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## MINUTES OF PRE-COUNCIL MEETING

### 48<sup>th</sup> & O Streets South Side Redevelopment Agreement

November 14, 2005

9:30 a.m.

**Present:** City Council: Robyn Eschliman, Jon Camp, Patte Newman, Dan Marvin, and Ken Svoboda. **Also Present:** Marc Wullschleger, Joel Pedersen, Darl Naumann, Wynn Hjermstad.

Ken Svoboda, Chair, opened the meeting and introduced Wynn Hjermstad, Manager of the Community Development Division; Urban Development Department, Darl Naumann, Economic Development Coordinator; and, Joel Pedersen, Assistant City Attorney.

Wynn Hjermstad provided information on the Redevelopment Project for the south side of 48<sup>th</sup> & O Streets. The project began several months ago. The City Council approved the Redevelopment Plan for both the south side and the north side of 48<sup>th</sup> & O Streets. The Request for Proposals went out in April. A Selection Committee was appointed to review the proposals and select the developers for the project. The developers selected for the south side of 48<sup>th</sup> & O Streets will build three new businesses in the area: Walgreens, Runza/Braeda, and West Gate Bank. This will bring in about 100 new FTEs. The City has a purchase agreement on the property to close on January 9, 2006. The seller was willing, and no condemnation was used. The property will be resold to the developers later in the year, it will be coordinated with the street widening project. The total cost of the project is a little over \$10 million. The developers are paying full market value for the land. The City will retain a portion of the land for a buffer for the neighborhood, which they had requested. Parks and Recreation will maintain the buffer zone. On the 48<sup>th</sup> Street side, the City will also retain some of the right of way to the south to provide a buffer between the residential and commercial uses.

Joel Pedersen detailed the area using maps from the 48<sup>th</sup> & O Streets Redevelopment Plan (see web page at: <http://www.lincoln.ne.gov/city/urban/Reports/48OFinal.pdf>).

Patte Neumann asked what use restrictions are attached to the redevelopment agreement.

Wynn responded the restrictions are on the types of businesses to be allowed in the area. Those restrictions include billboards, alcohol sales, adult bookstores, cell towers, etc.

Joel noted that it is in Section 306 of the Redevelopment Agreement.

Robin Eschliman asked how much it cost to purchase the property where the palm reader and the attached duplexes are located.

Wynn explained that property and three other houses were actually purchased as a part of the street widening project, not the redevelopment project. She did not bring those figures with her because that is separate from the redevelopment project.

Joel explained there were four parcels of property, the total price for the properties was \$595,000 for those properties.

Patte Newman asked what the assessed value of the property was, noting there is a big difference between assessed value and appraised value.

Darl Naumann responded that he would like the County Assessor and Dick Keith to meet with the City Council to discuss the differences between assessed value and appraised value.

Robin asked what the Capital Improvement Project (CIP) costs are that are attributable to this project.

Wynn responded there would not be any CIP costs for the redevelopment project. The 4 parcels, and right of way were bought for the street widening project.

Joel noted the assessed value of the property in 2005 was \$2,535,940. The appraised value is \$4,580,000. The appraiser looks at the value three ways: cost value or replacement value, income approach, and comparable sales. The high traffic counts at this intersection led to a higher appraised value.

Robin asked about the number of jobs and the quality of jobs being created.

Wynn answered there will be about 100 service industry jobs, some will be management level positions, but she cannot speak to wages and benefits. Our purpose for this project was to eliminate blight, not for job creation.

Darl explained several will be secondary jobs, generally the banking industry jobs are considered primary jobs.

Robin asked about the cannibalism of sales taxes from existing businesses in the area.

Wynn said she would be doing a cost analysis for the City Council. These businesses do bring services to the area that are currently lacking.

Darl noted that taxes being collected on the property currently is zero.

Robin asked why the City did not wait for foreclosure to happen on this property.

Joel explained the City did not evaluate the economic position of what would happen next. From a number of aspects this project came together well. Agreements were signed without

condemnation, neighborhood issues were taken into consideration along with environmental concerns. The need to get the city involved comes from many factors in this project.

Jon Camp asked about the environmental concerns, and if studies have been done.

Joel Pedersen explained a Phase I environmental assessment has been completed, a Phase II has also been done, and we will have the results prior to closing on January 9, 2006. There are 5 or 6 locations of concern.

Wynn added that there had been a gas station on the property, and an underground tank. The City received a Brownfields Assessment grant from the Environmental Protection Agency. Those funds will be used for the Phase II testing.

Jon Camp asked who would pay for remediation if the property is contaminated.

Joel responded the City is looking to third parties to finance the remediation. We could not reserve the right to go after the owner for those costs in a voluntary selling transaction. Under Federal Law, the owner has primary responsibility for the underground tank. We have an opt out clause if the cost of cleaning up the property is excessive. The City has paid for the clean up on other projects, it depends on what the assessment finds.

Darl added that having the Brownfield Assessment grant shows the EPA's willingness to help with the clean up. We are fairly confident we can get a clean up grant from EPA.

Dan Marvin asked how often do you find old gas stations needing clean up for redevelopment, and what is a range of estimated costs for remediation.

Wynn responded that it has happened often, and the cost to remove the tanks has not excessive. It depends on what they find.

Kent Svoboda asked to clarify the project area only goes to 50th Street.

Wynn answered yes, it only goes to 50<sup>th</sup> Street.

Jon Camp how much will the demolition cost, and how will that be paid for?

Wynn explained there is \$150,000 budgeted for demolition that will be paid from TIF. Remediation will also be paid from TIF.

There being no further questions, the Pre-Council meeting adjourned at 10:05 a.m.

Respectfully submitted by:  
Diana Michael