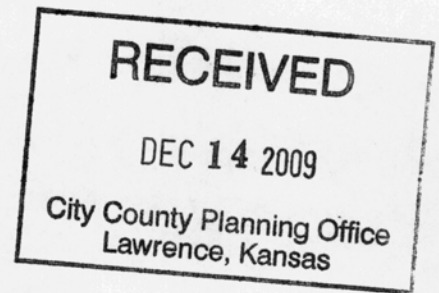


League of Women Voters of Lawrence-Douglas County

P.O. Box 1072, Lawrence, Kansas 66044

December 13, 2009



Mr. Greg Moore, Chairman
Members
Lawrence-Douglas County Planning Commission
City Hall
Lawrence, Kansas 66044

RE: ITEM NO. 1A: UR TO COMMERCIAL; 29 ACRES; NE CORNER OF K-10 & W 6TH (MKM)
ITEM NO. 1B: PRELIMINARY PLAT FOR MERCATO; 29 ACRES; NE CORNER OF K-10 & W 6TH (MKM)

Dear Chairman Moore and Planning Commissioners:

We hope that the Planning Commission will examine this application long and hard for all of its ramifications beyond that of the staff analysis. The staff recommendation for approval seems to be based on two considerations: (1) Commercial uses have already been approved for this northwest location and provides the precedent that implies that market timing is not a limiting factor for approval. (2) The proposed uses rather than the amount of increased retail space being requested will not affect the Downtown.

The staff recommendation is influenced by the Caplan Market Analysis. In this Caplan analysis, the growth projections of the northwest area seemed to be the governing comparison on how much more retail the community can absorb. According to their analysis, the small sizes of the individual Downtown retail businesses and their specialization places them outside of the competitive effect of this proposed development. The type of the two major proposed uses and size—almost 200,000 square feet of floor space each (Big Box stores) or almost 400,000 square feet total—is what makes their effect on the Downtown negligible, according to this analysis. (Their effect on Weaver's Department Store is not considered here). The Caplan Market Analysis estimate of the Mercato share of total market demand for Lawrence by 2014 is 46 to 54%.

We believe the analyses raise important questions. Lawrence already has two regional shopping "centers" and previous analyses have estimated that the population projections up to 2020 can actually support only one. For other analyses, the city has also been divided into sectors, and examined for tax receipts for each sector in order to compare current and previous retail viability and impacts. Regional effects on other areas of Lawrence weren't considered here.

Based on the staff analysis, the current market dictates that the development will not be "speculative" and only when tenants are available will the project be built. We need to emphasize here that conventional zoning districts are speculative in nature. There is no time limit on conventional zoning, no expiration date, no exclusion of permitted uses. Once the CC400 zoning has been applied, it will allow up to 400,000 square feet of commercial use in its district assuming the district size will allow it (which the 29 acres would) and no restriction on permitted uses. A much more predictive type of zoning would be a Planned Development, which allows conditioning of the zoning for exclusion of uses and other features.

Therefore, we urge you to apply the following to this application should you consider approving it.

- (1) Because there is no guarantee of any kind for conventional zoning—the CC400 District—we urge you to require that this also be a Planned Development Overlay District as well.
- (2) If the PD Overlay District is not acceptable to the applicant, then we urge you to condition the conventional district. (The applicant was one of the first to suggest that conditioning conventional

districts was a proper procedure and has accepted it in a previous rezoning.) One of the conditions should be to allow only the uses stated in the staff report.

(3) We ask that you more closely examine the effect of this development on already existing uses beyond the Downtown, as well as on uses in the Downtown which are close to or similar to the uses proposed in the application.

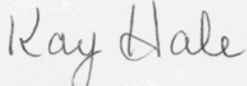
(4) If conditioning the uses by applying the conditions to the zoning district is unacceptable to the applicant, then we urge you to deny the rezoning.

(5) We ask that you also apply needed traffic signals to the intersection of K-10 and Highway 40 now, rather than waiting for further development at this intersection.

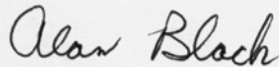
We appreciate your attention to our letter and hope you will follow our suggestions.

Thank you.

Sincerely yours,



Kay Hale
Co-president



Alan Black, Chairman
Land Use Committee

From: Kirk and Jeannie McClure [mailto:mcclurefamily@sbcglobal.net]
Sent: Monday, December 14, 2009 12:18 PM
To: harris@ku.edu; greg@moorevaluation.com; cblaser@sunflower.com; bradfink@stevensbrand.com; hughcarter@dgcounty.com; rhird@pihlhlawyers.com; therenewgroup@sbcglobal.net; eff@chaney-inc.com; MontanaStan62@gmail.com; ksingleton@sloanlawfirm.com
Cc: Scott McCullough
Subject: Retail Market Analysis for Mercato

Kirk McClure, Ph.D.
707 Tennessee Street
Lawrence, Kansas 66044
mcclure@ku.edu

December 14, 2009

Lawrence Douglas County Planning Commission
City Hall
Lawrence, Kansas 66044

Re: Mercato Commercial Rezoning

Dear Commissioners,

The Planning Commission is being asked to approve allocating 90 percent of the commercial square feet planned for the 6th Street and the South Lawrence Trafficway node to the Mercato site on the northeast corner of the interchange.

This application is supported by a market analysis submitted by the applicant and reviewed by the planning staff.

The market study is mistaken, and the Planning Commission should reconsider this proposal.

Growth in demand for retail space

The applicant's market analysis states that retail sales have been growing by 1.8 percent per year since 2000 adjusted for inflation. This is not correct. Using retail sales numbers from the study, retail spending grew only 0.2 percent per year, not the 1.8 percent the study claims.

Growth rate of retail sales 2000-2008

<i>Year</i>	<i>Inflation Adjusted Sales</i>	<i>Annual Growth Rate</i>
2000	\$ 11,866,772	
2008	\$ 12,076,913	0.22%

Difference between space that can be absorbed and is being built

If growing at only 0.22 percent per year, the Lawrence retail market could absorb less than 15,000 square feet per year (0.22 percent of the 6.6 million square feet in the stock). Yet, the applicant's market analysis agrees that the market has been adding in excess of 150,000 square feet per year.

Clearly, the market has been adding space faster than it can absorb new space. This means that as new space is added to the stock, it does not satisfy new growth in demand. Rather, it causes older space to vacate and loses value

Vacancy rate

The last citywide survey of all retail space in Lawrence was in 2007. The citywide vacancy rate was 11.3 percent, but this included North Lawrence with suffers from a very high vacancy rate. Removing North Lawrence , the remainder of the city had a vacancy rate of 9.1 percent, still a high vacancy rate.

Implications for the Mercato proposal

While the city should plan for eventual growth in the retail districts of the city, it should recognize that it is now overbuilt in retail space. This overbuilding existed before the current recession and is made much worse by the economic downturn.

Adding more retail space to a glutted market will only cause older shopping centers to lose tenants and lose value. Lawrence can support a finite amount of retail space, and too much space has been built. The market only becomes worse off as additional space is added to this already overbuilt supply.

It is beneficial that development proposal south of the Mercato has expired. It will not be beneficial to the city to move this commercial space to the Mercato. Ideally, the Mercato proposal will be put on hold indefinitely.

The Planning Commission should seek ways to remedy the problem of an overbuilt market by restricting further growth in the supply of retail space until such time as the market is able to absorb the surplus that now exists in the market.

Yours truly,

Kirk McClure