

Memorandum

City of Lawrence

City Manager's Office

TO: David L. Corliss, City Manager
CC: Diane Stoddard, Assistant City Manager
FROM: Britt Crum-Cano, Economic Development Coordinator/Planner
DATE: October 11, 2011
RE: Request for City improvements for the East Lawrence Industrial Historic District

Project Overview

East Lawrence Historic Partners, LLC, is requesting City improvements to aid in the redevelopment of the first phase of the East Lawrence Industrial Historic District in Lawrence, Kansas. Some of these improvements solely benefit the proposed development, while other improvements benefit both the proposed development as well as the area neighborhood.

Containing historical structures dating back to 1883, the District is bounded by 8th Street on the north, 9th Street on the south, Pennsylvania Street on the west, and the lot lines that run parallel to the historic Delaware Street alignment on the east.

Plans for the first phase of redevelopment call for:

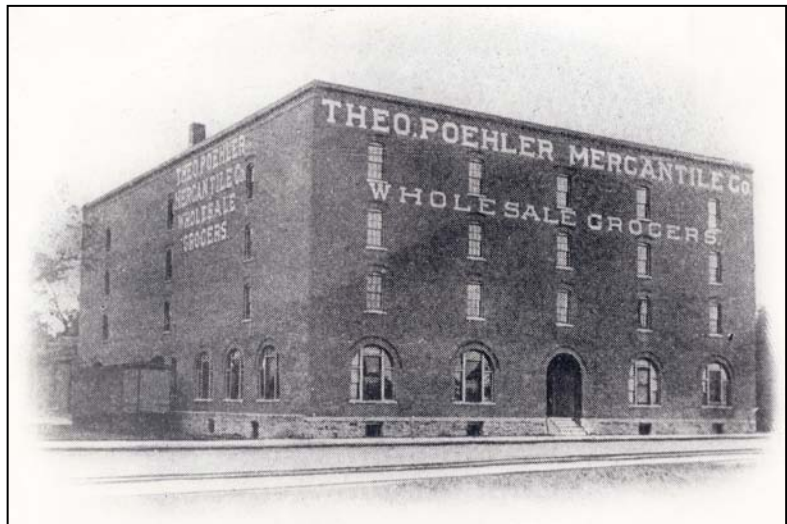
- Converting the 50,000 square foot Poehler Mercantile Company Wholesale Grocery Building (Poehler Building), located at 619 E 8th St, into 49 multi-family apartment units (33 one-bedroom, 16 two-bedroom). All apartments will be designated affordable housing, except for two (2) one-bedroom and one (1) two-bedroom units. See Addendum A.
- Redeveloping the 15,000 square foot Kansas Fruit Vinegar Company Building (Vinegar Building), located at 810 Pennsylvania, into an artist/office port with an attached event space.
- Updating the existing duplex building located at 804-806 Pennsylvania Street. The structure will remain a duplex.
- Street and parking improvements to accommodate redevelopment, as outlined within the [Development Agreement](#).

Historical Background and Significance

The East Lawrence Industrial Historic District encompasses several extant manufacturing buildings of historic architectural integrity associated with the City's industrial past. "The District is part of what was once a larger assembly of manufacturing, warehouse, wholesale, distribution, and rail freight-related buildings and structures that historically stretched eastward from Massachusetts Street along the railroad alignment into East Lawrence. The buildings in the district reflect an important component in the commercial history of Lawrence from the late nineteenth century through the mid-twentieth century, and are important as a rare and unique group of buildings and structures. As such, they continue to define unique land patterns and provide tangible visual evidence of the development of the City's commercial areas."¹

Dating back to 1882, the historic District contains buildings and structures associated with manufacturing, processing and distribution of raw goods and manufactured materials in Lawrence.

- The brick building that housed the Kansas Fruit Vinegar Company at 810 Pennsylvania street was built in 1882 and used to manufacture cider, cider vinegar, vinegar, pickles, catsups, jellies, and dried apples.
- The Mercantile Company Wholesale Grocery building (Poehler Building) at 619 East 8th Street was erected in 1904 and served as the warehouse and distribution building for Poehler's wholesale grocery business.



The East Lawrence Industrial Historic District is historically significant for its role in the commercial development of Lawrence and as a surviving collection of representative examples of late nineteenth and early twentieth century industrial architecture in the City. The District's historic integrity and importance in commerce defines a rare, concentrated, and intact area of industrial resources dating from the 1880s through the Great Depression.

¹ East Lawrence Industrial Historic District, Douglas County, Kansas. NPS Form 10-900, United States Department of the Interior, National Parks Service. December 11, 2007

Request for Improvements

The applicant is requesting the City perform improvements to accommodate the redevelopment project. City improvements are listed below and illustrated in Addendum B:

- To reconstruct and pay for Delaware Street from 8th Street to 9th Street, including parking and storm water improvements, curbs and gutters, sidewalks, lighting, and landscaping.
- To continue storm water improvements along 8th Street, from Delaware Street to Pennsylvania Street.
- To construct and pay for a water line along Delaware Street, from 8th Street to 9th Street
- To pave the parking lot adjacent to the Poehler Building, including installing lighting, and to improve the alley between Pennsylvania Street and Delaware Street from 8th Street south to the south edge of the Delaware Street parking lot.
- To design and construct 8th Street from Delaware west to the alley between Delaware and Pennsylvania Streets, including overlay, angled parking on 8th Street, bulb-outs, lighting, and sidewalks.
- To pay for utility connections to the Poehler building for domestic water, fire line, and sanitary sewer (capped at \$36,980).
- Reimburse the Developer for a portion of the costs of the Poehler Building fire sprinkler system (capped at \$85,000).
- Negotiate for modified design plans from Bartlett & West. (Bartlett & West were the designers of the original neighborhood plan. Existing plans will require some modifications for the current requested improvements called for within the Development Agreement between the City and Lawrence Historic Partners, LLC.)

In exchange for these improvements, the Developer will:

- Restore and redevelop the Poehler Building at 619 E 8th Street, into residential dwelling units.
- Design and construct improvements to parking spaces on 8th Street not constructed by the City and Pennsylvania Street, and to the parking lot adjacent to the existing duplex lot.
- Design, install and maintain utility upgrades and all other necessary interior finishes or improvements to the building, according to building codes, to make the Poehler Building aesthetically pleasing and suitable for residential occupancy.

- Obtain design and construction plans for the Delaware Street parking lot improvements and provide the same to the City. To maintain the parking lot, including landscaping and snow removal.
- Pay for all costs of the Poehler Building's fire sprinkler system subject to reimbursement from the City of a portion of the costs.
- Timely execute the Agreement and to diligently proceed to commence construction of the project according to final approved plans.
- Complete the project in conformance with all applicable governmental building codes, regulations, guidelines, specifications, and all other applicable rules and regulations.
- To be responsible for all costs for the project and related improvements, including associated professional fees and design related fees.
- To deposit \$75,000 on the execution of this agreement to assure the City that the Developer will proceed with the project as proposed. City will return the funds to the Developer as per the project completion schedule outlined in the development agreement.
- Transfer title to the Delaware Street parking lot to the City within 30 days following City Inspection. Developer will maintain the parking lot, including snow removal, lighting, and landscaping maintenance until fifteen years after issuance of the certificate of occupancy. (After the passage of 15 years, the City will sell the parking lot to the Developer for one dollar.)

Project Funding

Private funding for the project relies primarily on the syndication of Federal Low-Income Housing Tax Credits (LIHTC) and Federal and State Historic Tax Credits. Remaining funding will be secured through owner equity and debt financing.

Review of the Developer's pro forma indicates a reasonable, 12% return on development for the project, excluding requested costs for City improvements. Once completed, the project will be classified as a not-for-profit entity.

Public funding for City improvements and the Poehler Building sprinkler system will be allocated as follows:

City Improvements	City Expenses ²	Funding Source
Delaware Street parking lot & Alley (including lighting and landscaping) ³	\$300,000	General Obligation Bonds (Resolution 6937) & 2012 Street Maintenance
Delaware Street improvements (road, parking, storm water from 8th Street to 9th Street) + 8th Street Storm Water (from Pennsylvania Street to Delaware Street)	\$800,000	General Obligation Bonds (Resolution 6941) & Storm water funds
Water Line (along Delaware Street, between 8th Street & 9th Street)	\$100,000	Non-bonded construction, Utilities
Fire Sprinkler for Poehler Building (up to 75% of actual costs, not to exceed \$85,000)	\$85,000	General Fund
8th Street improvements (overlay, angled parking, curb repair, bulb-outs, lighting)	\$73,538	2012 Street Maintenance
Utility connections to the Poehler Building, including Domestic Water, Fire line and Sanitary Sewer	\$36,980	Part of Delaware Street Improvements
Total	\$1,395,518	

² Estimates provided by Shoeb Uddin, City Engineer. Price does not include pervious pavement.

³ Developer to maintain Delaware Street parking lot, including landscaping. No irrigation will be provided by the City for landscaping.

Community Impact

The project will deliver several immediate benefits to the neighborhood area, including:

- Addressing existing drainage problems by providing adequate storm water services. The drainage area is roughly 25.2 acres and is designed to handle the 1% chance (i.e. 100 year) design storm. The proposed improvements will greatly enhance the watershed's ability to manage storm water runoff more effectively and efficiently. See Addendum C for a map of the area watershed affected.
- Providing complete street aspects:
 - Pedestrian lighting
 - Landscaping
 - Sidewalks
 - On-street parking
- Replacing an old, inadequately sized waterline with the correct capacity line, completing the loop. The existing water main along Delaware from 8th to 9th was installed in 1904 and is 6" cast iron. It is prudent to replace it as part of the current street project due to its age; at over 100 years old it has exceeded its service life and would be a liability under a brand new street. In addition current design standards require a minimum 8" diameter pipe primarily to support fire flows.

In addition, the project has the potential to bring about several positive impacts to the community, including:

- Preserving a historically significant area
- Restoring a dilapidated, non-productive area to productive use
- Serving as a catalyst for future area improvements
- Providing quality, affordable housing

Recommendation

Staff recommends approval of Development Agreement between the City and East Lawrence Historic Partners, LLC for private and public improvements to the East Lawrence Industrial Historic District.

Requested Action

Authorize the Mayor to enter into Development Agreement for East Lawrence Industrial Historic District for public improvements as outlined in the agreement.

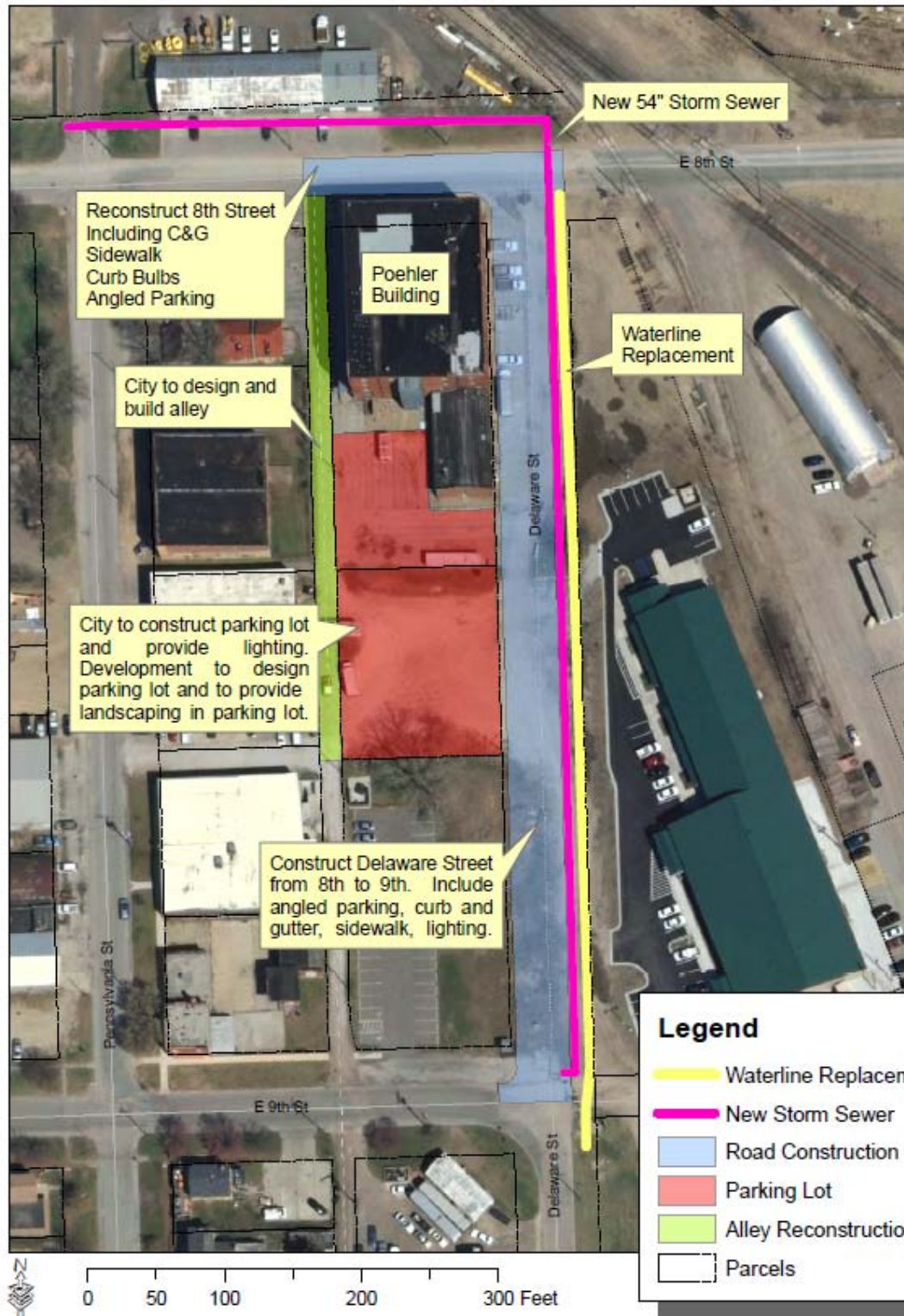
Authorize City Manager to negotiate with Bartlett and West for final plans for public improvements for East Lawrence Industrial Historic District.

Addendum A
Elevations for Poehler Mercantile Building

Addendum B

Schematic Map of City Improvements

Poehler Site Improvements



Addendum C

Area Watershed Map

