



# CITY OF LINCOLN NEBRASKA

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To: Lincoln City Council Members  
From: David Landis, Director *DL*  
Date: January 7, 2010  
Subject: Catalyst One/Civic Plaza Redevelopment Project Amendment to the Lincoln Center Redevelopment Plan

Submitted for your review is an amendment to the Lincoln Center Redevelopment Plan to reflect the Catalyst One/Civic Plaza Redevelopment Project.

Section 18-2113, of the Community Development Law requires the City to review the project and find that the proposed land uses and building requirements in the Project Area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the City and its environs, which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and general welfare, as well as efficiency and economy in the process of development. On December 16, the Project Area and project components, including proposed land uses and building footprint were found to be in conformance with the Comprehensive Plan, the City's guiding plan for the protection of public health and safety and sound planning. The Urban Development also finds that the project is in conformance with the existing Lincoln Center Redevelopment Plan, which outlines the redevelopment goals and activities planned for the prevention and elimination of blight in Downtown Lincoln, and Downtown Master Plan.

Section 18-2114 of the Community Development Law requires that proposed amendments to the plan be accompanied with a statement that addresses the following areas: 1) Proposed method and costs of acquisition, 2) proposed methods and costs of redevelopment of the project area; 3) estimated proceeds or revenue from disposal to developers; 4) methods proposed for financing projects; and 5) feasible method proposed for relocating families to be displaced by the project.

1. If this project requires the City to acquire property, the funding source for this acquisition would be tax increment financing generated within the project area and/or parking revenue funds. The City would not use eminent domain to acquire property.
- 2 & 3. The total estimated public cost for the project is approximately \$1.5 million. This may be a more conservative estimate than a financing entity may calculate on the developer's behalf. The total public cost will be funded through tax increment financing generated by the private development within the project area.
4. Following City Council approval of the redevelopment agreement negotiated between the City and developer(s), the City will either issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to these projects, or permit the developer to finance the project through a Developer-Purchased debt instrument.

5. There is expected to be no relocation of families as a result of the project.

In addition, Section 18-2116 of the Community Development Law requires the City Council to make the following findings before authorizing the use of Community Development Financing:

- the redevelopment project and plan would not be economically feasible without the use of Tax Increment Financing; and,
- the redevelopment project would not occur in the Community Development area without the use of Tax Increment Financing.

Per Section 18-2116, the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed and found to be in the long-term best interest of the City. The Urban Development Department believes that the public improvements proposed in this plan amendment would not occur “but for” the Tax Increment Financing generated by private redevelopment within the project area. The attached cost benefit analysis of the Catalyst One/Civic Plaza Redevelopment Project shows the TIF funds estimated to be generated by the project.

The revitalization of Downtown Lincoln is in the best interest of the entire Lincoln community. The public investments in parking, infrastructure, amenities, and other public enhancements will complement and encourage future redevelopment projects. The Urban Development Department recommends your approval of the Catalyst One/Civic Plaza Redevelopment Project Amendment to the Lincoln Center Redevelopment Plan.

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the project:

- Negotiate redevelopment agreement with the developers and submit to City Council for approval.
- Request approval from City Council for the issuance of Community Improvement Financing bonds or notes, and issue and sell bonds or notes, if needed.
- Select architects/engineers pursuant to city standard practice to design public improvements.
- Approve the public improvement design.
- Competitively select primary contractor to construct public improvements.
- Construct public improvements and enhancements.

The City may consider alternatives to managing the construction project, including hiring a “Construction Manager At-Risk,” should the City have the authority to do so.

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**Cost Benefit Analysis  
Catalyst One/Civic Plaza Redevelopment Project**

As required by Nebraska Community Development Law (Nebr. Res. Stat # 18-2147), the City has analyzed the costs and benefits of the proposed Catalyst One/Civic Plaza Redevelopment Project including:

**A. Property Tax Revenues**

The Catalyst One/Civic Plaza Redevelopment Project Area is located between 13th, 14th, P, and Q Streets, and includes adjacent right-of-way. The area has a 2009 assessed value of just over \$4.46 million. The parcels to be redeveloped are owned by the City (the existing parking lots) and the developer (previously owned by SAM Properties).

The assessed value of the property within the project area will increase by an estimated \$9.5 million as a result of a projected \$16 million private investment. This will result in an estimated increase of \$193,553 in property tax collections starting in year three that will be available for the construction of public improvements related to these projects during the 15-year TIF period.

**Tax Increment Finance Analysis - Catalyst One/Civic Plaza**

Description	Amount
Base Value	\$4,461,600
Construction/Land Acquisition Costs	\$15,661,600
Estimated New Assessed Value	\$13,998,500
Increment Value	\$9,536,900
Annual TIF Generated	\$193,553
<b>Funds Available - Dev Purchased</b>	<b>\$1,510,187</b>

As shown in the table below, the City will forgo 14.18 percent of these collections (or approximately \$27,446 per year). The tax increment gained from this redevelopment project area would not be available for use as City general tax revenues over that time, but would be used for eligible public improvements to enable the project to be realized.

**Tax District 1, Property Tax Allocations  
as a Percentage of All Allocations, 2008**

<b>Description</b>	<b>Percentage</b>
Lancaster County	13.22
Public Building Commission	.84
City of Lincoln	14.18
Lincoln Public Schools	62.42
Educational Service Unit 18	.74
Lower Platte South NRD	2.02
Railroad Trans. Safety District	1.28
Southeast Community College	4.79
LC Agricultural Society	.07
LC Agricultural Society JPA	.19
Lanc Co Correctional Facility JPA-Co	.52
Lanc Co Correctional Facility JPA-Linc	.96

**B. Other Revenues**

A public parking garage will be constructed as a result of this project, generating parking revenue funds that will be used toward the repayment of the parking revenue bond issued to construct the garage, as well as the management and maintenance of the city-wide parking system. The number of stalls to be built in the garage is currently being examined. At this time, it is estimated that a garage of 450 to 550 stalls, will cost between \$7 and \$10 million to construct and \$63,000 to \$78,000 to operate, not including financing, and initially generate between \$350,000 and \$428,000 in annual parking revenues.

**C. Public Infrastructure and Community Public Service Needs**

Public infrastructure will be enhanced to support the continued redevelopment of Downtown Lincoln. City involvement may include property acquisition; demolition, site preparation, and remediation; utility improvements and/or relocation; the construction of the civic plaza and related street and streetscape amenities; alley improvements; other public right-of-way and streetscape improvements; energy efficiency improvements; façade improvements; parking and related amenities; and, other related public improvements. The improvements will be financed with tax increment financing generated from the project area.

The Civic Plaza is expected to be redeveloped, in part, with the use of TIF, as well as private donations. The Plaza could not reach its full potential for revitalization without the commitment of adjacent private redevelopment and generation of TIF funds. The Civic Plaza, including design and construction is expected to cost between \$3 and \$4 million.

The use of TIF is being pursued, because the developer is choosing to redevelop in an area with existing blighted and substandard conditions. Without the use of TIF, the City feels that a developer would not choose to construct private improvement above the public parking facility and take on the additional costs of needed public improvements.

#### **D. Employment within the Project Area**

In 2007, there were approximately 18,222 persons employed by 889 non-governmental establishments (not including federal, state, local government or the University) within the Downtown and Haymarket (68508 zip code area) according to the Census, County Business Patterns, North American Industry Classification System.

In total, the project is expected to generate 27 to 42 full-time equivalent (FTE) positions. Employment in the residential component of the project will be approximately five FTEs. Additional employment, in the range of 20 to 35 additional FTEs, is expected to result from the estimated 20,000 square feet of retail space. Employment related to the parking facility will be approximately two FTEs housed at the garage, with additional maintenance and management employee oversight. Construction employment will also be related to the construction and renovation of the parking facility, private property, and related public improvements.

#### **E. Employment in City outside the Project Area**

Approximately 142,145 were employed in private business establishments in the City of Lincoln, Metropolitan Statistical Area, according to the 2007 Census, County Business Patterns, North American Industry Classification System. The 2006 median household income for the City was \$45,982, according to the American Community Survey.

The impact of an additional 27 to 42 employees directly related to the project equates to less than one-tenth of a percent increase in the total jobs in Lincoln. The project is expected to increase overall employment in the retail sector, as this project furthers the goal of the P and Q Street retail corridors. The residential portion of the project is also expected to enhance the retail services and other employment sectors Downtown. We also expect to see an increase in future private sector employment as a result of other redevelopment or new business growth encouraged by the provision of public parking Downtown. Finally, the construction of the Civic Plaza should not only be a gathering place for existing employees and residents in the Downtown area, but should support and enhance the existing entertainment and tourism industry by offering an additional venue for events.

## **F. Other Impacts**

There are expected to be many district- and city-wide benefits resulting from the Catalyst One/Civic Plaza Redevelopment Project. The redevelopment projects will strengthen Downtown, and encourage redevelopment of surrounding blocks. More specifically, the combination of private investment in retail and housing, the construction of a new parking facility, and development of the Civic Plaza should:

- **Support the Downtown Master Plan goals of the revitalization of P and Q Streets and vibrant retail corridors.** The Civic Plaza will enhance the ambience of P Street and encourage pedestrian activity along P and 13<sup>th</sup> Streets. The parking facility will provide the necessary transient parking, as well as monthly parking that will free up on-street parking to encourage shopping and other activities Downtown. The on-street retail will bring the Q Street retail corridor further east, helping to further connect the Haymarket with Antelope Valley.
- **Support the civic infrastructure of Downtown.** The development of the Civic Plaza will create a central, easily identifiable focal point for civic activities Downtown. The plaza will provide a daily gathering place for employees and residents. The block's strategic location will strengthen connections between the University of Nebraska and Downtown.
- **Support residential growth and the 24-hour livable community.** Downtown Lincoln is not only the City's commercial center, but a growing residential neighborhood. A major housing project will encourage retail development and the expansion of additional services that support all who live, work, and play Downtown. The experiences of other mid-sized communities suggest that a strong downtown residential presence makes for a more successful Downtown, which further encourages new residential and commercial redevelopment.

City-wide benefits also include the generation of additional sales tax and other revenues to the City as a whole.