structure or an auxiliary building.
- 3. Please explain the special circumstances or conditions applying to the building or land in question are peculiar to this property or immediately adjoining properties, and do not apply generally to other land or buildings in the vicinity:
  - a. This parcel is unique to the neighborhood for the fact that it has a vacant side yard adjacent to the main structure. The majority of the parcels in the neighborhood have utilized all of the lot space to make room for the existing structures and/or auxiliary buildings.
- 4. Please explain how the application proposes to use the property in a reasonable manner, which would not be permitted by this code except for a variance:
  - **a.** This application proposes to add an addition on the existing single-family residence. We plan on adding 5 units on the property which will adhere to the R2 zoning. The R2 zoning district's purpose is to be utilized for single family use as well as multi-family use.

Our proposal meets the guidelines for multi-family use except for the two variances that we are seeking.

- 5. Please explain how that if the variance is granted it will not impair an adequate supply of light and air to adjacent property, or unreasonably increase the congestion in public streets or the danger of fire or imperil the public safety, or unreasonably diminish or impair established property values within the surrounding areas, or in any other respect impair the health, safety or public welfare of the inhabitants of the city:
  - a. The proposed addition will still maintain about 26' from the NE neighbor which is more of a separation that most of the single-family homes in the area. There are several nearby buildings where the separation is around 2'-0".
  - b. This area appears to be in a transitional stage where it has single-family and multi-family so the neighboring streets are already set up for this type of density and traffic flow. The site is next to two collector streets (E. Superior and London Rd) so the additional traffic will have easy access to collector streets without going through several single-family neighbors.
  - c. As described in the other responses, it is our understanding this would increase property values as this area has seen growth and higher density lots popping up nearby.
  - d. The building will comply with the new version of the MN state building code so the addition will include all the latest code requirements as it pertains to the health, safety and public welfare for the addition, existing home and neighboring parcels.
- 6. Please explain how, if the variance is granted, it will not substantially impair the intent of zoning code and the official zoning map, and will not alter the essential character of the neighborhood:
  - **a.** If the variances are granted, this project will follow all guidelines and exceed building standards in many cases. Our design has been well thought through so that we may achieve several goals such as improving the street façade, increasing the property values, and promoting growth and property improvement within the area.
- Does your variance request need to meet any of the specific criteria in UDC Section 50-37.9, subsections D through M (E. Unsewered Areas, F. Two Family Dwellings in R-1, G. Parking Regulations, H. Reduce Setbacks, I. MU-C District, J. Airport Overlay, K. Flood Plain Regulations, L. Shorelands, or M. Non-Conforming Buildings)?
  - **a.** Yes. Subsections G. Parking Regulations and H. Reduced Setbacks.



## Planning & Development Division

Planning & Economic Development Department

218-730-5580

1 🖸 F

planning@duluthmn.gov

Room 160 411 West First Street Duluth, Minnesota 55802

File Number	PL 20-129		Contact Jenn Moses, 218-730-5328		, 218-730-5328	
Туре	Concurre	nt Use Permit	Planning Co	ommissi	on Date	September 8, 2018
Deadline	Applicat	ion Date	August 21, 2	2020	60 Days	October 20, 2020
for Action	Date Ext	ension Letter Mailed	September 1, 2020 <b>120</b>		120 Days	December 19, 2020
Location of Subject		2 W 1 <sup>st</sup> Street				
Applicant	Station T	wo LLC	Contact	Contact John Gerzina		
Agent						
Legal Descripti	on	PID 010-0940-00610	·			
Site Visit Date		September 1, 2020	Sign Notice	Sign Notice Date		8/25/20
Neighbor Letter Date N/A Number		Number of	Letters	Sent	N/A	

**Proposal:** Applicant seeks a Concurrent Use Permit for a barrier between the sidewalk and the street adjacent to the Spina building at 2 West 1<sup>st</sup> Street, as well as an existing underground sewer line located in the right of way of N Lake Avenue.

Staff Recommendation: That Planning Commission recommend approval to City Council.

	Current Zoning	Existing Land Use	Future Land Use Map Designation
Subject	F-8	Office	Central Business Primary
North	F-8	Office	Central Business Primary
South	F-8	Office	Central Business Primary
East	F-8	Parking Ramp	Central Business Primary
West	F-8	Office	Central Business Primary

#### **Summary of Code Requirements:**

UDC Section 50-37.7C. The Planning Commission shall review the application, and Council shall approve the application or approve it with modifications, if it determines that:

1. The proposed concurrent use will not harm or inconvenience the health, safety and general welfare of the city.

2. Not Applicable – Skywalk related

3. No portion of a public easement proposed for use is being physically used or occupied by the public.

4. Not Applicable – Parking related

#### **Comprehensive Plan Governing Principles and/or Policies:**

Principle #7 – Create and maintain connectivity: This proposal supports safe connectivity for vehicles and pedestrians.

Principle #9 – Support private actions that contribute to the public realm: This private investment will contribute to safety and aesthetics within the right of way, and help preserve the Spina Building from future vehicle crashes.

Transportation Policy 1, Strategy 9: Adopt measures to reduce vehicular travel speed and improve intersection safety, especially in busy areas, to improve overall safety conditions, reduce injuries, and eliminate deaths.

History: This building has a history of vehicle crashes, with the applicant reporting 5 vehicles crashes in 20 years. In 2019, City Engineering constructed an extended concrete curb structure in a bump-out area for additional protection. The proposed barrier would extend from the curb structure.

#### **Review and Discussion Items**

Staff finds that:

- Applicant is proposing two items within the right of way of W 1<sup>st</sup> Street. The first is a reinforced concrete barrier, with integrated landscape planter, placed on top of an existing concrete curb structure. The second is an existing sanitary sewer line that is original to the building and is scheduled to be lined this fall; because it is a private service within the right of way, a concurrent use permit is needed.
- 2.) The reinforced concrete barrier will be placed on top of a concrete structure that is approximately 1.5 feet tall in a bump-out area of the sidewalk. This area is not currently used for vehicles or pedestrians; the barrier is designed to maintain existing conditions for all street users. The sewer line is underground and is also not being used by the public. Thus, no portion of a public easement is being physically used or occupied by the public.
- 3.) The reinforced concrete barrier will serve to provide additional protection for the building and sidewalk, including pedestrians along the sidewalk, from potential collisions with out of control or speeding vehicles traveling downhill on the four-lane Lake Avenue. The sewer line will be lined for additional protections. With this concurrent use permit, applicant will maintain these items, provide liability insurance over them, and do any utility locates needed for the sewer line. Thus, not only will the proposed concurrent use not harm the healthy, safety, or general welfare of the city, but will improve conditions for the public.
- 4.) The City of Duluth requires concurrent use permits to include liability insurance to indemnify the City against occurrences in the right of way. Other protections for the city and the public are typically included in the ordinance that is submitted to City Council. The ordinance will also state that the City is not responsible for removal/replacement of the applicant's infrastructure should the City need to access the right-of-way in the permitted area.
- 5.) The area proposed for the concurrent use permit (sign structures) will not take away from the public's ability to use the public right of way, nor will it harm or inconvenience the health, safety, and general welfare of the city. It will improve health and safety by reducing or eliminating vehicle collisions with the fixed object, NSSR Bridge 4A.
- 6.) The proposed designs for the reinforced concrete barrier and the conditions for the subterrianian sanitary sewer line were reviewed by and are being proposed with the support of the City Engineering division.
- 7.) No other public, agency, or other comments have been received.

#### **Staff Recommendation**

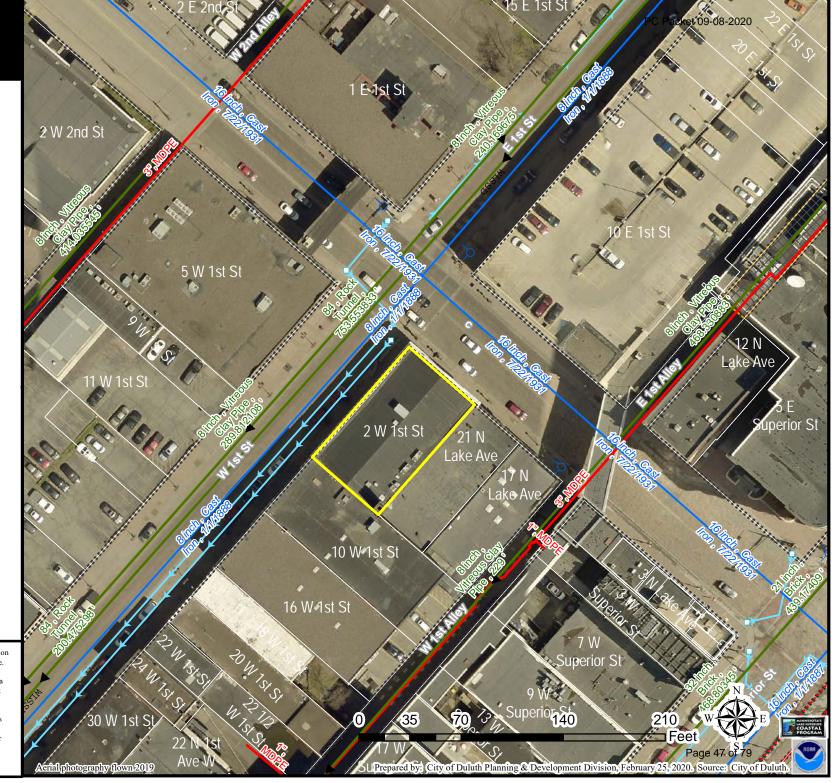
Based on the above findings, Staff recommends that Planning Commission recommend approval of the concurrent use permit to the City Council with the following conditions:

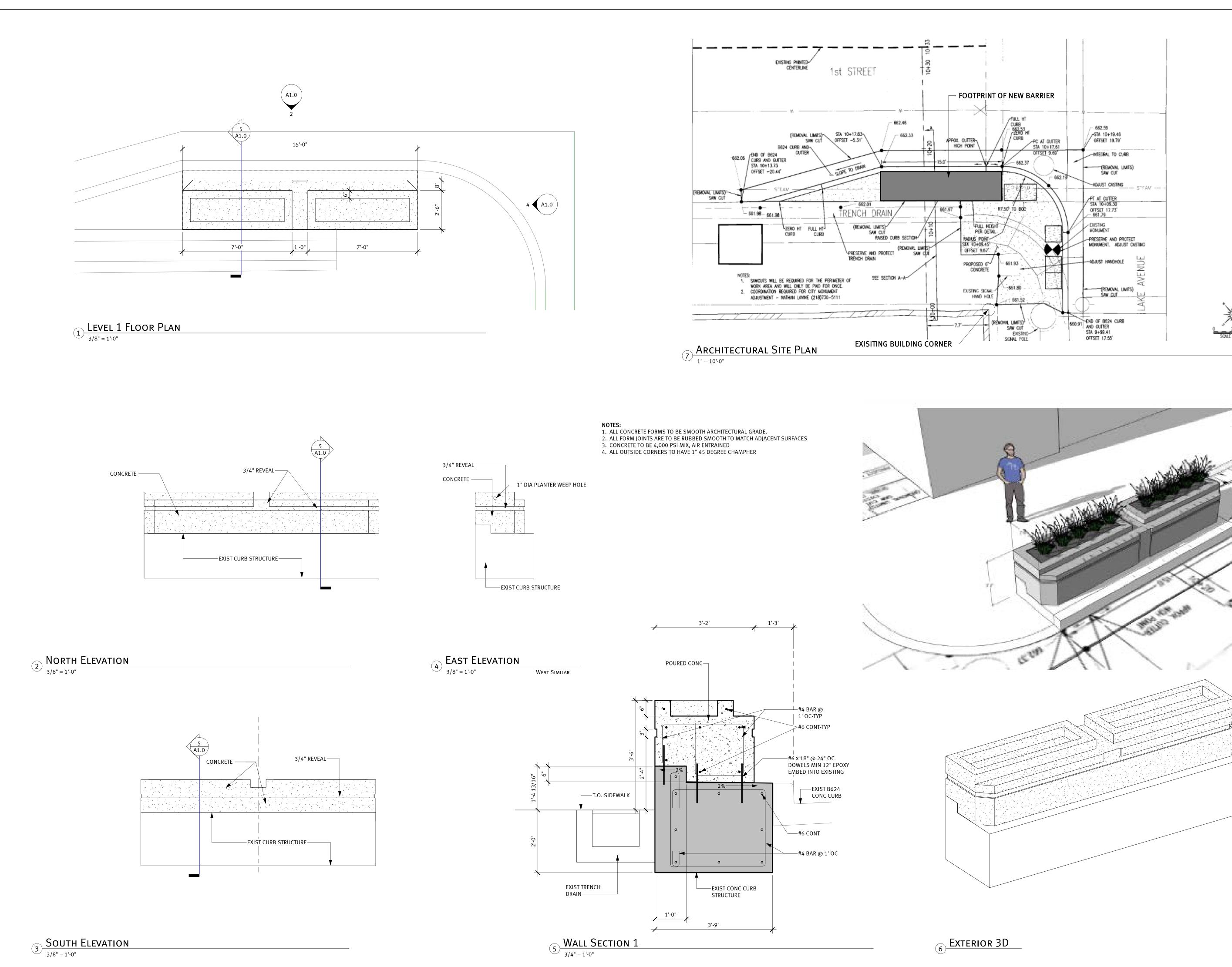
- 1.) Applicant shall construct any items within the limits identified in the attached exhibit.
- 2.) The barrier and sewer line shall comply with any applicable engineering standards, and building or fire code requirements, including additional permits as required under City Code.
- 3.) Applicant shall provide annual proof of liability insurance to indemnify the City against any occurrences in the right of way that are due to items covered under this permit.
- 4.) Applicant will remove the obstructions at the applicant's expense if directed to by the City with appropriate notice.
- 5.) The City shall not be responsible for any damage to the structure caused by work in the right-of-way.
- 6.) Any alterations to the approved plans that do not alter major elements of the plan may be approved by the Land Use Supervisor without further Planning Commission approval; however, no such administrative approval shall constitute a variance from the provisions of Chapter 50.





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.





dS	<u>g</u> N	enriching communities through architecture
dulut	h * virginia* www.dsgw	
	-	
Spin	Α	
Buil		
BAR		
2 West Fil		
Duluth, N		
project #: <u>020</u> date: <u>8/1</u>	0000.00 19/2020 3:	02:10 PM
drawn by: <u>Au</u>	THOR	
спескей by: <u></u>		
speci prep	fication, or a ared by me	or under my direct
Licer		that I am a duly ct under the laws innesota.
signature: printed name: _JOHN G	erzina, Al	
reg. #: <u>17139</u> sign date: <u>Issue I</u>		
revision / issue	no.	date
sheet title: D	RAWII	NGS
sneet number:	A1	.0

Page 48 of 79

PC Packet 09-08-2020

#### ATTATCHMENT

#### **Concurrent Use Permit**

Spina Building 2 West First St

August 20, 2020

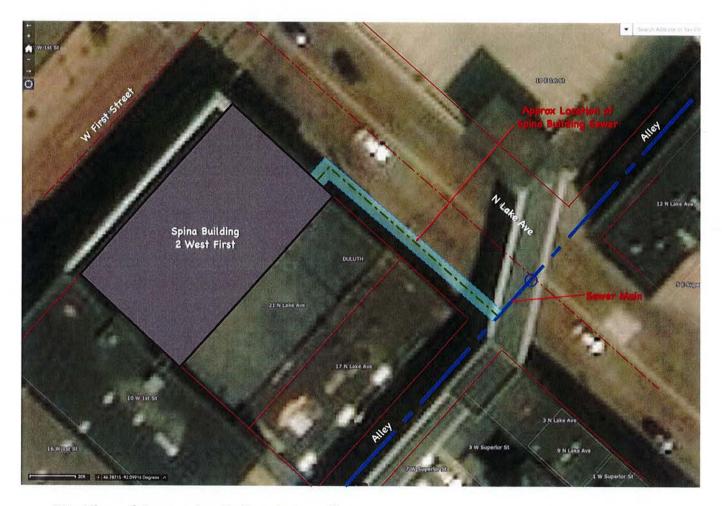
We are requesting a Concurrent Use Permit for two items pertaining to our property:

#### Item #1

We are submitting a permit to construct a protective barrier in front of the Spina Building. The corner of Lake Avenue and First Street is a very high traffic area and our building has been hit 5 times over the last 20 years. The last accident just occurred in July 2020 and caused severe damage to the building. Our building cannot withstand any more of these impacts. Furthermore, there needs to be ample protection at this corner to protect building occupants and sidewalk pedestrians. Luckily there have never been any injuries — however, there have been a number of near misses. We request approval of this permit for the safety and well being of the Spina Building and its occupants.

#### Item #2

We are submitting a permit at the request of City Engineering to acknowledge the location of our building sanitary sewer connection to the city sewer main. The sewer is original to the construction of the building and is scheduled to be lined this year in an effort to make it an approved sewage system.



#### Site Plan of Approximate Sewer Location

#### Street View with Protective Curb - 2019



#### Street View Prior to Curb - 2018



PL 16-055
:41:04 AM

From:

Sent: Monday, August 31, 2020 4:25 PMTo: planning <planning@DuluthMN.gov>Subject: Public comment regarding PL 16-055

Dear planning commission,

I am responding to the letter that I received in regards to public comments concerning the property at 5718 Cody Street. I have been living at my residence since before this building was occupied by it's current tenant. From the beginning of this Automobile repair shop opening it has always been a disaster. The space has always looked like junk yard and a garbage dump. With the gate open you can see into their space and there are piles of trash, scrap, car parts and miscellaneous items everywhere. The paved section of the area is laden with oil spills that I would imagine has seeped into the ground below. There are constantly vehicles, cars, trucks and commercial vehicles all over the street, land and sidewalk. The occupants have not tried to keep any sort of order or cleanliness to the area and it has turned our community into an eyesore. At one point there was a vehicle from that shop that was abandoned in front of my residence on 59th Ave W and I had to call the police to take care of the matter, it was moved after approximately a week after law enforcement intervention. I would ask that no special use permits be issued, any permits they currently have be taken and ordered to clean that area of all it's blight. Thank you.





**MEMO** 

**Planning & Development Division** Planning & Economic Development Department



218-730-5580 planning@duluthmn.gov

Room 160 411 West First Street Duluth, Minnesota 55802

TO:	Planning Commission
FROM:	Adam Fulton, Deputy Director of Planning and Development
DATE:	September 8, 2020
RE:	Conformance of Development District #17 for Lincoln Park Flats Development to Comprehensive Plan

In order to facilitate development of Lincoln Park Flats, located at 2102 West Superior Street (the "Project"), the City needs to modify Development District #17. The role of the Planning Commission is to make sure the proposed development and its uses are consistent with the Comprehensive Plan and Unified Development Code (UDC). Tax Increment Financing (TIF) is a financing tool that uses the increase in property taxes generated from site improvements to pay for a portion of those improvements.

The Project will consist of an approximately 53,000 square foot, four-level building over an approximately 17,600 square foot parking garage. The building will contain 74 apartment units, ranging from studios to 2 bedrooms, a fitness room, on site leasing office and covered and surface parking. 23 of the units will be available for those earning at or below 80% of the area median income.

The future land-use designation of the development site is Central Business Secondary (CBS). According to the Imagine Duluth 2035 Comprehensive Plan, CBS areas are intended for medium density neighborhood retail, employment centers, public spaces, and residential development. This land use is designated for the entire Lincoln Park commercial corridor east of highway 53. The proposed development meets the intent of this future land use.

The property is zoned F-5; according to the Unified Development Chapter, "The F-5 District is applied to both the West Superior Street study area (Lincoln Park) and the transitional areas surrounding Downtown, including Canal Park and Central Hillside (Second Street from Sixth Avenue West to Third Avenue East). These areas consist of a combination of traditional mixed use buildings and office buildings." F-5 is an appropriate zone designation for the CBS future land use category. It allows apartments as proposed by this project.

This project implements the following Comprehensive Plan principles:

*Principle #1 Reuse previously developed lands.* Reuse of previously developed lands, including adaptive reuse of existing building stock and historic resources, directs new investment to sites which have the potential to perform at a higher level than their current state. This strengthens neighborhoods and is preferred to a dispersed development pattern with associated alteration of natural landscapes and extensions of public services. Site preparation or building modification costs are offset by savings in existing public infrastructure such as streets and utilities, and transit, fire, and police services.

*Principle #3 -Support existing economic base*. Supporting Duluth's existing economic foundation maintains jobs, tax base, and opportunity. Economic activity with specific location requirements may be subject to displacement or site competition with changes in real estate values. This traditional economic activity faces change as a result of global economic patterns, changing markets, new regulation, and aging of extensive infrastructure. Nevertheless, fundamentals remain and the economic contribution, sometimes taken for granted, is significant.

This project supports the significant economic base of the mall and commercial corridor by providing residents to both purchase goods and services, and to work in the area businesses.

*Principle #5 Promote reinvestment in neighborhoods*. Duluth is strongly defined by its neighborhoods. This system should be supported through land use and transportation that foster neighborhood reinvestment. New development or redevelopment should maximize public investment that strengthens neighborhood commercial centers or diversifies residential opportunities that fit the neighborhood's character.

*Principle #8 Encourage mix of activities, uses, and densities.* Cities have evolved as a mix of land uses, building types, housing types, and activities. Accommodating choice while protecting investment is a balance to strike in land use regulation. Mixed uses provide opportunities for a diversity of activity that segregated, uniform uses do not provide.

This project provides the first new multifamily housing opportunity in Lincoln Park in decades and will bolster existing and future businesses by housing potential customers in the immediate vicinity.

*Principle #12 Create efficiencies in delivery of public services.* The costs of public service must be considered in land use decisions. Street construction and maintenance, utilities, libraries, fire, police, snow removal, and recreation facilities are services directly related to the physical location of development. Infrastructure should help direct development location rather than react to it. The integration of public services to maximize efficiencies with all related use decisions should be evaluated.

City staff believe that the proposed development conforms to and implements the Comprehensive Plan principles. City staff ask that the Planning Commission review this item, and following discussion, make a finding that it conforms to the Imagine Duluth 2035 Comprehensive Plan.

#### PLANNING COMMISSION CITY OF DULUTH, MINNESOTA

#### RESOLUTION NO. 20-123

#### RESOLUTION OF THE CITY OF DULUTH PLANNING COMMISSION FINDING THAT A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 17 AND A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 33 (SUPERIOR STREET APARTMENTS) CONFORM TO THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.

WHEREAS, the Duluth Economic Development Authority (the "DEDA") and the City of Duluth (the"City") have proposed to adopt a Modification to the Development Program for Development District No. 17 (the "Development Program Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 33 (Superior Street Apartments) (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and have submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

WHEREAS, the Commission has reviewed the Program and Plan to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and Plan conform to the general plans for the development and redevelopment of the City as a whole.

Dated: \_\_\_\_\_, 2020

Chair

ATTEST:

Secretary



## MODIFICATION TO THE DEVELOPMENT PROGRAM Development District No. 17

## - AND -

## TAX INCREMENT FINANCING PLAN Establishment of Tax Increment Financing District No. 33 (a redevelopment district)

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

Public Hearing: September 28, 2020



## **Table of Contents**

Modification to the Development Program for Development District No. 17	3
Foreword	3
Tax Increment Financing Plan for Tax Increment Financing District No	4
Foreword	4
Statutory Authority	4
Statement of Objectives	4
Development Program Overview	4
Description of Property in the District and Property to be Acquired	5
Classification of the District	5
Duration and First Year of Tax Increment of the District	6
Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increme and Notification of Prior Planned Improvements	
Sources of Revenue/Bonds to be Issued	7
Uses of Funds	8
Estimated Impact on Other Taxing Jurisdictions	9
Supporting Documentation	11
Administration of the District	11
Appendix A: Map of Development District No. 17 and the TIF District	12
Appendix B: Estimated Cash Flow for the District	13
Appendix C: Findings Including But/For Qualifications	14
Appendix D: Redevelopment Qualifications for the District	16

## 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. 33.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Senior Housing Developer 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. 33

## Foreword

The Duluth Economic Development Authority (the "EDA"), the City of Duluth (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 33 (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, the EDA and 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 "Tax Increment Financing Act" or "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 six parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of an approximate 74-unit market rate apartment as well as future construction of approximately 42 apartment units and accompanying commercial use in the City. The EDA intends to enter into an agreement with one or more developers to fulfill the objectives within the Plan. Development is anticipated to begin in 2021. 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, the EDA or City is authorized to undertake the following activities in the District:

- Property to be Acquired Property to be Acquired The EDA or City currently owns 1 parcel of property within the District. The remaining property located within the District may be acquired by the EDA or 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, the EDA or 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. The EDA or 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 rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
010-1120-02740	2102 W Superior St.	Arrowhead Supply Co
010-1120-02750	2104 W Superior St.	Arrowhead Supply Co
010-1120-02760	2110 W Superior St.	Arrowhead Supply Co
010-1120-02770	Unassigned	Arrowhead Supply Co
010-1120-02780	Unassigned	Arrowhead Supply Co
010-1120-05090	2001 W Superior St	Duluth HRA

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

The EDA or 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 the EDA or 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.

The EDA or City currently owns 1 parcel of the property to be included in the District.

#### **Classification of the District**

The EDA and 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 six parcels.
- An inventory shows that parcels consisting of more than 70 percent 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 percent 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 and First Year of Tax Increment of the District**

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 the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2022, 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 2047, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

### Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and 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 2020 for taxes payable 2021.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2022) 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 the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2021, assuming the request for certification is made before June 30, 2021). 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. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2022. The Project Tax Capacity (PTC) listed is an estimate of values when

the projects within the District are completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	358,412	
Original estimated Net Tax Capacity	11,894	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	346,518	
Original Local Tax Rate	146.4390%	Pay 2020
Estimated Annual Tax Increment	\$507,438	
Percent Retainted by the City	100%	

Note: Tax capacity includes a 3.0% 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 \$44,079.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA 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	\$ 8,992,768
Interest	899,277
TOTAL	\$ 9,892,045

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to incur bonds or 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 TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$6,023,595. 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 the construction of an approximate 74-unit market rate apartment as well as future construction of approximately 42 apartment units and accompanying commercial use. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The EDA 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.

USES	
Land/Building Acquisition	\$ 1,000,000
Site Improvements/Preparation	2,500,000
Utilities	1,150,000
Other Qualifying Improvements	474,317
Administrative Costs (up to 10%)	899,278
PROJECT COSTS TOTAL	\$ 6,023,595
Interest	3,868,450
PROJECT AND INTEREST COSTS TOTAL	\$ 9,892,045

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 this 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 percent 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 this 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, the EDA or 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 or	n Tax Base	
Entity	2019/Pay 2020 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	197,663,469	346,518	0.1753%
City of Duluth	78,693,924	346,518	0.4403%
ISD 709 (Duluth)	88,224,893	346,518	0.3928%

		mpact on Tax Rates	\$		
Entity	Pay 2020 Extension Rate	Percent of Total	стс	Pote	ential Taxes
St. Louis County	67.7300%	46.25%	346,518	\$	234,697
City of Duluth	42.9970%	29.36%	346,518		148,992
ISD 709 (Duluth)	29.4940%	20.14%	346,518		102,202
Other	6.2180%	4.25%	346,518		21,547
	146.4390%	100.00%		\$	507,438

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2020 rate. The total net capacity for the entities listed above are based on Pay 2020 figures. The District will be certified under the Pay 2021 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) <u>Estimate of total tax increment.</u> It is estimated that the total amount of tax increment that will be generated over the life of the District is \$8,992,768;
- (2) <u>Probable impact of the District on city provided services and ability to issue debt.</u>

An impact of the District on police protection is expected. The police department would anticipate an increase in officer time due to police services that may be needed. An officer's response to and time spent on proactive and reactive police responses, as well as proactively addressing quality of life issues, repeat calls for service, and excessive use of police services have both a financial and non-financial impact to police operations and public safety. The police department believes a positive and productive relationship can be attained with apartment building management to problem solve public safety and quality of life issues that may arise. The police department can manage the financial and non-financial impacts that may arise from this development under our current operations and budget. 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 new residential development there is a possibility of medical or assist calls from the fire department. There is not an expectation that calls to these areas would increase significantly. The project will replace non-sprinklered buildings with new sprinklered buildings. This increases the safety of that building, the buildings around it and the fire fighters responding to any structure fires. While no immediate staffing or capital investment is necessary solely as a result of this project, there may be a need for an additional rental inspector in the future. At that time a small vehicle would be needed.

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 project will necessitate sewer and water extensions which will be financed as part of the project without impact to taxpayers. Based on the development plans, there are no significant costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of any District general obligation tax increment bonds on the 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) <u>Estimated amount of tax increment attributable to school district levies.</u> 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 \$1,811,276;
- (4) <u>Estimated amount of tax increment attributable to county levies.</u> 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 \$4,159,276;
- (5) <u>Additional information requested by the county or school district.</u> 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**

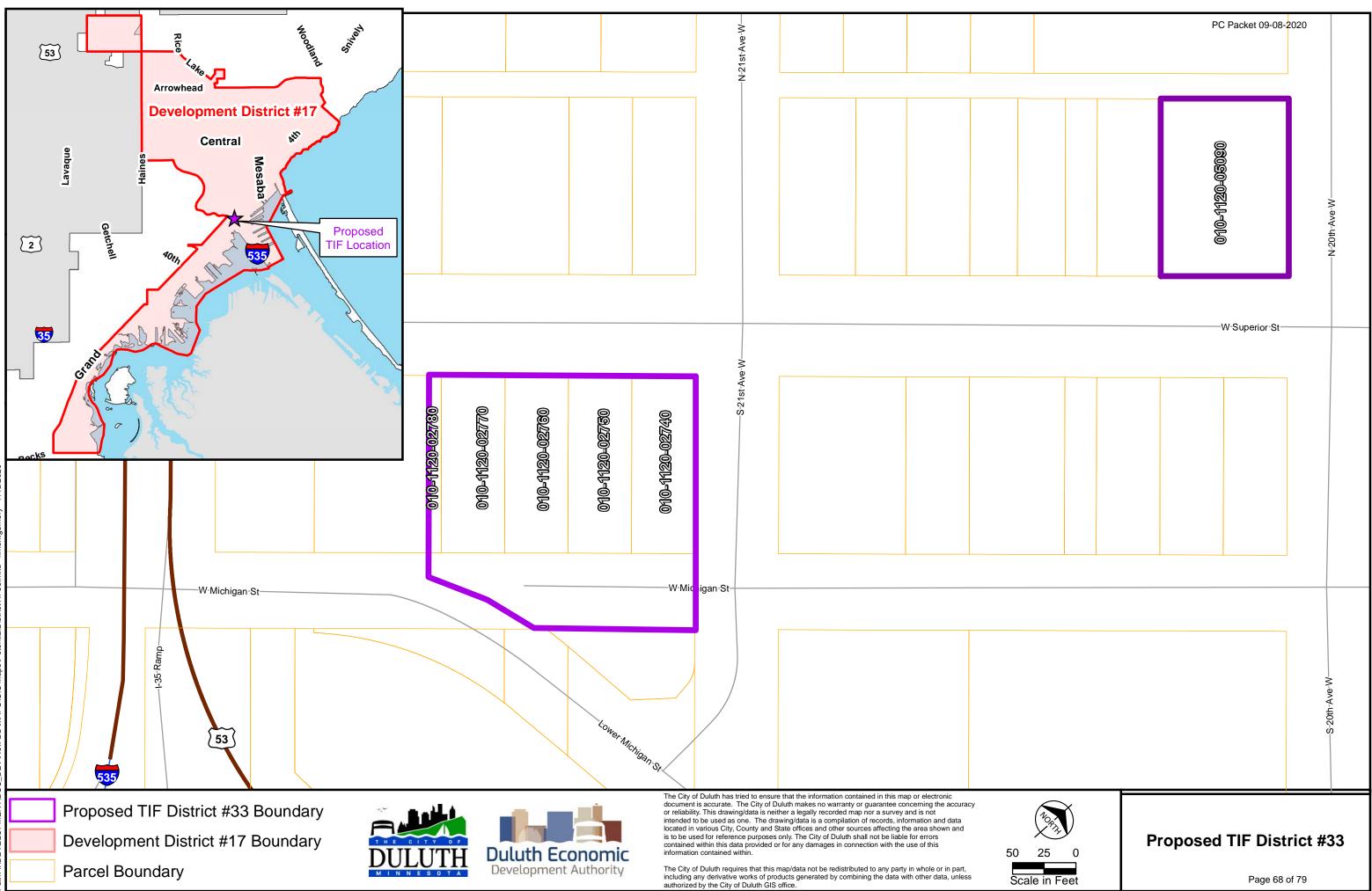
Pursuant to *M.S.* Section 469.175, Subd. 1 (a), clause 7 the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S.* Section 469.175, Subd. 3, clause (b)(2) and the findings are required in the resolution approving the District.

- (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 TIF District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF 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 TIF District and the use of tax increments.

#### Administration of the District

Administration of the District will be handled by the Senior Housing Developer.

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



Print Date: 7/16/2020, Aerial: 2016, Prepared By: DEDA Staff

## Appendix B: Estimated Cash Flow for the District



TIF District #33 - 3% Inflation

City of Duluth, MN

74-Unit Market Rate Apartment; 42-Unit Market Rate Apartment and 6,447 Sq Ft Retail

#### ASSUMPTIONS AND RATES

DistrictType: District Name/Number: County District #:	Redevelopment	
First Year Construction or Inflation on Value	2020	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	3.00%	
Interest Rate:	4.50%	
Present Value Date:	1-Aug-21	
First Period Ending	1-Feb-22	
Tax Year District was Certified:	Pay 2021	
Cashflow Assumes First Tax Increment For Development:	2022	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2047	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	
Incremental or Total Fiscal Disparities	NA	
Fiscal Disparities Contribution Ratio	NA	Pay 2020
Fiscal Disparities Metro-Wide Tax Rate	NA	Pay 2020
Maximum/Frozen Local Tax Rate:	146.439%	Pay 2020
Current Local Tax Rate: (Use lesser of Current or Max.)	146.439%	Pay 2020
State-wide Tax Rate (Comm./Ind. only used for total taxes)	38.8460%	Pay 2020
Market Value Tax Rate (Used for total taxes)	0.18994%	Pay 2020

Tax Rates	
Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	0.0070
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 \$162,000	0.75%
Over \$162,000	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%

					BAS	E VALUE INFO	ORMATION (Or	iginal Tax Cap	acity)					
				Land	Building Market	Total Market	Percentage Of Value Used	Original	Tax Year Original	Property Tax	Current Original	Class After	After Conversion	Area/
Map I	D PID	Owner	Address	Market Value	Value	Value	for District	Market Value	Market Value	Class	Tax Capacity	Conversion	Orig. Tax Cap.	Phase
	010-1120-02740	Arrowhead Supply Co	2102 W Superior St.	84,000	117,700	201,700	100%	201,700	Pay 2021	C/I Pref.	3,284	Rental	2,521	1
	010-1120-02750	Arrowhead Supply Co	2104 W Superior St.	55,900	117,700	173,600	100%	173,600	Pay 2021	C/I	3,472	Rental	2,170	1
	010-1120-02760	Arrowhead Supply Co	2110 W Superior St.	55,900	117,700	173,600	100%	173,600	Pay 2021	C/I	3,472	Rental	2,170	1
	010-1120-02770	Arrowhead Supply Co	Unassigned	28,000	0	28,000	100%	28,000	Pay 2021	C/I	560	Rental	350	1
	010-1120-02780	Arrowhead Supply Co	Unassigned	5,600	2,500	8,100	100%	8,100	Pay 2021	C/I	162	Rental	101	1
	010-1120-05090	Duluth HRA	2001 W Superior St	84,000	209,100	293,100	100%	293,100	Pay 2021	Rental	3,664	Rental	3,664	2
	010-1120-05090	Duluth HRA	2001 W Superior St	55,900	5,300	61,200	100%	61,200	Pay 2021	C/I Pref.	918	C/I Pref.	918	2
								939,300			15,532		11,894	

#### Note:

1. Base values are for pay 2021 based upon review of County website on 7-10-20.

2. Located in UTA 010-0709-00-02-00-00

Page 71 of 79



City of Duluth, MN

74-Unit Market Rate Apartment; 42-Unit Market Rate Apartment and 6,447 Sq Ft Retail

					PROJECT IN	FORMATION (	Project Tax Ca	pacity)					
		Estimated	Taxable		Total Taxable	Property			Percentage	Percentage	Percentage	Percentage	First Year
		Market Value	Market Value	Total	Market	Тах	Project	Project Tax	Completed	Completed	Completed	Completed	Full Taxes
Area/Phase	New Use	Per Sq. Ft./Unit	Per Sq. Ft./Unit	Sq. Ft./Units	Value	Class	Tax Capacity	Capacity/Unit	2020	2021	2022	2023	Payable
1	Apartments	115,000	115,000	74	8,510,000	Rental	106,375	1,438	25%	100%	100%	100%	2023
2	Apartments	115,000	115,000	42	4,830,000	Rental	60,375	1,438	25%	100%	100%	100%	2023
2	Retail	80	80	6,447	515,760	C/I Pref.	9,565	1	25%	100%	100%	100%	2023
TOTAL					13,855,760		176,315						
Subtotal Residen	tial			116	13,340,000		166,750						
Subtotal Commen	cial/Ind.			6,447	515,760		9,565						

Note:

1. Market values are based upon discussions with the City.

				TAX CALCU	LATIONS				
	Total	Fiscal	Local	Local	Fiscal	State-wide	Market		
	Тах	Disparities	Tax	Property	Disparities	Property	Value	Total	Taxes Per
New Use	Capacity	Tax Capacity	Capacity	Taxes	Taxes	Taxes	Taxes	Taxes	Sq. Ft./Unit
Apartments	106,375	0	106,375	155,774	0	0	16,164	171,938	2,323.49
Apartments	60,375	0	60,375	88,413	0	0	9,174	97,587	2,323.49
Retail	9,565	0	9,565	14,007	0	3,133	980	18,120	2.81
TOTAL	176,315	0	176,315	258,194	0	3,133	26,318	287,645	

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	287,645
less State-wide Taxes	(3,133)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(26,318)
less Base Value Taxes	(17,418)
Annual Gross TIF	240,776

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	939,300
New Market Value - Est.	13,855,760
Difference	12,916,460
Present Value of Tax Increment	4,711,448
Difference	8,205,012
Value likely to occur without Tax Increment is less than:	8,205,012



City of Duluth, MN

74-Unit Market Rate Apartment; 42-Unit Market Rate Apartment and 6,447 Sq Ft Retail

						TAX INCR	EMENT CA	SH FLOW						
	Project	Original	Fiscal	Captured	Local	Annual	Semi-Annual	State	Admin.	Semi-Annual	Semi-Annual	PERIOD		
% of	Тах	Tax	Disparities	Tax	Тах	Gross Tax	Gross Tax	Auditor	at	Net Tax	Present	ENDING		Payment
OTC	Capacity	Capacity	NA	Capacity	Rate	Increment	Increment	0.36%	10%	Increment	Value	Yrs.	Year	Date 02/01/22
100%	44,079	(11,894)	-	32,185	146.439%	47,131	23,565	- (85)	(2,348)	- 21,132	20,212	0.5	2022	02/01/22
	.,	(,,		,		,	23,565	(85)	(2,348)	21,132	39,980	1	2022	02/01/23
100%	176,315	(11,894)	-	164,421	146.439%	240,776	120,388	(433)	(11,996)	107,959	138,745	1.5	2023	08/01/23
4000/	101.005	(44.004)		100 710	4.40, 4000/	040 500	120,388	(433)	(11,996)	107,959	235,337	2	2023	02/01/24
100%	181,605	(11,894)	-	169,710	146.439%	248,522	124,261 124,261	(447) (447)	(12,381) (12,381)	111,433 111,433	332,844 428,205	2.5 3	2024 2024	08/01/24 02/01/25
100%	187,053	(11,894)	-	175,159	146.439%	256,500	128,250	(462)	(12,301)	115,009	524,460	3.5	2024	08/01/25
	- ,	( ) )		-,		,	128,250	(462)	(12,779)	115,009	618,598	4	2025	02/01/26
100%	192,664	(11,894)	-	180,770	146.439%	264,718	132,359	(476)	(13,188)	118,695	713,614	4.5	2026	08/01/26
4000/	100 111	(11.004)		400 550	4.40, 4000/	070 400	132,359	(476)	(13,188)	118,695 122,489	806,540	5	2026	02/01/27
100%	198,444	(11,894)	-	186,550	146.439%	273,182	136,591 136,591	(492) (492)	(13,610) (13,610)	122,489	900,326 992,048	5.5 6	2027 2027	08/01/27 02/01/28
100%	204,398	(11,894)	-	192,503	146.439%	281,900	140,950	(507)	(14,044)	126,399	1,084,615	6.5	2028	08/01/28
		( ) )					140,950	(507)	(14,044)	126,399	1,175,146	7	2028	02/01/29
100%	210,530	(11,894)	-	198,635	146.439%	290,880	145,440	(524)	(14,492)	130,424	1,266,503	7.5	2029	08/01/29
4000/		(4.4.00.4)		004054			145,440	(524)	(14,492)	130,424	1,355,850	8	2029	02/01/30
100%	216,845	(11,894)	-	204,951	146.439%	300,128	150,064 150,064	(540) (540)	(14,952) (14,952)	134,572 134,572	1,446,011 1,534,187	8.5 9	2030 2030	08/01/30 02/01/31
100%	223,351	(11,894)	-	211,457	146.439%	309,655	150,064	(540)	(14,952) (15,427)	134,572	1,623,160	9 9.5	2030	02/01/31
10070	220,001	(11,001)		211,107	110.10070	000,000	154,827	(557)	(15,427)	138,843	1,710,175	10	2031	02/01/32
100%	230,051	(11,894)	-	218,157	146.439%	319,467	159,734	(575)	(15,916)	143,243	1,797,972	10.5	2032	08/01/32
							159,734	(575)	(15,916)	143,243	1,883,837	11	2032	02/01/33
100%	236,953	(11,894)	-	225,059	146.439%	329,574	164,787	(593)	(16,419)	147,775	1,970,470	11.5	2033	08/01/33
100%	244.061	(11 004)		232,167	146.439%	339,983	164,787 169,992	(593) (612)	(16,419) (16,938)	147,775 152,442	2,055,196 2,140,675	12 12.5	2033 2034	02/01/34 08/01/34
100%	244,061	(11,894)	-	232,107	140.439%	339,903	169,992	(612)	(16,938)	152,442	2,140,675	12.5	2034	02/01/34
100%	251,383	(11,894)	-	239,489	146.439%	350,705	175,353	(631)	(17,472)	157,250	2,308,610	13.5	2035	08/01/35
	- ,	( ) )		,		,	175,353	(631)	(17,472)	157,250	2,391,091	14	2035	02/01/36
100%	258,925	(11,894)	-	247,031	146.439%	361,749	180,875	(651)	(18,022)	162,202	2,474,297	14.5	2036	08/01/36
4000/	000.000	(44.004)		054 700	4.40, 4000/	070 404	180,875	(651)	(18,022)	162,202	2,555,672	15	2036	02/01/37
100%	266,693	(11,894)	-	254,798	146.439%	373,124	186,562 186,562	(672) (672)	(18,589) (18,589)	167,301 167,301	2,637,759 2,718,039	15.5 16	2037 2037	08/01/37 02/01/38
100%	274,693	(11,894)	-	262,799	146.439%	384,840	192,420	(693)	(19,173)	172,554	2,799,018	16.5	2037	02/01/38
	21 1,000	(11,001)		202,100	110110070	001,010	192,420	(693)	(19,173)	172,554	2,878,215	17	2038	02/01/39
100%	282,934	(11,894)	-	271,040	146.439%	396,908	198,454	(714)	(19,774)	177,966	2,958,099	17.5	2039	08/01/39
							198,454	(714)	(19,774)	177,966	3,036,225	18	2039	02/01/40
100%	291,422	(11,894)	-	279,528	146.439%	409,338	204,669	(737)	(20,393)	183,539	3,115,024	18.5	2040	08/01/40
100%	300,165	(11,894)	_	288,271	146.439%	422,141	204,669 211,070	(737) (760)	(20,393) (21,031)	183,539 189,279	3,192,089 3,269,816	19 19.5	2040 2041	02/01/41 08/01/41
10070	500,105	(11,004)		200,271	140.400 /0	722,141	211,070	(760)	(21,031)	189,279	3,345,832	20	2041	02/01/42
100%	309,170	(11,894)	-	297,276	146.439%	435,327	217,664	(784)	(21,688)	195,192	3,422,498	20.5	2042	08/01/42
							217,664	(784)	(21,688)	195,192	3,497,477	21	2042	02/01/43
100%	318,445	(11,894)	-	306,551	146.439%	448,910	224,455	(808)	(22,365)	201,282	3,573,094	21.5	2043	08/01/43
100%	227 000	(11 004)		216 104	146 4200/	460 000	224,455	(808)	(22,365)	201,282	3,647,047	22 22.5	2043 2044	02/01/44
100%	327,998	(11,894)	-	316,104	146.439%	462,899	231,450 231,450	(833) (833)	(23,062) (23,062)	207,555 207,555	3,721,627 3,794,565	22.5	2044	08/01/44 02/01/45
100%	337,838	(11,894)	-	325,944	146.439%	477,309	231,450 238,654	(859)	(23,062)	207,555 214,015	3,868,119	23.5	2044	02/01/45
.0070	007,000	(11,004)		020,011	110.10070	111,000	238,654	(859)	(23,780)	214,015	3,940,054	23.3	2045	02/01/46
100%	347,973	(11,894)	-	336,079	146.439%	492,151	246,075	(886)	(24,519)	220,670	4,012,594	24.5	2046	08/01/46
							246,075	(886)	(24,519)	220,670	4,083,538	25	2046	02/01/47
100%	358,412	(11,894)	-	346,518	146.439%	507,438	253,719	(913)	(25,281)	227,525	4,155,076	25.5	2047	08/01/47
	Terel						253,719	(913)	(25,281)	227,525	4,225,040	26	2047	02/01/48
	Total	sent Value Fro	m 08/01/2020	Present Value Ra	ite 4.50%		9,025,256 4,711,448	(32,488) (16,959)	(899,278) (469,449)	8,093,490 4,225,040				
	Pre	sent value Fro	111 06/01/2020	Fresent value Ra	11e 4.30%		4,711,448	(10,959)	(409,449)	4,225,040			000 72	

Page 72 of 79

### **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. 33 (the "District"), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. Finding that Tax Increment Financing District No. 33 is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.

The District consists of 6 parcels and vacant right-of-way, with plans to redevelop the area for the construction of an approximate 74-unit market rate apartment as well as future construction of approximately 42 apartment units and accompanying commercial use in the City. 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 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. 33 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 substandard buildings, the high cost of land assembly, demolition costs, the provision of parking, 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 assembling multiple parcels of land, demolition, parking, and site improvement costs add to the total redevelopment cost. Historically, the 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 \$12,916,460
- 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 \$4,711,448.
- 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 \$8,205,012 (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 will review the TIF Plan on 09/08/2020 to find 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. 33 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, EDA or the City will increase the availability of safe and decent life-cycle housing in the City.

## Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing



ket 09-08-2020

Land and Minerals Dept. • www.stlouiscountymn.gov • landdept@stlouiscountymn.gov RECEIVE

August 5, 2020

City of Duluth Chelsea Helmer, Clerk 330 City Hall Duluth, MN 55803

AUG = 7 2020 Re: Reclassification of state tax forfeited land - Board Resolution #20-377 dated 8/4/2020

Dear Clerk,

The St. Louis County Board of Commissioners has completed the reclassification of state tax forfeited properties to non-conservation. Under Minn. Stat. 282.01, once the County Board has classified or reclassified and listed the property, each city or town in which the property is located must have the opportunity to approve the reclassification and listing for properties within their jurisdiction.

The goals of the reclassification and listing process are: 1) to encourage the most economical and efficient use of the property for transportation, roads, water supply, drainage, sanitation, education, and recreation; 2) to reduce local and state government expenses; 3) to conserve and develop the state's natural resources; and 4) to encourage both agricultural and nonagricultural economic development in the areas of the state best suited for each.

If your council or board disagrees with the reclassification of any parcel(s), please provide detailed information on the enclosed form number LD.Disapproval.9/02, setting forth the rationale and statutory basis for such disapproval.

If your municipality wishes to acquire any parcel(s) listed, please complete the form number 7000 Withhold Application Form, to withhold the property from sale for up to six (6) months while your municipality completes the acquisition of the property. This application must be received within 60 days of the date of this letter. After six months and absent acquisition of the property by the municipality, the county will be free to sell the property.

Please respond with any of your concerns within 60 days. If no response is received within that time period, the submitted reclassification and listing will be deemed approved.

Sincerely,

J. MC Melcher

Stacy M.C. Mélcher Land Commissioner Representative

SM/pb Enclosure CC: File

□ Land Commissioner's Office 320 West 2<sup>nd</sup> St, Ste 302 Duluth MN, 55802 (218) 726-2606 Fax: (218) 726-2600

□ Pike Lake Office 5713 Old Miller Trunk Hwy Duluth MN, 55811 (218) 625-3700 Fax: (218) 625-3733

UVirginia Office 7820 Hwy 135 Virginia, MN 55792 (218) 742-9870 Fax: (218) 742-9870

"Trust Lands, Managed For The People Of This County"

Mark Weber

Commissioner



# Resolution of the

**Board of County Commissioners** 

St. Louis County, Minnesota Adopted on: August 4, 2020 Resolution No. 20-377 Offered by Commissioner: Boyle

#### Reclassification of State Tax Forfeited Lands to Non-Conservation

WHEREAS, All parcels of land becoming the property of the State of Minnesota in Trust through forfeiture for nonpayment of real estate taxes shall be classified or reclassified as conservation or non-conservation as required by Minn. Stat. § 282.01, Subd. 1; and

WHEREAS, The parcels described in the attached County Board File forfeited to the State of Minnesota for nonpayment of real estate taxes and were previously classified as conservation; and

WHEREAS, The St. Louis County Land and Minerals Department has recommended that the parcels be reclassified as non-conservation after considering, among other things, the present use of adjacent land, the productivity of the soil, the character of forest or other growth, the accessibility of lands to established roads, schools, utilities and other public services, and their peculiar suitability or desirability for particular uses; and

WHEREAS, These parcels of land may be located inside the boundaries of a municipality or town and Minn. Stat. § 282.01 provides that classification or reclassification and sale of lands situated within a municipality or town must be approved by the governing body of the municipality or town; and

WHEREAS, The reclassification of these parcels will be deemed approved if the county board does not receive notice of the municipality's or town's disapproval of the reclassification of any parcel within 60 days of the date on which this resolution is delivered to the clerk of the municipality or town in which the parcels are located.

THEREFORE, BE IT RESOLVED, That the state tax forfeited parcels described in County Board File No. 61327 shall be reclassified as non-conservation, and the request for approval of the reclassification shall be transmitted by the St. Louis County Land and Minerals Department to the clerk of the municipality or town in which the parcels are located.

Commissioner Boyle moved the adoption of the Resolution and it was declared adopted upon the following vote: Yeas – Commissioners Jewell, Boyle, Olson, McDonald, Musolf, Nelson and Chair Jugovich – 7 Nays – None

STATE OF MINNESOTA Office of County Auditor, ss. County of St. Louis

I, NANCY NILSEN, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 4<sup>th</sup> day of August, A.D. 2020, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 4th day of August, A.D., 2020.

NANCY NILSEN, COUNTY AUDITOR

Ву

Clerk of the County Board/Deputy Auditor

RECLA	ISS	FI	CA	TI	NO	0	F STATE TAX I	RECLASSIFICATION OF STATE TAX FORFEITED LAND
PARCEL	LDKEY TWP RGE SEC LOT BLK	TW	P RGI	E SE	C TOI	BLA	K PLAT	LEGAL COMMENTS
010-0580-00170	100425	49	15	13	0	2	CLINTON PLACE ADDITION TO DULUTH	LOTS 1 AND 2
010-0580-00190	100426	49	15	13	ы	7	CLINTON PLACE ADDITION TO DULUTH	EX RY RT OF W
010-0580-00340	100427	49	15	13	0	с,	CLINTON PLACE ADDITION TO DULUTH	LOTS 1 THRU 10
010-0580-00500	100428	49	15	13	0	4	CLINTON PLACE ADDITION TO DULUTH	LOTS 1 THRU 16
010-1120-05900	100633	50	4 4	33	276	56	DULUTH PROPER SECOND DIVISION	ELY 1/2
010-1130-00050	100662	20	14	33	ო	70	MYERS REARR BLK 70 DULUTH PROPER 2ND DIVISION	N 25 FT INC 5 FT OF VAC AVE ADJOINING
010-1130-00080	100665	20	14	33	4	20	MYERS REARR BLK 70 DULUTH PROPER 2ND DIVISION	I S 27 X 80 FT INC 5FT OF VAC AVE ADJOINING
010-1130-00200	100668	50	14	33	თ	70	MYERS REARR BLK 70 DULUTH PROPER 2ND DIVISION	I S 27 X 80 FT INC 5 FT OF VAC AVE ADJOINING
141-0050-02170	105993	57	21	15			HIBBING CITY OF 57-21	N 38 FT OF S 620 FT OF THAT PART OF NW 1/4 OF SW driveway trespass 1/4 LYING W OF OF THE HIGHWAY
215-0010-01700	106549	61	18	10			ANGORA TOWN OF	W1/2 NE1/4 OF SW1/4
240-0015-01310	107211	57	12	26			BASSETT TOWN OF	NE1/4 OF SE1/4 EX 2 AC FOR CEMETERY AND EX RY R/W 0.70 AC AND EX S 368.95 FT OF N 1051.11 FT OF E 295.16 FT
250-0020-01240	107638	63	40	80			BEATTY TOWN OF	PART OF SW 1/4 OF SE 1/4 BEG AT SW COR RUNNING driveway trespass THENCE E 166 FT THENCE N 470 FT THENCE NWLY ALONG A CREEK TO W SIDE OF SAID FORTY THENCE S 535 FT TO POINT OF BEGINNING
320-0020-01870	109322	55	17	12			ELLSBURG TOWN OF	NE 1/4 OF SW 1/4
320-0020-01900	109323	55	17	12			ELLSBURG TOWN OF	SE 1/4 OF SW 1/4
							8	PC Packet 09-08-2020
Tuesday, July 21, 2020	, 2020							Page 1 of 2