

## FACTSHEET

**TITLE:** A Resolution approving and adopting a proposed **amendment to the ANTELOPE VALLEY REDEVELOPMENT PLAN**, requested by the Director of the Urban Development Department, for the East Downtown Hotel Redevelopment Area.

**SPONSOR:** Planning Department

**BOARD/COMMITTEE:** Planning Commission  
Public Hearing: 01/19/05 and 02/02/05  
Administrative Action: 02/02/05

**STAFF RECOMMENDATION:** A finding of conformance with the Comprehensive Plan.

**RECOMMENDATION:** A finding of conformance with the Comprehensive Plan (7-1: Marvin, Taylor, Pearson, Carroll, Krieser, Larson and Bills-Strand voting 'yes'; Carlson voting 'no'; Sunderman declared a conflict of interest).

### **FINDINGS OF FACT:**

1. The proposed amendment to the Antelope Valley Redevelopment Plan is for the *East Downtown Hotel Redevelopment Area* and will provide for the acquisition and demolition by the City of Lincoln and for the redevelopment of property bounded on the west by North 17<sup>th</sup> Street, on the north by Q Street, on the east by North 18<sup>th</sup> Street and on the south by P Street. This amendment would accommodate a new hotel and associated parking, including public streetscape and infrastructure improvements within the amendment area.
2. The staff recommendation to find the proposed amendment to be in conformance with the Comprehensive Plan is based upon the "Analysis" as set forth on p.3-4.
3. Testimony by the proponents is found on p.5-6 and 12-14, and other testimony in support is found on p.6-7 and 14-16. The record also consists of one letter in support (p.36-37). The proponents focused upon the significant private reinvestment that this amendment represents; that the proposed redevelopment project will go through a RFP process to select a developer; and a development agreement will need to be approved by the City Council before the City has authority to proceed to make offers and purchase the property to assemble the site. There was also focus upon the benefit to UNL in terms of an extended stay hotel for research and development activities. There was testimony in support by representatives of the Downtown Lincoln Association, Embassy Suites, the Antelope Valley Design Team, the Vice Chancellor of Research at UNL, the Convention and Visitors Bureau, the Lincoln Chamber Of Commerce, Neighborhoods, Inc., the Downtown Retail Council and Hampton Development. The additional information with respect to property owner contacts and efforts to assist Samurai Sam's is found on p.33-35.
4. Testimony in opposition is found on p.7-9 and 16-18. There were three requests to place this proposed amendment on pending until various issues can be worked out with the property owners. The testimony in opposition focused upon compensation and relocation assistance to the property owners and tenants being displaced by this proposal. The opposition included Whitehead Oil Company located at 17<sup>th</sup> & "Q"; Rick Krueger, his partners and tenants located at 18<sup>th</sup> & "Q" and 19<sup>th</sup> & "O"; Samurai Sam's located at 230 N. 17<sup>th</sup> Street; Miracle Mile Motors located at 17<sup>th</sup> & "P"; and Pickering Automotive located at 18<sup>th</sup> & "P". The additional information submitted by Rick Krueger is found on p.38-39.
5. On January 19, 2005, a motion for a finding of conformance with the Comprehensive Plan failed 4-2 (Marvin, Carroll, Larson and Bills-Strand voting 'yes'; Carlson and Taylor voting 'no'; Sunderman declaring a conflict of interest; Krieser and Pearson absent). See Minutes, p.11-12. The dissenting votes were based upon the interests and concerns of the private business owners not being properly addressed.
6. On February 2, 2005, the majority of the Planning Commission agreed with the staff recommendation and voted 7-1 to find the proposed amendment to be in conformance with the Comprehensive Plan (Carlson dissenting; Sunderman declaring a conflict of interest). See Minutes, p.20-21.

**FACTSHEET PREPARED BY:** Jean L. Walker

**DATE:** February 8, 2005

**REVIEWED BY:** \_\_\_\_\_

**DATE:** February 8, 2005

**REFERENCE NUMBER:** FS\CC\2005\CPC.04013

## LINCOLN CITY/LANCASTER COUNTY PLANNING STAFF REPORT

for January 19, 2005 PLANNING COMMISSION MEETING

**P.A.S.#:** Comprehensive Plan Conformance #04013 **Date:** January 7, 2005

**PROPOSAL:** Amendment to Antelope Valley Redevelopment Plan for East Downtown Hotel Project to determine conformity with the *Lincoln and Lancaster County 2025 Comprehensive Plan*.

**CONCLUSION:** The proposed amendment is in conformance with the Comprehensive Plan.

<b><u>RECOMMENDATION:</u></b> Find that this request is in conformance with the Comprehensive Plan.
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### **GENERAL INFORMATION:**

**LOCATION:** The block in Downtown Lincoln bounded by P, Q, North 17<sup>th</sup>, and North 18<sup>th</sup> Streets.

**EXISTING ZONING:** B-4 (Lincoln Center Business District).

**EXISTING LAND USE:** Mixed uses including automobile service station & convenience store, auto sales lot, parking lots, and automobile repair.

**ASSOCIATED APPLICATIONS:** None.

**HISTORY:** The Antelope Valley Redevelopment Plan was adopted in late 2004 with expectation of amendments as specific projects emerged. This is the first such amendment to be proposed.

### **COMPREHENSIVE PLAN SPECIFICATIONS:**

- *Antelope Valley Major Investment Study: Amended Draft Single Package, City of Lincoln; May 1998, Updated November 1998. (among the subarea plans from the 1994 Comprehensive Plan carried over into the 2025 Comprehensive Plan) (p. F156)*
- *]Guiding Principles for Existing Commercial Centers: Encourage renovation and reuse of existing commercial centers. Infill commercial development should be compatible with the character of the area and pedestrian oriented. (P. F49)*

## ANALYSIS:

1. This is a request to review a proposed amendment to the Antelope Valley Redevelopment Plan for a determination of conformity with the Comprehensive Plan.
2. The amendment covers a city block bounded by P Street on the south, North 17<sup>th</sup> Street on the west, Q Street on the north, and North 18<sup>th</sup> Street on the east.
3. The amendment would accommodate one redevelopment project—a new hotel and associated parking. This project would include public streetscape and infrastructure improvements within the amendment area.
4. The Antelope Valley Redevelopment Plan was adopted in 2004 to encourage revitalization activities throughout the area affected by the stormwater and transportation improvements of the Joint Antelope Valley Authority (JAVA). Construction of the stormwater and transportation elements has begun. This amendment for a new, 150-room hotel is the first major revitalization proposal connected with the Antelope Valley Redevelopment Plan. The Plan anticipated mixed uses in the area in question including but not limited to parking, hotels, offices, residences, and research & development facilities. Specifically, the adopted “Antelope Valley Redevelopment Plan” notes (p. 53) “In turn, this East Downtown area will hopefully provide residential, **extended hotel/motel** [emphasis added], small conference space, restaurants and other related support services.” The proposal is therefore consistent with the Redevelopment Plan.
5. The Redevelopment Plan outlines “Urban Design Principles” (p. 69-70) that should guide this redevelopment project, including but not limited to strong pedestrian orientation, screened parking, quality buildings compatible with their settings, strong entrances oriented to encourage street level activity, and attractive streetscapes. The city’s Urban Design Committee advises city departments on the urban design impact of public and public/private projects and should be utilized throughout this project.
6. The East Downtown Hotel Project would generate Tax Increment Financing from private development in the project area to pay for infrastructure and improvements such as property acquisition, site preparation and remediation, property demolition, utility improvements, facade improvements, parking improvements, and improvement of pedestrian facilities and provision of streetscape amenities.
7. The *Lincoln and Lancaster County 2025 Comprehensive Plan* acknowledges the community’s longstanding efforts to protect and improve downtown and specifically cites that “In districts such as Haymarket and downtown, the city uses its redevelopment powers to augment and help coordinate private efforts (p. E78).
8. Public Works and Utilities Dept. points out that an existing sanitary sewer in the east-west alley through the block will need to be relocated or protected by an easement, and that any

associated street vacations will have to be evaluated when more specific information and requests are received.

9. Parks Department reviewed the proposal and had no comments.

Prepared by:

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Historic Preservation Planner

**DATE:** January 7, 2005

**APPLICANT:** Director of Urban Development  
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**CONTACT:** Urban Development Dept.  
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**COMPREHENSIVE PLAN CONFORMANCE NO. 04013  
A PROPOSED AMENDMENT TO THE  
ANTELOPE VALLEY REDEVELOPMENT PLAN  
FOR THE  
EAST DOWNTOWN HOTEL REDEVELOPMENT AREA**

**PUBLIC HEARING BEFORE PLANNING COMMISSION:**

January 19, 2005

Members present: Marvin, Carlson, Carroll, Taylor, Larson and Bills-Strand; Sunderman declared a conflict of interest; Krieser and Pearson absent.

Staff recommendation: A finding of conformance with the Comprehensive Plan.

Ex Parte Communications: None.

Proponents

**1. Dallas McGee of the City Urban Development Department**, presented the proposed amendment to the Antelope Valley Redevelopment Plan to enable significant private reinvestment in the Antelope Valley area. The request is that the Planning Commission find the proposed amendment to be in conformance with the Comprehensive Plan.

This is the third step of a multi-step process that will enable redevelopment in Antelope Valley.

- The first step occurred in July 2003, when the Antelope Valley Redevelopment Area was declared blighted; that blight declaration process was consistent with the Nebraska Community Development statutes and allows for tax increment financing (TIF) to assist with the redevelopment.
- The second step occurred last November when the Antelope Valley Redevelopment Plan was adopted by the City Council. This plan identified conceptually how redevelopment can occur within the Antelope Valley area. Included in the plan is a redevelopment concept that identifies how redevelopment could occur in the area bounded by 17<sup>th</sup> Street, 19<sup>th</sup> Street, "O" Street and "Q" Street. This amendment will detail that plan and proposes redevelopment for one of those blocks – between 17<sup>th</sup> and 18<sup>th</sup> Streets, "P" and "Q" Streets.

McGee further informed the Commission that John Q. Hammons, who built Embassy Suites, has indicated an interest in development on this block. He has provided a conceptual plan to build a four-story, 150 room hotel, which would occupy the entire block and would include parking. After the redevelopment plan amendment is acted upon by the City Council, Urban Development will then

proceed to the fourth step, i.e. to officially select a developer. A RFP will be prepared and advertised, and a developer will be selected for the project.

The fifth step is the adoption of a Redevelopment Agreement between the city and the developer, identifying in detail the specifics of the hotel and identifying the city's responsibilities in assisting in the redevelopment. Once that agreement is approved by the City Council, Urban Development will have the authority to proceed to make offers on the property, purchase property and begin assembly of the site.

McGee submitted that the proposed amendment is consistent with the Antelope Valley Redevelopment Plan – it is good for Antelope Valley; it is good for Downtown and the city as a whole. If Hammons is selected as the developer, he has indicated that he would like to begin construction this summer.

McGee stated that Urban Development does recognize that assembling a site of this nature is not without concerns, particularly for business and property owners located on the site. The ultimate solutions have not yet been identified, but Urban Development is working with business and property owners and pledges to address their concerns to the best of its abilities.

**2. Polly McMullen, Downtown Lincoln Association**, testified in support. DLA encourages the Commission to act today to amend the Antelope Valley Redevelopment Plan to include the proposed project. The "Residence Inn" project holds great potential for Downtown Lincoln and Antelope Valley, and also meets the needs for an extended stay hotel facility which we do not have Downtown or near UNL. Mr. Hammons has a track record in Lincoln as well as nationally, and his interest to continue to invest in our community is a real vote of confidence in Lincoln and in Downtown. DLA will assist the city in addressing the relocation needs for the businesses on the block.

**3. Linnie Green Scheibler, General Manager of Embassy Suites**, testified on behalf of Mr. Hammons, the owner of Embassy Suites. Mr. Hammons is committed to building another upscale property here in Lincoln and is excited for this opportunity. They plan to build 150 rooms. Embassy Suites has 252 rooms, so it would be smaller. Mr. Hammons invests in cities that have government and universities, so this extended stay hotel would be for people coming with business at UNL.

Carlson inquired about the number of new jobs. Scheibler indicated that Embassy Suites currently employs 225 associates, so she would anticipate about 100 associates for the new hotel. The wages would be anywhere from \$8.25/hour up to \$100,000/year for upper management.

**4. Kent Seacrest** appeared on behalf of the **Antelope Valley Design Team**, in support. He pointed out that the Antelope Valley Redevelopment Plan will free the UNL campus of the designated floodplain. This proposed amendment to the Redevelopment Plan is consistent with the visions outlined in the Redevelopment Plan and there is detailed criteria to help insure an open and fair process on the selection of a developer and assistance to property owners and tenants that might be displaced.

Marvin noted the comment that this is good for Antelope Valley, good for the Downtown, and good for UNL, but it will be displacing people who are already there. How do you balance that? What is the philosophy? Seacrest responded, stating that the government can take the land for public purposes and must pay fair compensation and fair market value. The courts have historically found that removal of blight and substandard conditions and creation of the inner city are in the public's interest. It has been deemed a public purpose to keep your "core" healthy so that you don't cause flight to the edges. We know that when we need to widen a street, that is a public purpose. When we need a park, that is a public purpose. Keeping the economic development of the core and keeping blight and substandard factors from increasing are also important public purposes. There are checks and balances to verify that there is a public purpose. Antelope Valley has been deemed to be a public purpose by the City Council.

Marvin commented that the right-of-way of a road is a public road. We're mutating public purpose into Mr. Hammons' hotel being a privately held entity and we're calling that public purpose. Seacrest suggested that the public purpose is defined as a geographical area and is not just one block. The City will have to do a RFP and anyone is welcome to apply. This is the tough part of redevelopment because these are real people and real businesses. You are weighing the factors of number of jobs, the property values, the vitality, does it help the university, does it help the surrounding neighborhood? But if you do not allow the potential of condemnation to go forward, you're then on a "willing buyer, willing seller" basis. If one does not want to sell, it stops projects. The elected officials have to weigh the vitality of the important people we are displacing. The Redevelopment Plan will provide assistance to those being displaced.

### Opposition

**1. Rick Krueger** testified on behalf of his partners and tenants. About four and one-half years ago, he and his partners bought the lot at 19<sup>th</sup> and "O" and the parking lot at the corner of 18<sup>th</sup> and "Q" (the Duteau Properties). They thought there might be a redevelopment opportunity in part because of what was happening in Antelope Valley. They currently have 76 parking stalls on the lot in question and another 122 parking stalls on the other lot. At the time of the purchase, they had meetings with various staff members of the city and discussed a number of options for redevelopment including residential, demolition, interior self-storage units, etc. At that time, the staff told them that Public Works would work to install some angle parking on 18<sup>th</sup> Street. There are no meters on that parking. After a time, Krueger and his partners decided to go ahead and upgrade the building with all new windows, electrical, plumbing, roof, repaving and the installation of an elevator. They have worked with Physicians Group, Madonna and others to create a physicians building with 26,000 sq. ft. While this was occurring, on July 21, 2003, the city declared the property blighted. "We were there redeveloping and the city came along and declared it blighted."

Krueger further explained that as part of the leases with their tenants, there are assigned parking stalls. On the lot in question, there are currently 52 assigned stalls out of the 76. Those are a part of the lease. The entire first floor has been remodeled. Unless the long term parking issues can be dealt with, Krueger believes he and his partners' property interest is diminished.

Krueger pointed out two other important aspects of the amendment to the Redevelopment Plan. They will lose parking on 19th Street, and the plan shows residential as a part of the redevelopment on the north half of the block where Krueger's other parking is located. He demonstrated on the map the amount of his land that is in jeopardy. There is a cloud over his financial investment and it is hard to market the property if you cannot show people where they are going to be able to park.

Krueger acknowledged that he was invited to a meeting at Urban Development the morning that this story broke. At that time, Krueger was very clear and expressed his displeasure at losing this lot without any apparent long term solution for the parking needs. Currently, he has a lease that has been negotiated for 17,000 sq. ft. on the first floor that is on hold until this issue is resolved. He has met with staff almost five times and they have discussed numerous temporary solutions. They even discussed a possible joint venture for a parking garage, but he was told that the money in the parking enterprise fund is to be used for a parking garage west of 16<sup>th</sup> Street. They also discussed a real estate exchange with the city, but this is not possible because it would be wrong under Nebraska state law. He suggested that possibly Hammons could be required to acquire additional property and do an exchange with Krueger and his partners. But, Krueger was told that Hammons would move on down the road if that requirement was imposed. "Or maybe Mr. Hammons could just buy us all out."

Krueger reiterated that there is the history on this property of not getting any movement on the installation of parking on 18<sup>th</sup> Street, thus he does not have any comfort in the "happy talk". Krueger wants to get comfortable and he requested that this amendment to the Redevelopment Plan be put on hold until this issue is dealt with. Barring that, he does not want to foreclose his opportunity of dealing with this issue down the road by not testifying at these hearings. He and his partners are already investing several millions of dollars and they want to make sure the property is secured.

Krueger also pointed out that Mr. Hammons also views parking as an integral part. If he acquires that property, he will have 75 stalls. Thus, Krueger feels like he is transferring his parking over to Hammons.

Krueger suggested that the real issue here is that there are no street improvements, sanitary sewer, etc. It is purely an economic decision that has to be made. He then recited from a Nebraska Supreme Court Case, "....the corner lot might be coveted as an eligible spot on which to build a hotel. ....The hotel is not for public use in the sense of the constitution. .... Hotels can be dispensed with."

Krueger agrees that this is a hard question. His issue is parking. He is there with his private dollars and he would like to stay there and control his own destiny. If this goes forward without dealing with this issue now, Krueger believes he will not be able to recover the value of his property.

**2. Mark Whitehead, President of Whitehead Oil Company**, operator of the U Stop Convenience Shops, with property on the southeast corner of 17<sup>th</sup> & "Q" Streets, testified in opposition. When he built in this area, he ended up getting financing for the improvements, even though it is now declared blighted. Whitehead has a unique business at this location. He is also

contemplating how to improve the property to handle and improve the business. This is a business that has been driven by demand. Whitehead Oil operates about 3/4ths of the property with one bay being leased out. This location handles both the Downtown market and UNL. Whitehead indicated that he has discussed options with Urban Development, but he cannot take a position without knowing the destiny of his business. The condemnation process is designed to be objective, but he would feel more comfortable dealing with the issues before coming to the Planning Commission and the City Council. He will not be comfortable until an offer is made. In all the drawings he has seen on Antelope Valley, he has not seen any conceptual renderings for a convenience store use. Even if Whitehead could find another location along "P" or "Q" Street, he does not believe it would yield the same sort of business that this location does now. He would feel much more comfortable having some of the issues resolved prior to endorsing this taking. There are a lot of people affected by this action.

**3. Sean Wieting**, owner of **Samurai Sam's** at 230 N. 17<sup>th</sup> Street, leases from Whitehead Oil. This came as a total shock to him. He found out from a newspaper reporter. The value of his business is this location. He wants to keep an open mind, but if this does pass, relocation is his only option. Since he is only a tenant, he will receive very limited resources to apply toward the cost of relocation. He would have to close the doors of his business. He cannot afford to finance 90% of the cost of relocation. Just because it is Antelope Valley doesn't make it right. It's a moral issue. It appears that our city government can take out small businesses who are trying to do whatever they can to keep going. This is going to set a precedent. Wieting is not a property owner. He has invested over \$120,000 in his business. Everything that he has worked for in the last five years to build up his business and to support his family and employees is out the window. If he was given fair market value for his business, then he would be okay. However, he understands that because he is not a property owner, he won't get anything but help moving his equipment.

Rick Peo of the City Law Department reminded the Commission that the decision today is based on Comprehensive Plan conformance and not on the merits of the Redevelopment Plan. The Planning Commission is to look at whether the amendment to the plan proposed is in conformance with the Comprehensive Plan. Secondly, with respect to the issue of "taking", the taking is not for the hotel. The taking is for the underlying purpose of declaring the area blighted and substandard, and that is to remove blight and substandard conditions in the area. The public use is the removal of the blight and substandard condition. Once the public use has been accomplished, then there is the ability and authority in place to transfer the property acquired back over to private entities for redevelopment. This is not the same as the case before the United States Supreme Court, which dealt purely with whether it is permissible for a city to choose one type of economic development activity over another. That is not the situation here because this whole area has been declared blighted and substandard. It is the overall concept of the area as a whole. The merits of the amendment to the Redevelopment Plan, whether or not appropriate morally or right, is going to be a City Council decision.

Marvin noted that if Mr. Whitehead's building was partially built with TIF funds, then that would have meant there was some blight designation at that point. Peo assumes that if it was in the Antelope Valley plan area, just because it was improved does not mean the blight designation was removed.

Marvin wondered how many times you can “go back to the well” on TIF. Peo stated that there is a 15-year time line. The clock does not start over every time you create a new project.

Marvin sought confirmation that the loss of \$120,000 by Samurai Sam’s cannot be a factor for consideration. Peo again reiterated that this action is a finding of conformance or non-conformance with the Comprehensive Plan. It is not based on the individual merits of a particular person. There is no evidence as to exactly what Mr. Wieting is or is not entitled to. There are entitlements under the Relocation Assistance Act under state and federal law. The details will have to be worked out as the project moves forward.

Bills-Strand commented that she anticipated mixed uses in the area, including but not limited to parking, hotels, offices, residential or research and development facilities. This is eliminating parking for public use. So part of the plan may conform but the Commission may not feel that all of the elements conform. Peo stated that would be a decision of the Planning Commission as to whether it is in conformance in whole or in part.

Carlson pointed out that there are passages in the Comprehensive Plan that talk about encouraging local business and respecting rights of existing property owners. The staff report talks about commercial centers, but he does not believe the criteria for judging this project as to conformance with the Comprehensive Plan is there. Ed Zimmer of Planning staff, who wrote the staff report, pointed out that both the Planning Commission and City Council have previously acted upon the Antelope Valley Redevelopment Plan recently, so that is the most specific guidance he could reflect on this proposal. One project won’t fill all the elements of the plan. There are many broad provisions, but there is a very specific Redevelopment Plan that has been adopted very recently that speaks directly to this area.

McGee clarified that the city did not assist with the Whitehead property with TIF.

Larson asked whether there would be any impact if the Commission delayed this action. McGee believes a delay may make it difficult to meet the objectives of proceeding with the project. Because this project is funded with TIF, it cannot be implemented until the Redevelopment Agreement is approved by the City Council. Appraisals have been initiated so that Urban Development can begin answering some of the questions about what the property owners will be offered for their property. This information is desirable prior to the approval of the Redevelopment Agreement by the City Council. No money can be spent until the agreement is adopted by the City Council.

Marvin asked what impact this will actually have on Samurai Sam’s. McGee stated that he is not the person that can speak in terms of the exact relocation assistance; however, Urban Development will pledge to work with Mr. Wieting. DLA has actively pursued a number of different possibilities for this business so that they could relocate downtown. McGee assured that Urban Development and DLA will continue to work to find Samurai Sam’s a suitable location.

Taylor asked whether players other than Hammons will be allowed to bid. McGee clarified that it is not settled that Hammons would be the developer. Once the amendment is approved by the City

Council, a RFT will immediately be drafted that will go out and will be advertised. Any proposal submitted will be evaluated. He anticipates having the proposals in hand by the middle of March. The Mayor would then appoint a selection committee. Taylor inquired whether this is the normal time line for securing the proposals and making a decision. McGee acknowledged that this is about as aggressive as the time line could occur. In some cases, the time line has been longer for responses to RFP's. Taylor wanted to know why this one is so aggressive, and McGee stated that it is because there is interest and it is very good for Antelope Valley, the Downtown and for Lincoln. Once the developer is selected, then the specifics of the Redevelopment Agreement are negotiated as to what will be built, when, the value and how the city will participate. Typically, the city will participate by assembling the site like what was done with the Grand Theater.

Marvin inquired whether there would be any compensation for impact on property outside of this location. McGee stated that the appraiser has been told to consider the impact on the Krueger building as well as the value on the subject lot.

Carlson inquired about the cost benefit analysis. McGee stated that the cost benefit analysis is being developed now. It will look at employment, the impact of that employment, the employment that is there today and how it will be impacted.

**ACTION BY PLANNING COMMISSION:**

January 19, 2005

Larson moved a finding of conformance, seconded by Carroll.

Larson would hope that all of the city departments will give every break they can to the owners and tenants. This project is so important to the city as a whole and does exactly what was anticipated by the Antelope Valley plan from the beginning, i.e. encourage private/public partnership and encourage private investment in an area that was blighted. He is sure this investment will encourage others.

Carlson expressed that he is having some difficulty. He understands the need for these big projects and believes Lincoln has been fairly aggressive about planning for these big projects. We've not always been less than clumsy about carrying out all of these big projects. But, he is concerned because it seems like what always gets forgotten are the existing up and running property owners and the small businesses. In these interim periods, the people that take the brunt are the people that keep things moving Downtown. Are we respecting the people that create those bridge businesses that keep us going in the interim? This may not be the perfect analogy but it is perfect in the broader sense that we should respect the existing investment and the existing property owners that are there. We need to be broad in our vision and implementation, but it is a big disrespect if we don't respect the people that are doing the work without the public investment.

Larson agrees, but he sees no value in delaying this. It's a once in a lifetime opportunity. Our city is fortunate to have a man of Mr. Hammons' stature take an interest in this city and invest in this city.

Marvin believes that this is begging off on the question because he thinks the taking of the land is a serious question. He knows that the Planning Commission's role is a finding as to conformance with the Comprehensive Plan, but he thinks that is a real nebulous document. You can pick and choose what pieces you want to conform with and ignore the others, and you're probably good to go. That being said, the spirit of Antelope Valley was to try to do more upscale Downtown operations – large buildings that feed into the University and to create a coordinated effort so that we get some kind of benefit. The question here is whether this hotel serves that purpose, or do the existing businesses serve that purpose? He does not know whether he can answer the question as to whether this is a public use because these are private buildings. He will support the finding of conformance and cross his fingers and hope that a lot of these things can get worked out in the next weeks.

Carroll pointed out that the block was targeted in the Antelope Valley Plan originally, so we knew it was going to be redeveloped. This is the next step with economic development and we need to take this step. We are not talking about what's going to happen on the block but whether it is in conformance with the Comprehensive Plan. He believes it is in conformance with the Antelope Valley Plan and thus the Comprehensive Plan.

Taylor agrees that it does conform to the Comprehensive Plan, but he is not convinced the proper dialogue has taken place that addresses the interest and concerns of the private business owners. He is wondering whether we are taking enough time to properly address the concerns of the property owners. Taylor would like to see this placed on pending for a couple weeks so he will probably vote against it.

Bills-Strand struggled with declaring 48<sup>th</sup> and "O" blighted when there were properties we did not feel were blighted, but it was explained that it all needed to be declared blighted in order to take care of the drainage issues. She is not sure this whole area is blighted, but the role of the Planning Commission is to follow the Comprehensive Plan. She strongly encouraged the property owners to testify before the City Council.

Motion for a finding of conformance with the Comprehensive Plan failed 4-2: Marvin, Carroll, Larson and Bills-Strand voting 'yes'; Carlson and Taylor voting 'no'; Sunderman declaring a conflict of interest; Krieser and Pearson absent.

There not be five affirmative votes, this application was held over for continued public hearing and action on February 2, 2005.

**CONT'D PUBLIC HEARING BEFORE PLANNING COMMISSION:** February 2, 2005

Members present: Carlson, Marvin, Taylor, Pearson, Carroll, Krieser, Larson and Bills-Strand; Sunderman declaring a conflict of interest.

Staff recommendation: A finding of conformance with the Comprehensive Plan.

Ex Parte Communications: Larson indicated that he has had conversations with some people on both sides gathering information. Bills-Strand, Marvin, Krieser and Taylor indicated that they had had communications with Larson.

Ed Zimmer of the Planning staff submitted a communication from Delores Lintel in support.

## Proponents

**1. Marvin Krout, Director of Planning**, reminded the Commission as to their role on this application, that responsibility being to advise the City Council on whether or not certain actions are consistent or not consistent with the spirit and intent of the adopted Comprehensive Plan. The Commissioners may express personal views or concerns, etc., but when it comes to voting, the focus needs to be whether or not it is consistent with the Plan. Krout believes the Commissioners will find it difficult to vote “no” on this question because there are statements in the Comprehensive Plan about protecting and enhancing the Downtown area for commerce, entertainment, tourism, etc., and it calls for the city to use redevelopment power to assist in revitalization of the Downtown and surrounding areas. The Planning Commission previously approved the Antelope Valley Redevelopment Plan as an element of the Comprehensive Plan, and this proposed amendment just adds some more specificity to that adopted plan by indicating the specific proposed use for this block. The Antelope Valley Plan today specifically calls for extended stay hotel rooms as part of the mix of uses. As far as specifications as to the amendment not being consistent as far as potential for negative impacts on property owners and a concern about compensation, Krout suggested that it is wrong to draw a conclusion today that these property owners are going to be negatively affected. It is an awkward time in the process because we do not know the impacts, but the City staff and the City Council always has the bright spotlight shining on them to make sure that the process results in fair decisions.

Krout went on to state that the Comprehensive Plan is all about change and how we adapt to it and plan so that change is positive and how we mitigate the negative impacts that might otherwise arise. The term “development” is not just getting bigger, but advancing to some higher planning picture. Even though this is a relatively small step in the Antelope Valley Plan, and because it is a transitional site for a plan still in the development process, Krout believes it is an important first step because this will send a signal to the development community about the level of the community’s resolve to tolerate a level of messiness that sometimes is inherent as part of the process in order to assist in revitalizing the core area with additional projects in the future.

Pearson expressed an interest in knowing why the Director chose to give an introduction on this application. “Do you agree that the Comprehensive Plan is not black and white but a good feeling document, a good intention document?” Krout responded, stating that there are probably times when you can find elements of the Plan that can support one view as well as the opposite view. Krout agrees that the Plan is subjective and each of the Commissioners can weigh the elements of policies and principles in different ways. He would just suggest that in this situation, the evidence is pretty overwhelming in terms of the references in the Plan.

Pearson inquired as to how far the Downtown extends to the east. Ed Zimmer stated that the boundary half-way into 17<sup>th</sup> and 18<sup>th</sup> Streets is a shift in the B-4 zone with a different set of requirements. The Lincoln Center Business District goes well east of this to about 24<sup>th</sup> and 25<sup>th</sup>. This is on that cusp between the core Downtown and east edge Downtown, but it is all Downtown.

Carlson believes it is valuable to have this conformance hearing to try to make sure that the facts are understood and presented. Krout believes there is overwhelming support for finding consistency based on the documents that have previously been approved.

**2. Marc Wullschleger, Director of Urban Development,** stated that Urban Development is the designated redevelopment authority for the City. He assured that assistance is being provided to business and property owners. Urban Development will continue to work with business and property owners to address their needs. Urban Development has had numerous meetings with the business and property owners since the project was announced. He submitted a list of important meetings that have been held with the owners and renters on the block. Specifically, they have met with The Antelope Valley LLC and the former Duteau Building owners regarding their parking lot on this hotel block. Urban Development has offered them potential temporary solutions and a potential permanent solution. Urban Development has also offered them some parking on 18<sup>th</sup> Street. Urban Development has asked that appraisals begin at this time, and each one of the property owners has given their permission. The City cannot extend offers to purchase until after the project is created and the redevelopment agreement is approved by the City Council.

**3. Dr. Prem Paul, Vice Chancellor, Research, at UNL** testified in support as to the positive impact this site and hotel will have on the University's research and development efforts. As the UNL enterprise becomes stronger and better and more funding comes to UNL, the majority of the benefit will be to the City. Visiting scholars play a tremendous role in conducting research. These scientists will come for one week, one month, three months, or even a year. The challenge has been to find housing for such scholars which is close to the University. The scholars are likely to collaborate. UNL will tremendously benefit from this facility being located close to the research campus.

Pearson inquired as to where these visitors have been housed in the past. Dr. Paul referred to the Kellogg facility on East Campus, which is being converted to the School of Natural Resources building. There are a small number of apartments but the need is not being met.

**4. Joel Pedersen, City Law Department,** appeared as a representative of the Joint Antelope Valley Authority, and talked about the relocation assistance component. Relocation assistance is so heavily regulated that it would be improper for the Mayor to oversee individual transactions. Fairness and justice means that the rules apply to all. Most of the relocation assistance rules are done by the state. The City relies on the Uniform Relocation Assistance Act, which is overseen by the federal government. There is one rule book, and it does not depend on whether you came to a public meeting and complained, or presented petitions.

Pedersen noted that most of the complaints focus on lost profits for a business and replacement

cost for value. Fair market value is ultimately something that the property owner can take to court. The relocation assistance is reviewed administratively by the state and federal government.

Taylor believes that the Commissioners should be able to take human issues into consideration. The Commission is looked at publicly because each Commissioner represents the populous, so this dialog is helpful to make good decisions.

Carlson pointed out that the Comprehensive Plan speaks in several areas about the importance of protecting and maintaining existing businesses and promoting small businesses. “Would you agree that the elimination of a number of businesses is not a broad enough impact and a general enough principle to entertain as part of this process?” Pedersen’s response was that Nebraska follows the area concept in terms of blighted area. When the Commission takes action on this amendment, it concerns the broader area. He respects that there are existing businesses, but Nebraska is clear that blight removal is a public use. That public use determination happened with a constitutional amendment in the late 1970’s. The City attempts to bring a multi-faceted component – we do the acquisition, we hire good appraisers, we get fair market value, we are not low-balling the numbers. With relocation assistance, the city is working with the owners to find good sites and to work with them on their actual needs for moving. DLA has been very active in bringing a community approach to finding new venues for business. If the standard is that no one can complain, we’re not going to meet that.

Marvin suggested that the city needs to work hard to make sure they meet replacement costs. Pedersen stated that the City pays fair market value—not replacement cost. This was a Supreme Court decision in 1994. There are rare circumstances where replacement cost is used. He is not aware of an insurance product that insures against condemnation or eminent domain authority.

Pearson wondered why the hotel in this case wouldn’t just buy the land instead of going through this process. Pedersen’s response was that the city is trying to direct investment to this area. The City is spending the money on a roadway and waterway. The third component has always been community revitalization. To develop on this site is much more expensive than to go out and put in new infrastructure. The proximity to the University tells us there is a public policy reason to direct investment here. Pearson assumed, then, that the city cannot provide incentive or infrastructure costs without going through this process. Pedersen stated, “that is the law”. The local tools are pretty well restricted to the Community Development Law.

**5. Polly McMullen, Downtown Lincoln Association,** reviewed the correspondence log outlining the details of communication and relocation assistance which has been provided to Samurai Sam’s by DLA. The DLA maintains a comprehensive data base of all space available in the Downtown, and shortly after Hammons made the announcement, DLA contacted Samurai Sam’s and requested opportunity to meet with Mr. Wieting and share the data base of space with him. On December 30, 2004, DLA sent a letter to 31 property owners, commercial brokers and developers in the Downtown with some of the specifics of the needs of Samurai Sam’s. DLA is a facilitator and advocate for Downtown business. DLA heard back from five different parties and several had multiple options that they thought might be suitable. The information was referred to Samurai

Sam's and McMullen understands that Mr. Wieting did contact several people. She believes there are some good possibilities for Samurai Sam's and that it has a bright future in the Downtown.

**6. Wendy Birdsall, President of the Convention and Visitors Bureau**, testified in support, stating that the addition of a Marriott combined with Residence Inn makes this situation ideal in the Downtown and University area. This location lends itself well to UNL and fills a need for an extended stay gap in the Downtown area. This will complement the vibrancy of Downtown and the Antelope Valley Plan.

**7. Jim Fram, President of the Lincoln Chamber of Commerce**, testified in support. Antelope Valley is a great project for our community. This project will initiate private investment, and that is what is needed to continue this great project. This project is supportive of the research and development mission of the University. The Chamber of Commerce also represents some members that are affected by possible relocation. Fram assured that the Chamber will be side-by-side with those members in monitoring the process and making sure they receive fair and equitable treatment.

**8. Terry Uland, Director of Neighborhoods, Inc.**, who also served on the Antelope Valley Advisory Committee and co-chaired the Neighborhood Advisory Committee, testified in support as he believes the amendment is very consistent with the Redevelopment Plan. It is unusual to have a project like this that has a good developer that delivers a good project and can engender the east and Downtown interests at the same time. "It's a bulls-eye". There was always an assumption that there would have to be some property assemblage and eminent domain proceedings. If the city backs off of this sort of effort, it will cripple the efforts to do the redevelopment.

**9. Dale Nordyke, The Mill**, testified in support as his business has been through this same process. He testified that relocation can be done. It is not fun, but it worked out well for The Mill. The Mill received about half of what it cost to relocate, but The Mill was able to move to a larger place and a good corner. He suggested that the property owners also be communicated with after the process.

**10. Jane Stricker, Footloose and Fancy**, 1219 Q Street, testified in support as chair of the Downtown Retail Council. The Downtown Retail Council was established to serve as a voice and advocate for small businesses in the Downtown area. The Retail Council has been actively involved with the Downtown Master Plan process to make sure small businesses are adequately represented. The proposed Residence Inn is an opportunity to bring new investment, visitors and customers to the Downtown businesses.

**11. Bob Hampton, President of Hampton Development**, testified in support. Lincoln has a lot invested in the Antelope Valley project and we need to support Downtown businesses and have more hotel rooms for more events. We also need to support the University. He was surprised that Hammons wanted to build a hotel of this quality in the Antelope Valley area in that location this quick. It says a lot about the plan and the project.

## Opposition

**1. Mark Whitehead, President of Whitehead Oil**, testified in opposition. It was in 1986 when he did his project at this location and the area had been declared a blighted. He was able to get bond financing which required the blighted designation. TIF was not part of the financing, but it was recognized as a beautification project. Whitehead does not believe it is entirely a blighted area as the designation would suggest. These existing businesses are being supported by the public. There is a process in place to analyze the fair market value, but he does not necessarily trust that process. He does not know that he is necessarily opposed to this project. On the face, this could be a good project for the City; however, he would like to know his alternatives. "Offers cannot be made prior to an approval process". Likewise, this property cannot be condemned for a specific use until the process has been identified. This project will go out to bid after being designated. He did talk with the Urban Development Director and was advised that the appraisal has been started. He has not yet heard from an appraiser nor Urban Development since then. Whitehead requested that this amendment be put on pending until there is a better idea on the appraisals, etc. The property and business owners need to have a clearer understanding. Whitehead's business cannot go to another comparable piece of property that is going to utilize the University and Downtown demographics that he currently has. He does not want to face this same problem again. He has not seen anything that shows a convenience store use in the Antelope Valley Plan. He has not received an opinion on where a suitable place in this new vision might be.

Pearson inquired whether anyone is offering to help Whitehead find another blighted area. Whitehead does not know that blighted is relevant but the key issue is to find another location where he can capture the same demographics. He is no further along than when he first talked with Urban Development, so he is not comfortable.

Marvin inquired whether the appraisers will use the financials of Whitehead's business to estimate the fair market value or whether it is strictly based on location. Whitehead stated that he has not gone through this process before, but he believes they will do so to the extent he offers financial statements and performance. Whitehead owns the improvements, buildings and underground storage tanks, but the real property is owned by Duteau. Sean Wieting is one of his tenants.

**2. Rick Krueger** testified in opposition. He pays a mortgage in Antelope Valley. He distributed specifics on square footage, floor area, trip counts, employees and parking for the Downtown Lincoln Physicians Building. They have three major tenants, which represents 53% occupancy and 29,913 sq. ft. There are currently 53 full-time employees and nine part-time. Total parking, including the 19<sup>th</sup> and "O" site is 195 stalls. 81 stalls are currently assigned, with the balance of 114 unassigned parking stalls. The City is proposing to take 76 of those stalls. Krueger renewed his request to the Commission to place this amendment on pending until his parking issues are resolved.

Marvin recalled someone saying there was an offer of potential parking stalls on 18<sup>th</sup> Street. Krueger believes it might be about 20-21 stalls. That is the same offer he got when he started the development four years ago. He has been asked to consider participation in a public/private

partnership for a parking garage on the north side of his lot that may occur in four years, but he does not know if that is going to work.

Krueger has owned the building at 19<sup>th</sup> & O Streets for four and one-half years. His building represents an integral part of what's going to be important about that intersection and is the first Antelope Valley project. Krueger confirmed that his is a multi-million dollar project and that it is all private banking. He will need to have something he can take to the bank. Krueger stated that he is happy to advance Antelope Valley, but he is doing it in the private market.

**3. Sean Wieting**, owner of **Samurai Sam's**, testified in opposition. He is totally against the project because it affects his business and his family. Relocation is not an option because it represents only 10% of the cost needed to actually relocate. He believes he will be out of business because he cannot afford the additional cost to relocate. When DLA talked about meeting with him and finding other potential locations, he told Polly McMullen that it is pointless to look for other locations when there are no means to finance the relocation. He showed the Relocation Assistance Package provided to him by Urban Development, which talks about payments designed to reimburse for cost of moving, searching, actual loss and expenses in re-establishing, but the fine print talks about re-establishment expenses, "...expenses must be reasonable and necessary and a payment will not exceed \$10,000". Wieting submitted his expense report from Judd Bros. Construction who built their location, showing a total cost of \$56,857.14. Wieting stated that he will lose his home if he loses his business. The number one factor for his business is location. Wieting has signed a five-year lease with Whitehead Oil, with a five-year extension.

**4. Mark Hunzeker** appeared on behalf of **Rob Richter**, owner of **Miracle Mile Motors**. He agrees that the proposed land use might be in conformance with the Comprehensive Plan, but it is not only those elements of the Antelope Valley plan or Downtown redevelopment aspects that the Commission should review. Hunzeker suggested that the manner in which the plan has been implemented to date ought to notate in favor of slowing down this process at a minimum. Mr. Richter learned about this project in a phone call from the press and that runs directly counter to a lot of the language in the entire chapter called Plan Realization. There are a lot of provisions that talk about encouraging and helping existing businesses grow, but it also talks about keeping people knowledgeable about and involved with the Comprehensive Plan implementation. Some of the means include encouraging developers and others with planning proposals to make early contact with neighborhood groups and other interested parties. Here we are with the city basically telling four property owners that they are going to take their property and sell it or subsidize it and give it to a hotel developer. Yet they find out about it within hours before it is announced to the press. There is no resolution of serious issues relative to the viability of people who have put their hard earned money into existing businesses. Mr. Richter has been in business at 21<sup>st</sup> and O for 37 years. He followed the Antelope Valley redevelopment process carefully. It did not take him long to figure out that he would get moved off of 21<sup>st</sup> and O and he was told that. So in looking ahead, he purchased this property at 17<sup>th</sup> and P from Duteau when they left Downtown. Mr. Richter feels like he has a bulls-eye on his back at this point. If there is no place for a convenience store in Antelope Valley, there is not going to be anyplace for a used car mall. And the locations that are being suggested are nowhere near the Downtown area. It seems that there are a lot of issues that need

to be resolved. There needs to be more time for people to examine this and Hunzeker requested the amendment be placed on pending.

**5. Bob Pickering of Pickering Automotive**, corner of 18<sup>th</sup> and P Streets, testified that he is not necessarily opposed to this project and not opposed to change. He believes that Antelope Valley is good for the city, but he is not a willing seller. Fair market value is not enough for anybody.

#### Staff questions

Marvin asked Urban Development to explain the \$10,000 maximum relocation cost. McGee stated that with respect to the businesses and property owners, it is the intent that none of them go out of business and that they are all transitioned into new locations. The relocation is different if you are a businesses as opposed to an owner. Urban Development has worked with each of the owners.

With respect to the relocation assistance, McGee suggested that the numbers that were given by Mr. Wieting suggest that what is being replaced is a brand new facility. Relocation assistance can provide assistance to move the business into another location, not necessarily replacing everything with brand new facilities but with what Urban Development would consider to be equivalent facilities. He believes the cost would be much less than \$55,000.

Pearson asked for clarification as to how this particular site was chosen. McGee explained that this particular project was identified as part of a concept that the Antelope Valley plan brought forward. Once that plan was developed and approved, Urban Development received a lot of interest on the part of many developers to look at various portions of this area. This is one where the developer was very specific – he wanted to build a hotel on this block, so the city began discussions to see what additional steps are necessary if that is to become a reality. The step we are in today is to create a project. There are two more critical steps. There will be public advertising for redevelopment on this block, seeking proposals from anyone who might want to come forward. Once a developer is selected, the final step is that the city will negotiate with that developer and prepare a redevelopment agreement which identifies in detail the kinds of assistance that the city would provide, including TIF, as well as the kind of project and when it would be built. It is not until that point that the city has any money to begin that project. It is not until that point that the city would be able to extend any offers to purchase on any of these properties.

McGee reiterated that Urban Development has worked with the property owners to begin the process of appraisal so that they will know as soon as possible what the appraised value is and the conditions of the purchase.

Pearson wondered whether there are other site options. McGee stated that this is the preferred site for this particular user. There are certainly other sites that other developers have considered, but for this particular developer, this is the site that was identified.

Pearson confirmed that the city staff believes that this is the prime location for a hotel of this type in the area. McGee responded, stating that much of Antelope Valley today is in the floodplain and cannot be developed so we look at those areas that can be developed today. The sites along 19<sup>th</sup> Street are impacted by the fact that a road will be built there in a few years. This particular site and the area right around it is probably the most attractive to developers today. It is the closest site to both the Downtown and the University.

In terms of rebuttal, McGee stated that Antelope Valley is something that has developed over many years and many, many meetings. It is an effort to address many things – flood control, traffic control, and an effort to bring new private development into this part of our community, and that is what this project is all about. It is the first amendment being proposed to the Antelope Valley plan and he hopes it is the first of many amendments. The City does want Mr. Krueger to remain in the area and a number of options have been identified to address his concerns; Urban Development has identified 10 different locations where some temporary parking could possibly be provided; they have talked most recently about additional on-street parking on 18<sup>th</sup> Street. The City does want to provide the temporary parking until we can find a permanent solution, which may be a parking garage. Urban Development wants to work with each of these owners to address their needs. Delay would not serve any of us well because offers cannot be extended on the purchase until the other two steps are in place.

Joel Pedersen clarified that fair market value is for the property acquisition. In addition, there is relocation assistance which includes actual moving expenses. There is a cap of \$10,000 on re-establishment expense, but that is in addition to moving. It is fair market value for the acquisition, then there is moving and then a number of components paid out for the actual relocation assistance. The testimony today is a very narrow reading of the regulations. We need that relocation assistance study that staff would do.

**ACTION BY PLANNING COMMISSION:**

February 2, 2005

Carroll moved that the proposed amendment to the Antelope Valley Redevelopment Plan be found in conformance with the Comprehensive Plan, seconded by Larson.

Taylor acknowledged that he voted against this at the last meeting; however, he believes that Downtown is a vital part of what makes Lincoln an outstanding community. He is interested in anything we can do to revitalize. All points considered, and also considering the need for relocation, he now sees that this does conform to the Comprehensive Plan and he is confident that the situations that business people are confronted with will come out very well.

Larson commented that it isn't very often that a project has as much value added, as much synergy as this one. He believes history has proven that when a project like this goes forward, there are more new businesses that form than are eliminated. He does not believe we will eliminate any businesses in this case. The revitalization of the area is very important. That area has been suffering for years because it is in an older part of town and investors have not been interested in buying or developing property there. This is an opportunity for those people who have owned

property to see their property values increase. It will revitalize that community. The University is going to benefit tremendously. The research component of the University is one area where we can get outside financing into our community. The University employs some great scholars and they invite others and it also invites the exceptional students to come in and participate. It gives us another center of excellence for the University and that is something for which we must strive. This project is a generator of investment, not just from John Q. Hammons and not just from people who are going to build other developments around it, but for the University. There will be jobs created. It lends to economic development which is what we all want.

Carroll observed that the Planning Commission is voting only on conformance to the Comprehensive Plan, and he believes it clearly conforms. The Antelope Valley plan is redeveloping that area. We are asked whether this is in conformance and he thinks that it is.

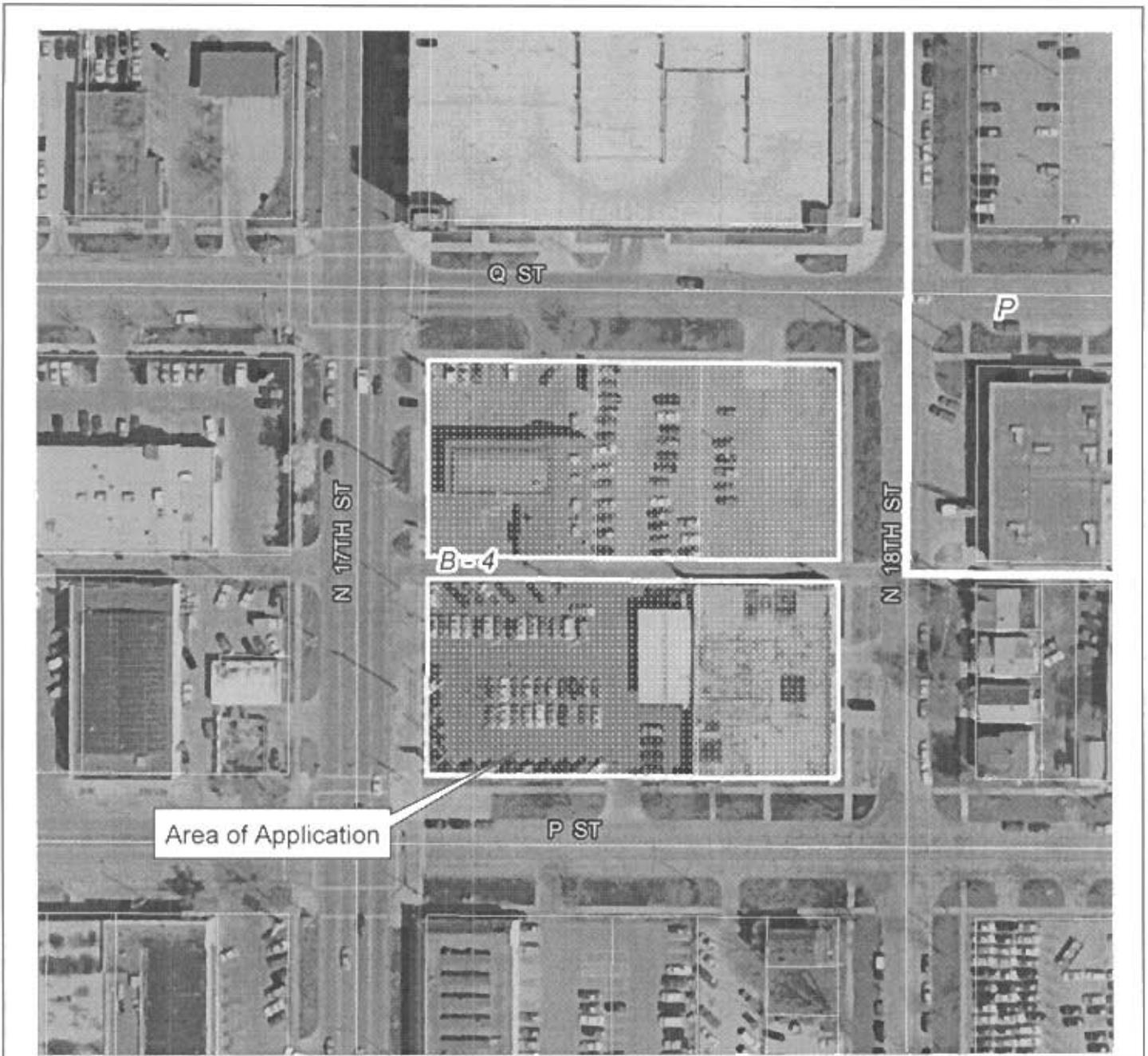
Carlson commented that the Comprehensive Plan is a guideline not only for what we should do, but also how we should be doing it. Antelope Valley is supposed to be about reinvesting. We have Mr. Krueger and other people that are already doing that with their own money. They are doing what the Comprehensive Plan and Antelope Valley Plan says they should do, and we are rewarding them by taking away their land. He does not believe that is how we should be doing it.

Pearson does not believe this is a slam dunk. The Comprehensive Plan is a guideline and talks about community development from the inside, where we have local, successful businesses that we want to promote. And then we have an outside developer bringing in this gem. This issue could go either way. She believes that whether or not it conforms to the Comprehensive Plan is simplistic. She is struggling. She has not made up her mind. As a small business owner she wants to say no, but as a planner in this position she thinks she will have to vote that it does conform to the holistic Comprehensive Plan, specifically to Antelope Valley, but it is not a slam dunk. It is not an absolute.

Marvin believes this amendment will pass this low threshold. He urged that the people that come away from this as the winners need to work hard with the businesses between now and the time it comes to the City Council. That is a much taller hurdle and the city needs to work with those business owners and they have to be at the table and at least somewhat comfortable that they are going to be able to work through this.

Bills-Strand agreed with Terry Uland's testimony about this being the first step and if we don't get this first amendment going, the whole thing is going to be tough.

Motion for a finding of conformance with the Comprehensive Plan carried 7-1: Marvin, Taylor, Pearson, Carroll, Krieser, Larson and Bills-Strand voting 'yes'; Carlson voting 'no'; Sunderman declaring a conflict of interest. This is a recommendation to the City Council.



2002 aerial

# Comp. Plan Conformance #04013 Amendment to Antelope Valley Redev. Plan East Downtown Hotel Project

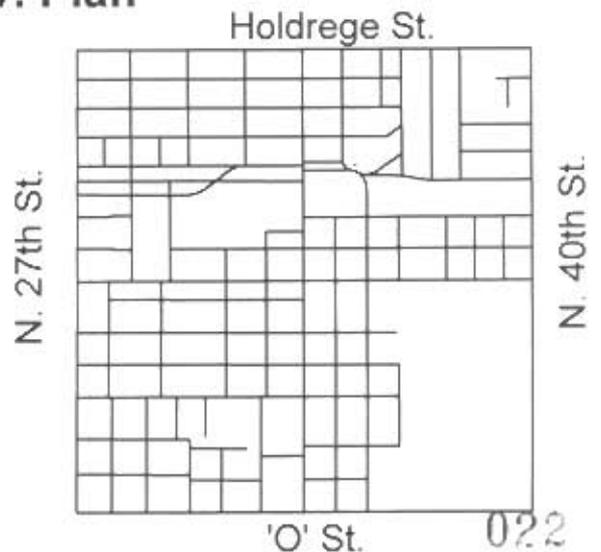
## Zoning:

- R-1 to R-8 Residential District
- AG Agricultural District
- AGR Agricultural Residential District
- R-C Residential Conservation District
- O-1 Office District
- O-2 Suburban Office District
- O-3 Office Park District
- R-T Residential Transition District
- B-1 Local Business District
- B-2 Planned Neighborhood Business District
- B-3 Commercial District
- B-4 Lincoln Center Business District
- B-5 Planned Regional Business District
- H-1 Interstate Commercial District
- H-2 Highway Business District
- H-3 Highway Commercial District
- H-4 General Commercial District
- I-1 Industrial District
- I-2 Industrial Park District
- I-3 Employment Center District
- P Public Use District

One Square Mile  
Sec. 19 T10N R7E



Zoning Jurisdiction Lines  
City Limit Jurisdiction



## **Amendments to the Antelope Valley Redevelopment Plan**

### **I. East Downtown Hotel Project**

#### **A. Site Description and Project Elements:**

The East Downtown Hotel Project Redevelopment Area is bounded by 17<sup>th</sup> to the west, Q Street to the north, 18<sup>th</sup> Street to the east, and P Street to the South. This block is legally described as Hancock Addition, Lots 1 & 2 AND Kinney's O Street Addition, Block 11, Lots 1&2, 7-12(see exhibit AI1). The University / East Downtown Future Land Use map shows this area as a mixed use zone, including uses such as parking, hotel or research and development (see AVRP, p. 54-55). The proposed East Downtown Hotel will meet this future land use goal for providing a 150 room, extended stay hotel. While this parcel's B-4 zone does not require any on-site parking, this project will also include approximately 75 dedicated, on-site parking stalls.

Located outside of the current boundaries of the 100 year flood plain (see figure 5, p.18), this \$18,400,000 hotel project can act as a catalyst for further investment that supports the redevelopment goals outlined in the Antelope Valley Redevelopment Plan. This project is within the area described in the AVRP as Proposed Redevelopment Concept A (see p.76-80) and would benefit through its proximity to both the University and downtown. The 150 room building would meet the AVRP's goal of facilitating medium density developments and district wide approaches to parking. In addition, it would support plans to add research and development facilities in this section of the redevelopment plan area.

Project elements may include:

- Acquisition of all lots on the block. Acquisition would follow procedures for the City of Lincoln, taking all steps necessary for the acquisition by purchase, if possible, or by condemnation if necessary.
- Demolition / environmental remediation
- Alley and street vacations
- Disposal / sale of property
- Site preparation
- Relocation of overhead utility lines
- Rerouting / upgrading of underground utilities
- Streetscape improvements / landscaping in the public right of way

**B. Statutory elements****(1) Property Acquisition Relocation Demolition and Disposal**

Accomplishing the East Downtown Hotel Project will involve the assembly of the properties on Kinney's O Street Addition, Block 11 and may involve acquisition, sales or reconveyances as provided by law and consistent with the plan. Specifically, the City may consider using its eminent domain authority to assemble the properties on this block if necessary. Additionally, the City may acquire property for public infrastructure and other needs. Exhibits AI2 & AI3 identify the current and proposed uses in the project area.

**(2) Population density**

There are a total of no residential units in the project area today. The project will result in the construction of 150 one and two bedroom and extended stay hotel rooms.

**(3) Land Coverage and Building Density**

Land coverage and building density will be altered with the implementation of this project. All of the existing buildings and surface parking lots current on Kinney's O Street Addition, Block 11 will be demolished and replaced with a new four story hotel and a 75 stall surface parking facility. The existing and proposed uses are shown on Exhibits AI2 & AI3.

**(4) Traffic Flow, Street Layout and Street Grades**

The existing street system within the project area will remain unchanged as a result of implementation of this project. Pedestrian amenities may be constructed in the right of way adjacent to the proposed hotel project. The east-west alley on the block will be vacated and sold with the platted property for redevelopment.

**(5) Parking**

This project's location in the B-4 zone district does not require that the developer provide any on site parking. Parking in the project area consists of private surface parking lots and on street parking. The Kinney's O Street Addition, Block 11 project area currently contains 76 surface parking stalls. As a result of this project, this surface parking will be removed and replaced with a 75 stall configuration that will serve some of the needs of the proposed

uses including the mixed use commercial and housing developments that are being proposed. See Exhibit AI4.

Zoning will remain unchanged as a result of this project. At this time, there are no contemplated changes in the City zoning laws or building codes to implement this project.

#### **(7) Public Infrastructure**

New infrastructure improvements are anticipated to be needed as a result of this project. These improvements may include abandonment and reorientation of utilities located in the alley, new curbs, sidewalks, lighting, plant material, street furniture and other streetscape improvements. The City may also work with the developer to improve public utilities serving this project area.

#### **(8) Cost Benefit Analysis**

A cost-benefit analysis will be prepared and included as a part of the material that will be presented to City Council

### **C. Proposed Costs and Financing**

#### **1. Overview**

Estimated cost of implementation of the East Downtown Hotel Project is \$18,400,000. This includes an estimated private investment of \$16,000,000 and \$2,400,000 of public infrastructure investment

Public Investment may assist in acquisition, demolition and site preparation, remediation and other public improvements on Kinney's O Street Addition, Block 11 project area. Those improvements could include: property acquisition, site preparations, utility improvements, parking improvements and streetscape improvements. The streetscape improvements could include sidewalk construction, curb and gutter construction, parking reconfiguration, landscaping, installation of pedestrian lighting, benches, trash receptacles, bike racks, signage and other street furniture and landscape plantings. The amounts and uses of public funding will be more specifically identified as part of redevelopment agreement that will be prepared with the developer of the Kinney's O Street Addition Block 11.

#### **2. Estimated Uses and Sources of Funds:**

The overall cost of this project is \$18,400,000. Initial estimates suggest a need for up to \$2,400,000 in public improvements to prepare this site for private development, as follows:

#### **Estimated Potential Uses:**

Site acquisition	\$1,400,000
Business Relocation	\$ 200,000
Relocation of Utilities	\$ 400,000
Demolition, site preparation including environmental remediation	<u>\$ 400,000</u>
<b>Total Est. Public Uses</b>	<b>\$2,400,000</b>

<u>Estimated Sources of Public Funds:</u>	
TIF from investment	\$1,400,000
Land sale proceeds/site disposition to developer	<u>\$1,000,000</u>
 Total Est. Public funds	 \$2,400,000

#### **D. Implementation Steps**

Under Nebraska Community Development Law, the first step in the redeveloping an area is for the City to declare the area blighted and substandard and in need of redevelopment / revitalization. The Lincoln City Council completed this first step by declaring the Antelope Valley Redevelopment Area blighted on July 21, 2003, affirming that this area was "blighted and substandard." The City Council determined that private enterprise could not redevelop this area without the assistance provided by the Community Development Law (see Blight Resolutions, Appendix 2). On November 29<sup>th</sup>, 2004, the City Council approved the Antelope Valley Redevelopment Plan, thus providing the legal framework for future redevelopment projects.

#### Implementation steps for the East Downtown Hotel Project:

- Prepare a request for proposals and select a developer of record
- Negotiate redevelopment agreements with developers of Kinney's O Street Addition, Block 11 and receive City Council approval of redevelopment agreements.
- Issue and sell Community Improvement Financing bonds or notes.
- Purchase properties as identified in redevelopment agreement.
- Select and execute agreements with architects, engineers and construction firms, pursuant to city standard practice, to design and build publicly financed portions of the redevelopment.

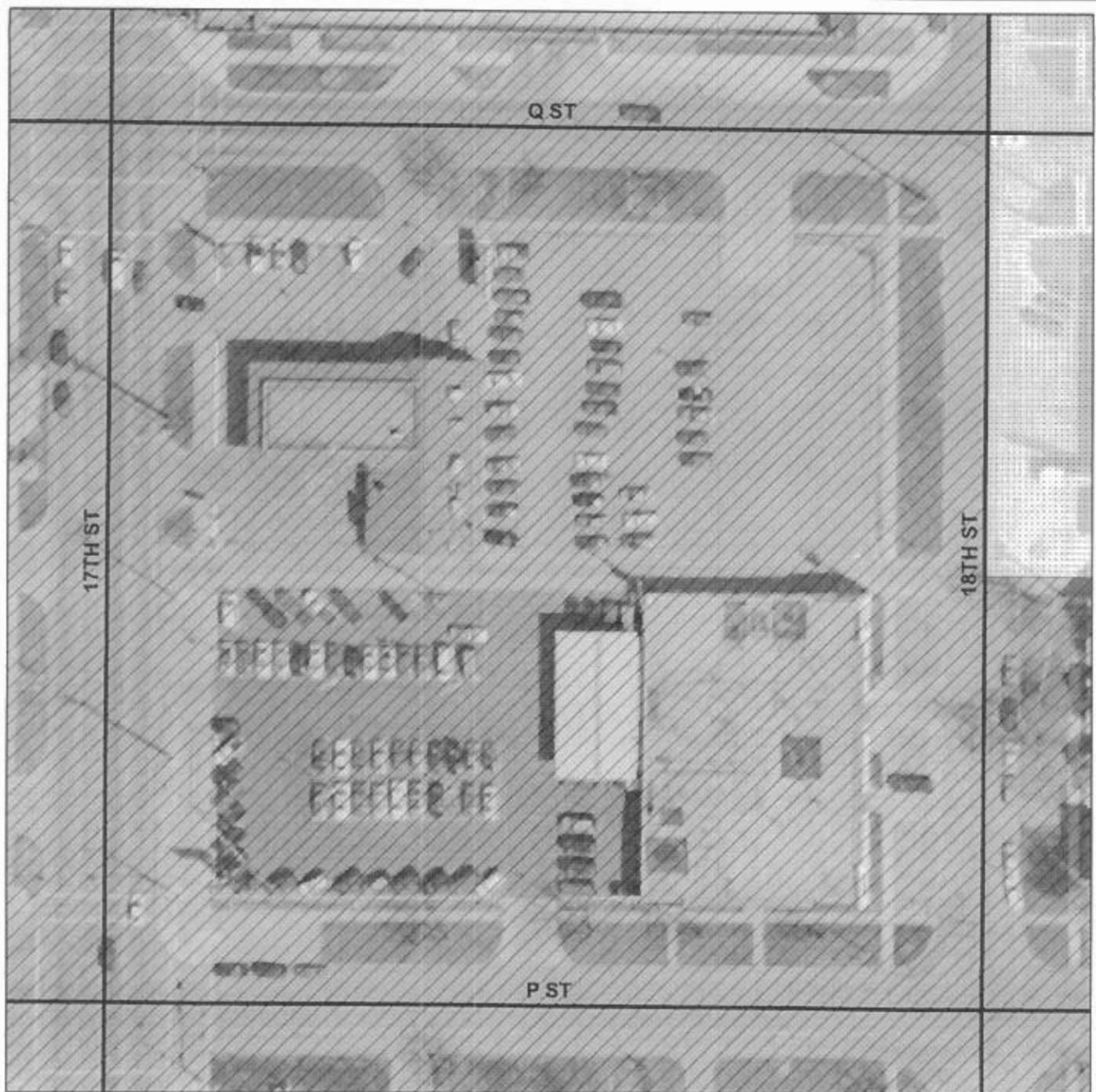


Exhibit AI-4  
 East Downtown  
 Hotel Project

Zoning

**Legend**

**Zoning**

	B-4
	P



Map prepared by City of Lincoln, Urban Development Dept 12/04

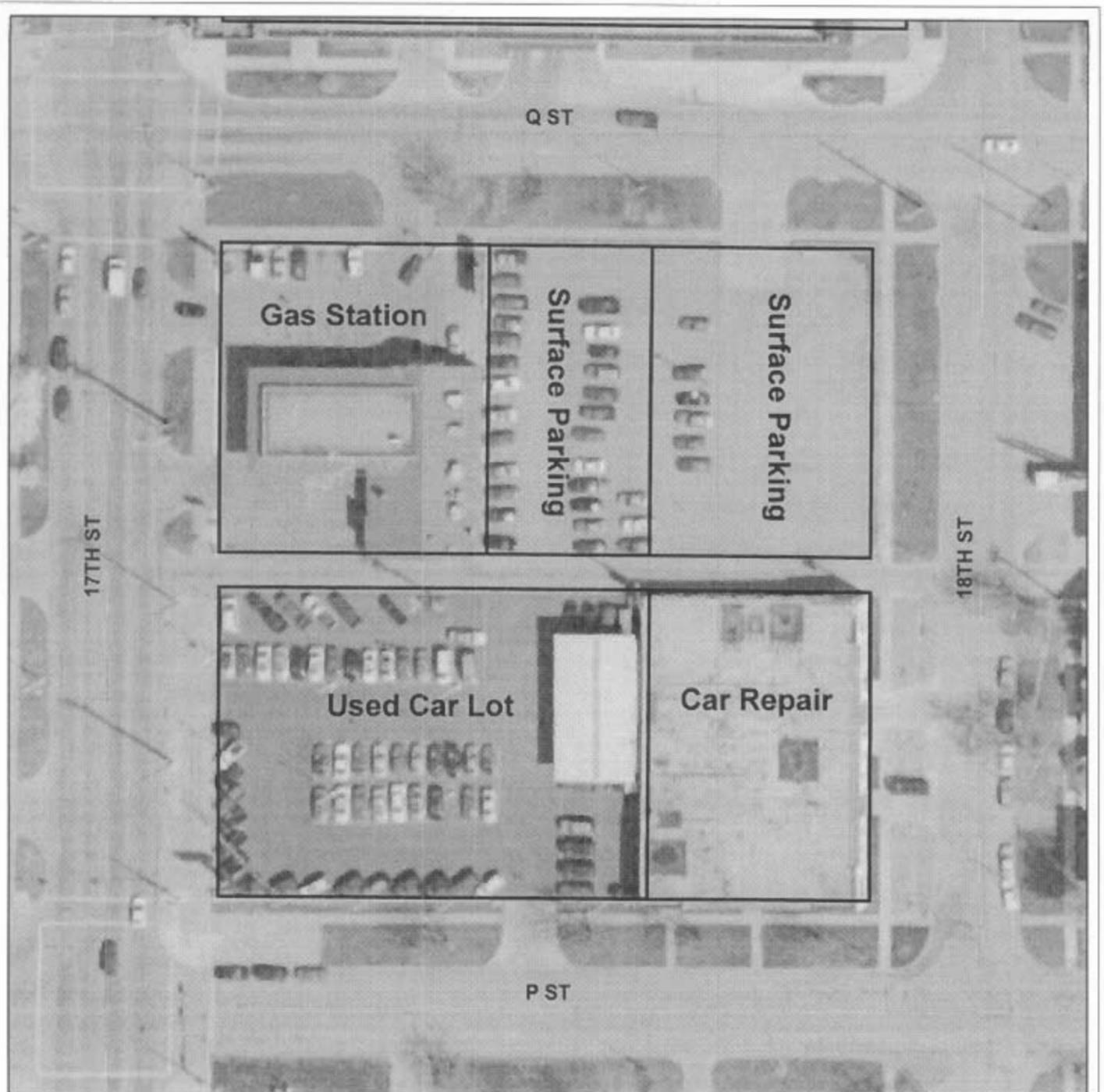


Exhibit AI-2  
 East Downtown  
 Hotel Project

Existing Uses

**Legend**

Parcel Boundary

Map prepared by City of Lincoln, Urban Development Dept 12/04

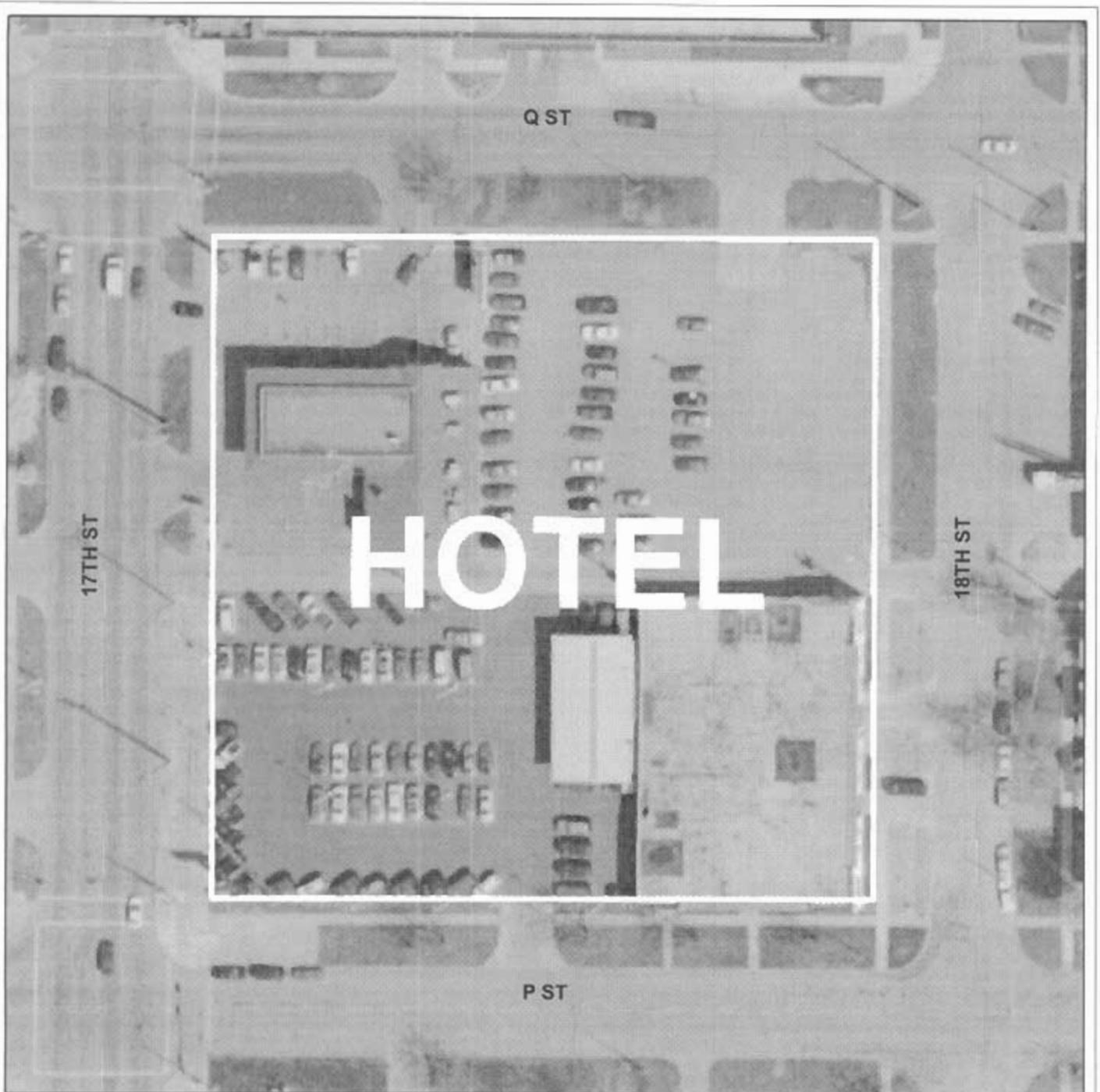
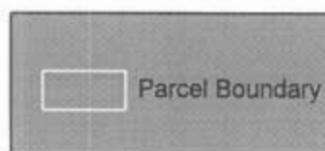


Exhibit AI-3  
East Downtown  
Hotel Project

Proposed Land Use



Map prepared by City of Lincoln, Urban Development Dept 12/04

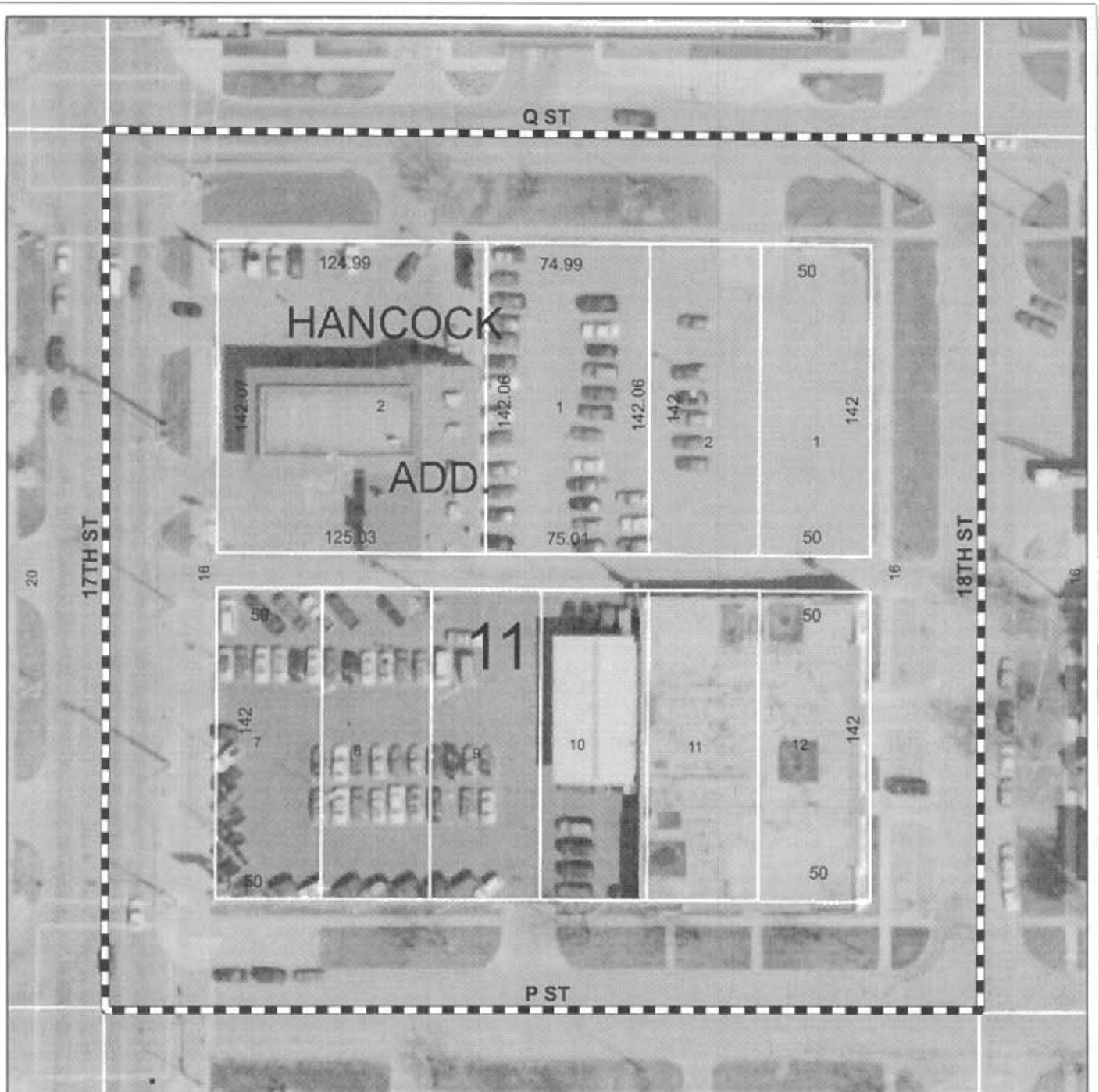
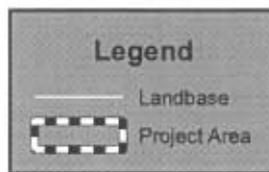


Exhibit A1 - 1  
East Downtown  
Hotel Project

Project Area



Map prepared by City of Lincoln, Urban Development Dept 12/04

# Memorandum

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<b>To:</b>	Ed Zimmer, Planning Department
<b>From:</b>	Dennis Bartels, Engineering Services
<b>Subject:</b>	Amended Antelope Valley Redevelopment Plan
<b>Date:</b>	December 30, 2004
<b>cc:</b>	Randy Hoskins

Engineering Services has reviewed the proposed redevelopment plan information for an east downtown hotel project to be located from 17th to 18th, "P" to "Q" Streets. No site plans or specific information is provided so this response is generic in nature.

1. There is an existing sanitary sewer east/west through the block. The sewer must be relocated or an easement preserved with no structures within the limits of the easement. The sewer is in a platted alley that would need to be excavated if private improvements are proposed in the alley right-of-way.
2. The text indicates that street vacations may occur. Until more information is provided, it cannot be determined if or how much of the right-of-way can be vacated. The site plan and vehicular and pedestrian access may require street improvements which may allow right-of-way vacation or may require additional right-of-way.

# Memo



**To: Ed Zimmer, Planning Department**

**From: Mark Canney, Parks & Recreation**

**Date: January 3, 2005**

**Re: CPC 04013 Amend Antelope Valley Redevelopment Plan**

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Staff members of the Lincoln Parks and Recreation Department have conducted a plan review of the above-referenced application/proposal and have no comments.

If you have any additional questions, comments or concerns, please feel free to contact me at 441-8248. Thank you.

**Property Owner Contacts  
by Urban Development Staff  
(Marc Wullschleger, Dallas McGee, Clint Thomas)**

**Meetings/Conversations with Miracle Mile Motors Owners**

12/15/04 Rob & Marla Richter—discussed upcoming news conference and announcement on 12/16/04  
12/16/04 Rob Richter—news conference  
12/20/04 Rob & Marla Richter—discuss relocation  
1/7/05 Rob Richter—discuss hotel project  
1/14/05 Rob Richter—discuss upcoming Planning Commission on 1/19/05

**Meetings/Conversations with Pickering Automotive**

12/15/04 Avery, Bob, Theresa—discuss upcoming news conference and announcement on 12/16/04  
12/21/04 Bob Pickering—discuss relocation  
12/22/04 Bob & Avery Pickering—discuss relocation  
1/6/05 Bob & Avery Pickering—discuss relocation  
1/10/05 Bob & Avery Pickering—discuss move  
1/14/05 Bob Pickering—discuss upcoming Planning Commission meeting on 1/19/05

**Meetings/Conversations with Antelope Valley LLC**

12/15/04 Krueger, Thompson, Alesio, Bordogna—discuss upcoming announcement on 12/16/04  
12/20/04 Rick Krueger—discuss hotel announcement and relocation  
12/29/04 Mike Alesio—discuss property owner concerns  
1/14/05 Rick Krueger—discuss upcoming Planning Commission meeting on 1/19/05  
1/18/05 Rick Krueger—discuss property owner concerns  
1/25/05 Rick Krueger & Kent Thompson—discuss property acquisition and possible parking solutions  
1/28/05 Kent Thompson—discuss parking solutions

**Meetings/Conversations with Whitehead/Duteau Investments Property**

12/15/04 Mark Whitehead  
Lynn Sunderman  
Gates Minnick  
Discuss upcoming announcement on 12/16/04  
12/17/04 Sean Weiting—discuss relocation  
12/20/04 Contacted Downtown Lincoln Association to assist Mr. Weiting  
1/05/05 Lynn Sunderman—conflict of interest discussion  
1/13/05 Mark Whitehead—discuss relocation  
1/14/05 Mark Whitehead, Weiting notified of Planning Commission meeting on 1/19/05



Lincoln-Lancaster County Planning Commission  
555 S. 10<sup>th</sup> St.  
Lincoln, NE 68508

Dear Commission Members,

As a follow up to your January 19<sup>th</sup> public hearing on the proposed amendment to the Antelope Valley redevelopment plan, I wanted you to be aware of DLA's efforts to assist Samurai Sam's in identifying relocation options.

The attached correspondence log, compiled by DLA staff member Brandon Garrett, details our communications with Samurai Sam's owner Sean Wieting, our contacts with property owners and commercial brokers, and the interest expressed by many of these contacts in working with this business.

DLA values this successful business and very much wish to see Sean continue to operate in a downtown location. Unique, small businesses such as Samurai Sam's are an important component of downtown's current and future vitality. In our role as advocates for downtown, we will continue to monitor and support Samurai Sam's during the relocation process.

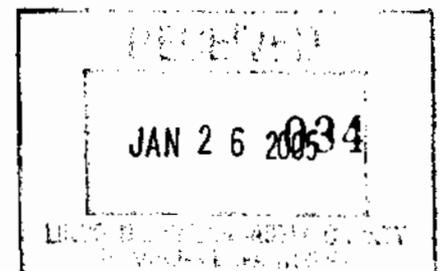
Sincerely,

*Polly McMullen*

Polly McMullen

*by  
HR*

cc: Mark Whitehead-Whitehead Oil Co.  
Sean Wieting-Samurai Sam's



## **Correspondence Log**

### ***Samurai Sam's* Relocation Assistance**

December 20 <sup>th</sup> , 2004	Met with Sean about relocation in downtown. Gave him a printed copy of the DLA Space Available Guide.
December 30 <sup>th</sup> , 2004	Mailing to 31 downtown realtors and property owners. (attached)
December 30 <sup>th</sup> , 2004	Copy of letter emailed to Sean.
January 6 <sup>th</sup> , 2005	Forwarded information from Mary Carstens (Golds Building).
January 6 <sup>th</sup> , 2005	Forwarded information from Drew Stange (NAI FMA Realty).
January 10 <sup>th</sup> , 2005	Forwarded information from Brett Harris (Speedway Properties).
January 10 <sup>th</sup> , 2005	Gave Sean's email to Will Scott for forwarding information.
January 12 <sup>th</sup> , 2005	Left voice message for Sean asking him if he has been receiving my emails on space and options.
January 14 <sup>th</sup> , 2005	Received call from Sean. He said he has been receiving my emails, but has not had a chance to look into the possibilities yet.
January 18 <sup>th</sup> , 2005	Notified Sean that Vien Dong at 12 <sup>th</sup> and Q vacated that day and sent him the owner's contact information.
January 19 <sup>th</sup> , 2005	(Planning Commission)
January 19 <sup>th</sup> , 2005	Forwarded information about the Vien Dong space from Dale Gruntorad (Dale Enterprises).



DELORES LINTEL  
<little-red-hen@juno.com>

To: plan@lincoln.ne.gov  
cc:  
Subject: Antelope Valley/East Downtown Hotel Project

02/01/2005 04:18 PM

2-01-05

Memo to:	Mary F. Bills-Strand	Jon Carlson	Eugene
	Carroll		
	Gerry Kreiser		Roger Larson
	Dan Marvin	Melinda Pearson	Lynn Sunderman
	Tommy Taylor		

Ladies and Gentlemen:

I am Delores Lintel; 5600 Cloudburst Lane; Lincoln, NE. 68521. I was involved in the many discussions and meetings that finally developed of the Antelope Valley Redevelopment Plan.. I am currently serving my second term on the Citizens Advisory Committee to the JAVA board which oversees the project. I have a time conflict and cannot appear in person - hence, the e-mail.

The decision before you today regarding the approval of the hotel in east downtown (17th - 18th; P St - Q St) is of major importance to that vision.

To have an opportunity of the magnitude of \$15MM of private investment as the first new construction in the Antelope Valley Project is exactly what was envisioned for that area in the Antelope Valley Redevelopment Plan. A real stroke of good fortune - not to be ignored!!

Therefore, it is consistent with the Antelope Valley Redevelopment Plan and the City's Comprehensive Plan and should not create a dilemma in that regard.

Hopefully, it will be a catalyst for other developments in the future. The University of Nebraska already has plans to build major new research facilities in the adjacent properties which will further realize part of the larger vision of Antelope Valley master plan for the area.

It will be a real positive for the general area and fits well into their plans as well since there is a need for additional hotel space identified in the downtown master plan. It would also support the P Street retail corridor with new sales opportunities to the small businesses and could lead to additional supportive service businesses.

In addition, with the 100 or so new jobs it will create and the sales, lodging and property taxes it will generate it will be an economic plus for the city.

It is a win - win in lots of ways.

There is the circumstance of the relocation of an existing business . . . which could be troublesome. With the federal and state guidelines already in place to deal with the relocation (and the many details that presents) there is protection in place for the business owner.

IT IS IMPERATIVE that those guidelines be followed and the interests of the business owner be of primary importance to reach a just and equitable plan for relocation.

I urge you to vote YES on this issue.

Thank you,

Delores Lintel :-)

SUBMITTED AT PUBLIC HEARING  
BEFORE PLANNING COMMISSION: 1/19/05

ITEM NO. 4.2: COMP PLAN CONFORMANCE  
NO. 04013  
(p.41 - Cont'd public hearing - 2/02/05)

**Dear Planning Commission Member:**

**On behalf of AV L.L.C., I am requesting that Amendment #04013 to the Antelope Valley Redevelopment Plan be put on pending until an acceptable long-term solution can be reached regarding our assigned surface parking lot.**

**Thank you for your consideration.**



**Richard C. Krueger, Partner  
AV L.L.C.**

**DOWNTOWN LINCOLN PHYSICIAN'S BUILDING**

<b>TOTAL FLOOR AREA SQ.FT.</b>	<b>56,000</b>
<b>CURRENT FLOOR AREA OCCUPIED SQ.FT.</b>	<b>29,813</b>
	<b>53% OCCUPANCY</b>
<b>CURRENT ESTIMATED TRIPS TO SITE</b>	<b>365-565/DAY</b>
<b>CURRENT EMPLOYEES</b>	<b>53 FULL TIME</b>
	<b>9 PART TIME</b>
<b>TOTAL CURRENT PARKING</b>	<b>195 STALLS</b>
<b>CURRENT ASSIGNED PARKING STALLS</b>	<b>81 STALLS</b>
<b>UNASSIGNED PARKING STALLS</b>	<b>114 STALLS</b>