

August 2, 2011 DRAFT

City of Lawrence Neighborhood Revitalization Plan and Program: 1001 Massachusetts

Definition:

Area- used interchangeably with district, referring to the property located at 1001 Massachusetts Street, which includes Lot 93 Massachusetts Street, Lawrence, Douglas County, Kansas

Plan:

1001 Massachusetts Street is a single building located within downtown Lawrence that is an abandoned Masonic Temple. The owners have proposed expanding Maceli's catering and banquet hall business to this location. Their plans call for remodeling the interior of the Masonic Temple building. First Management, on behalf of the owners, estimates the costs for such renovations at \$800k to \$1.0 million. Paul Werner Architects has requested a Neighborhood Revitalization Act (NRA) be placed on the property. The following is the Neighborhood Revitalization Plan ("Plan") for the area.

This Plan is required by the Kansas Neighborhood Revitalization Act (the "Act") (see Appendix 1) in order to create a neighborhood revitalization area intended to encourage both reinvestment and improvements to a specific area or Property of the community. The governing body of the City of Lawrence has determined that the Neighborhood Revitalization Property ("Property") described in this Plan is a neighborhood revitalization area as described in K.S.A. 12-17,115(c) (3):

An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significances should be preserved or restored to productive use.

The Governing Body has also determined that the rehabilitation, conservation, and redevelopment of the Property is necessary to protect the public health, safety and welfare of the residents of the City of Lawrence, as required by K.S.A. 12-17,116.

In accordance with K.S.A. 12-17,117, the components of this Plan include:

1. A general description of the Plan's purpose;
2. A legal description and map of the Property (Area);

3. The existing assessed valuation of the real estate comprising the Property;
4. A list of the name and address of the owner of record within the Property;
5. The existing zoning classifications and Property boundaries and the existing and proposed land uses of the Property;
6. The proposals for improving or expanding municipal services within the Property;
7. The term of the Plan;
8. The criteria used to determine what property is eligible for revitalization, including a statement specifying that property, existing buildings, and new construction is eligible for revitalization;
9. The contents, procedure and standard of review for an application for a rebate of property tax increments;
10. A statement specifying the maximum amount and years of eligibility for a rebate of property tax increments; and
11. A section regarding the establishment of a Neighborhood Revitalization Fund.

Section 1: Purpose

Establish a property revitalization tax rebate program (the “Program” or “Revitalization”) to provide incentives for property owners to build public and private infrastructure. The Program is intended to revitalize the building at 1001 Massachusetts Street.

The Program will provide a valuable incentive to private developers/property owners to redevelop the Area and will accomplish the following city goals including, but not limited to, the following:

- The opportunity to promote redevelopment activities which enhance Downtown Lawrence
- The opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized on site around Lawrence
- The opportunity to attract unique retail and/or mixed use development which will enhance the economic climate of the City and diversify the economic base

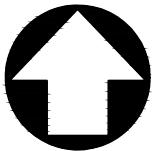
Section 2: Legal Description & Map of Neighborhood Revitalization Property

The Property shall include the Area described herein:

1001 MASSACHUSETTS

LOCATION MAP

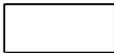


LEGAL DESCRIPTION:
MASSACHUSETTS STREET LOT 93



NORTH

SCALE: 1"=100'

LEGEND:

-  PARCELS
-  SUBJECT PROPERTY
-  STREET CENTERLINE



Section 3: Value of Real Properties

The appraised value of the real estate in the Area is:

2011 Appraised Values

Land:	\$247,500
Buildings:	\$152,600
Total Value:	\$400,100

The assessed value of the real estate in the Area is:

2011 Assessed Values

Land:	\$61,875
Buildings:	\$38,150
Total Value:	\$100,025
Total Taxes:	\$ 12,359.10(not including special taxes)

Section 4: Owner of Record of the Lots

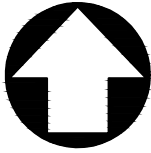
Consolidated Properties, Inc.
c/o First Management
601 North Iowa PO BOX 1797
Lawrence, KS 66044

Section 5: Existing Zoning Classifications and Property Boundaries; Existing and Proposed Land Uses

The Area is located in the downtown commercial zoning district which is CD, Downtown Commercial District. No changes are being proposed to existing zoning. Please see the Existing Zoning Map and Existing Land Use Map below. Paul Werner Architects anticipates providing a detail of the sidewalk improvement required for this project. There is no requirement to provide a site plan for this project.

1001 MASSACHUSETTS

ZONING MAP



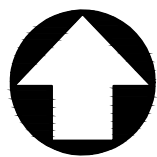
NORTH

SCALE: 1"=100'



1001 MASSACHUSETTS

EXISTING ADJACENT LAND USES



NORTH

SCALE: 1"=100'



Section 6: Proposals for Improving Municipal Services in the Property

There are no proposals for improving municipal services or infrastructure in the Area with this Plan.

Section 7: Term of the Plan

1. This Plan and tax rebate Program shall be effective upon the adoption of this Plan by ordinance of the Governing Body of the City of Lawrence.
2. This Plan and the Area shall expire after fifteen (15) years from the date of adoption unless extended by the ordinance of the City Commission prior to its expiration. The City reserves the right to evaluate the Program at any time.
3. The owner will be eligible for a property tax rebate on the incremental taxes associated with improvements in the Area. The increment means that amount of ad valorem taxes collected from the real property located within the Area that is in excess of the amount which is produced from such property and attributable to the assessed valuation of such property prior to the date the Area was established or the structure was declared dilapidated pursuant to this act ("Base Taxes"). The Base Taxes collected in 2011 is \$12,359.10. The increment is calculated based on the following formula:

Where \$12,359.10 equals the base year taxes, and x equals the taxes for any given tax year, the increment is equal to x minus any special taxes, minus \$12,359.10.

Table 1

Year	Rebate % to be refunded to property owner
2012	95% of increment
2013	90% of increment
2014	85% of increment
2015	80% of increment
2016	75% of increment
2017	70% of increment
2018	65% of increment
2019	60% of increment
2020	55% of increment
2021	50% of increment

2022	45% of increment
2023	40% of increment
2024	35% of increment
2025	30% of increment
2026	25% of increment

4. The Program is subject to approval of each taxing unit, including Douglas County and USD 497.

Section 8: Contents of an Application for Rebate, Application Procedures and Standards of Criteria Used to Review an Application

The proposal submitted by Paul Werner Architects shall serve as the application for the Program under this Plan. No further applications are anticipated related to the Property. Please refer to Exhibit A.

Section 9: Amount of Tax Rebate, Rebate Term, and Maximum Rebate Limit

1. The eligible tax rebate is set forth in Table 1, Section 7. If there is no Tax Increment generated for a specific property due to a diminution of appraised values, no tax rebate shall be provided for the Property.
2. Douglas County will retain a one-time administrative fee equal to 2.5% percent of the Increment for the first year of the rebate program. The remaining Increment for that first year and any given year shall be distributed to the taxing jurisdictions in accordance with regular property tax distribution procedures.
3. The maximum rebate shall be the sum of all incremental increases in taxes for the duration of the fifteen year period as further defined in the Table 1, Section 7.

Section 10: Neighborhood Revitalization Fund

Upon Governing Body approval of the Plan, the 1001 Massachusetts Neighborhood Revitalization Fund will be established.

Section 11: Other City Requirements

1. The Improvements must conform to all codes, rules, and regulations that are in effect at the time the improvements are made.

Improvements must be authorized by public improvement plans or building permit when applicable.

2. Any otherwise eligible property with delinquent taxes or special assessments shall not be eligible for a rebate until such time as all taxes and assessments have been paid.

Appendix I: Summary of the Kansas Neighborhood Revitalization Act

The Kansas Neighborhood Revitalization Act (NRA) allows the governing body of any municipality to pass an ordinance designating an area within that municipality as a "Neighborhood Revitalization Area" if it finds that "the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the municipality." K.S.A. 12-17,116.

KSA 12-17,115(b) and 12-17,116 provide that all municipalities are authorized to participate in Neighborhood Revitalization Area programs. In addition, KSA 12-17,119, provides that two or more (i.e. all) taxing jurisdictions within a Neighborhood Revitalization Area are specifically authorized to enter into interlocal agreements pursuant to 12-2901 to exercise the powers authorized by the Act (including utilizing all or a part of the other taxing jurisdictions tax increment). The interlocal agreement(s) must be submitted to and approved by the Kansas Attorney General.

The Neighborhood Revitalization Area Act expressly provides for additional home rule provisions which are not in conflict with this act. KSA 12-17,120 permits cities to enact and enforce additional laws and regulations on the same subject of revitalization, provided they are not in conflict with the Act. This would mean, for example, that cities should be able to adopt provisions permitting use of some of the increment which is not returned to taxpayers, to be used instead for other infrastructure improvements within the NRA Property, and conceivably, even for revitalization grants or other incentives that would spur revitalization and rehabilitation in the NRA Property. The ability of cities to go beyond the statutes will depend in a large part upon the scope of their agreement with the other taxing jurisdictions.

Exhibit A: Paul Werner Architects Application

Application Form for Economic Incentives and Tax Abatements

1) Name of Company: Consolidated Properties, Inc.

2) Current Address: c/o First Management; PO Box 1797

2a) City: Lawrence

2b) State: Kansas

2d) Zip Code: 66044

2e) Country: United States

3) Contact Person for Application: Leticia Cole with Paul Werner Architects

3a) Title: Intern Architect

3b) Phone: 785-832-0804

3c) Fax: 785-832-0890

3d) E-mail Address: leticiaac@paulwernerarchitects.com

3e) Is Address the Same as Company? (Y/N)

If No, Please Provide the Contact's Address:

123 W 8th Street

Suite B2

Lawrence, Kansas 66044

4) Please Provide a Brief Description of the Company:

5) NAICS Code:

5a) If NAICS Code Unknown, Please Describe Primary Line of Business:

6) Please Describe the Public Incentive/s That You Are Seeking:

- NRA

- Sprinkler

- Sidewalk Improvements

6a) Please Provide a Brief Description as to Why You Are Seeking These Incentives:

The building needs many upgrades to become usable space. These
upgrades will cost considerable more than the owner of the building
can recoup in reasonable rent. Some incentives are required to make
the project work financially. The project is currently in the
\$8-900,000 range, and will keep many construction workers
employed over several months and add permanent jobs downtown.

7) Is Your Firm Relocating or Expanding?*note: if an expansion, please proceed to question 10*

Expanding

8) Please Let Us Know Why You are Considering Lawrence for Relocation:

N/A

9) Will This Relocation Involve Your Whole Company or Part?

Part

9a) If Part, Please Describe the Primary Business Activity of the Relocation:

Expanded meeting/banquet space.

9b) Is This the Same Type of Business as Your Firm Overall? (Y/N)**10) For Expansion, Briefly Describe the Purpose and Activities of the New Facility:**

Banquet Hall/Event Space

11) When Do You Plan to Begin Operation of the New Facility:**12) How Many Employees Currently Work in Lawrence (0 for Relocation)?:**

38

7 Full Time
31 Part Time**12a) How Many Will Work in Lawrence After Expansion/Relocation:****12b) How Many Employees Do You Anticipate Hiring from Outside the Local Labor Market?**

0

12c) How Many do You Plan to Hire or Relocate from Outside Kansas?

0

13) Current Operating Expenditures per Year (Enter 0 for Relocation):

\$1,275,000

13a) Operating Expenditures After Expansion/Relocation (\$):

\$1,750,000

13b) Estimated % of Additional Expenditures Made in Lawrence:

90%

14) Please Provide an Estimate of Anticipated Annual Gross Profits (\$):*(note, for expansions, please enter anticipated gross annual profits from expansion)*

\$250,000	-	Food
\$96,000	-	Building
\$100,000	-	Alcohol

15) What is the Size of the New Facility Being Constructed (square feet)?*If an Expansion, Please Enter Size of the Current Building (square feet):*

5,850

16) What is the Estimated Value of the New Construction (Excluding Land)?

\$800,000

17a) Size of the Parcel on Which the Building Will be Located (acres):

.134

17b) What is the Value of the Land (0 if Leased)

0

17c) If Leased, What is the Lease Rate for the Land (per month):

\$8,000

18) About What % of New Goods Produced in Lawrence, Will Be Sold Outside of Lawrence and/or Douglas County:

10%

18a) Of Goods Currently Produced, About What % Are Sold In Lawrence:

90%

19) Please Provide a Breakdown of the Following, by Year:

a) Will be determined by sales. Sales influenced by economy and competition.

Year	Number of New Employees
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Full Timers -
Avg \$18-21/Hour
Part Timers -
Avg \$9-10/Hour

b)

Year	Average Salary per Employee (\$)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

c)

Year	Investment in Building (not Personal Property) (\$)
1	10,000
2	
3	
4	
5	
6	
7	
8	
9	
10	

20) Please Provide the Following Information on Benefits:

% of Health Care Premium Covered

0

% of Employees with Company Health Care

0

% of Employees with Retirement Program

0

Employees are given \$75 bonus monthly to use for whatever they want.

20a) Will You Provide Job Training for Employees? (Y/N)

Y

20b) If Yes, Please Describe:

All new employees are trained.

20c) What is the Lowest Hourly Wage Offered to New Employees?

\$9

20d) What Percentage of Your New Employees Will Receive this Wage?

75%

21) Will You Provide Additional Benefits to Employees? (Y/N)

Y

21a) If Yes, Please Describe:

Depends if they are full or part time.

22) How Much do You Currently Pay, on Average, for the Following Utilities Each Month:

a) Gas

\$750

b) Electricity

\$2,250

c) Cable Television

-

d) Telephone Service

\$425

23) Will the Building Meet Energy STAR Criteria: (Y/N)

T.B.D.

24) Will the Building Seek LEED Certification: (Y/N)

No

24a) If You Will Seek LEED Certification, What Level Will You Seek:

No

(Certified/Silver/Gold/Platinum)

25) Please describe any environmental impacts, positive or negative, your operations have as well as any remedial actions your firm may take to address negative impacts:

26) Please describe any additional benefits or costs you believe your business will bring to the City of Lawrence and Douglas County, KS:

Restoration of historic landmark, which would not be suitable for most businesses as laid out. Perfectly suited for meetings and event space.

June 16, 2011

RE: Masonic Temple

To David Corliss:

On behalf of our client, Consolidated Properties Inc., I would like to request the following assistance in the renovation of the Masonic Temple.

We are proposing to renovate the building to provide banquet and meeting spaces for Maceli's expansion. While the exterior will only need minor renovation, the interior will need more work to allow it to meet current building codes for occupancy.

This major renovation will include several ADA upgrades such as an elevator to provide access to each level of the building. In addition, we will be installing air conditioning, new electric service, and a complete sprinkler system. While we are prepared to do this work, we do however need the assistance of the city in a few key areas.

We are specifically asking the city to proceed with using the Neighborhood Revitalization Act for a period of 15 years. We would request a property tax abatement starting at year 1, with 95% abatement – reducing 5% each year through year 15.

We would request the city provide ADA access in the right-of-way by reconstructing the sidewalk.

Finally we would like the city to look at options to aid in the installation of a new water meter if one is needed, the associated tap fees, and the sprinkler system. As you know, this building was listed as a high priority prior to the grant program running out of money. As you noted maybe the city could reimburse the owners for this installation over time, or there could be some other arrangement to help share these costs. The estimated cost of the sprinkler system is 70,000.00. Please let us know what options we have.

We are very excited about bringing this building back to life and appreciate the City's efforts to assure this project will move forward.

We look forward to discussing this with you and your staff at your earliest convenience. Due to summer schedules and the need to get started in a timely manner we would like to shoot for the July 12th city commission meeting to discuss this item.

Respectfully,



Paul Werner