

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
DATE: June 19, 2012
RE: NRA Request: 812 Pennsylvania Street, Lawrence, Kansas (Ciderworks building)

Project Overview

Tony Krsnich (project Developer) is considering redevelopment of 812 Pennsylvania Street (Ciderworks Building) into an arts gallery with events space on the lower level and office space on the upper level. Mr. Krsnich is also currently redeveloping the historic Poehler building at 8th and Delaware Streets, which lies adjacent to the Ciderworks Building.

An **Incentives Application** was received on June 8, 2012 from the Developer. In order to pursue this project, he is requesting financial incentive aid from the City totaling \$500,000, which is to be rebated back to the developer through the use of a 95% Neighborhood Revitalization Area (NRA) rebate over a 10 year period. As per Mr. Krsnich, redevelopment of the Ciderworks building will complement the overall plan for the historic district and continue to enhance the creative nature of East Lawrence. It should be noted that the he is also requesting additional public infrastructure be provided by the City that will support the entire historic district neighborhood. This value was not provided as part of this request and was not part of the below analysis.

Review of Neighborhood Revitalization Area (NRA) and City Policy

a. Description of NRA and Purpose

The NRA, or Neighborhood Revitalization Area, is one of several economic development tools utilized by municipalities to promote economic growth through neighborhood enhancement. Authorized by the state, NRAs are intended to encourage the reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. The use of an NRA is particularly applicable for use in areas where rehabilitation, conservation, or redevelopment is necessary is to protect the public health, safety or welfare of the residents of the City.

Resolution 6954 outlines the City's policy for establishing an NRA. Typically, a percentage of the incremental increased value in property taxes (resulting from increased property

values due to new improvements) is rebated back to the developer/applicant over a period of time to help offset redevelopment costs and make the project financially feasible.

b. Typical Rebate Amounts & Duration

As per NRA policy, the City typically follows the below standard practice and does not:

- provide more than 50% rebate on incremental property taxes
- establish an NRA for a period of time longer than 10 years.

However, there is an exception provision within the policy which allows the City to *"consider a greater rebate and/or a longer duration if sufficiently justified in the "but for" analysis."*⁴

¹ Resolution 6954, Section 4: Amount of Rebate

c. Project Eligibility

Project eligibility for NRA consideration is governed by both State (KSA 12-17,114 et seq.) and City (Resolution 6954) criteria.

State Requirements

| | | |
|-------------------------------|---|--|
| Statutory Criteria | Governing Body determines that rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of residents and the proposed project meets at least one of the below criteria: | |
| | 1 | An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision of ventilation, light, air or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare. |
| | 2 | An area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land uses relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions deterioration of site or other improvements, diversity of ownership, tax, or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes or a combination of such factors substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use. |
| | 3 | An area in which there is a predominance of buildings or improvements that should be preserved or restored to productive use because of age, history, architecture or significance should be preserved or restored to productive use. |

Health Liability

Economic Liability

*Community/
Historical
Asset*

City Requirements

| | | |
|---------------------------------|--|--|
| City Policy Criteria | When considering the establishment of a NRA, the City shall consider not only the statutory criteria, but if the project meets a majority of the below criteria: | |
| | 1 | The opportunity to promote redevelopment activities which enhance downtown |
| | 2 | Provides the opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized. |
| | 3 | Provides 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. |
| | 4 | Provides the opportunity to enhance neighborhood vitality as supported by the City's Comprehensive Plan or other sector planning document(s). |
| | 5 | Provides the opportunity to enhance community stability by supporting projects which embrace energy efficiency, multi-modal transportation options, or other elements of sustainable design. |
| | Project must meet or exceed a 1:1.25 cost-benefit ratio. | |

Project Feasibility

Estimated economic impact is examined through a benefit-cost analysis and project financial feasibility is examined through a "But For" analysis (pro-forma), both of which are required by current NRA policy.

a. Cost-Benefit Analysis

The Ciderworks building is a vacant, dilapidated property located within the East Lawrence Industrial Historic District in Lawrence, Kansas. 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.

The property's most recently appraised value (2011) is approximately \$126,000 (\$65,760 for improvements, \$60,240 for land). According to the incentives application received, over \$1.6 million will be invested in purchasing and redeveloping the property. Project completion is anticipated in September 2012. Once redeveloped, the development team estimates new job creation at 26 full-time positions over the NRA time period (10 years) with full-time salaries averaging \$30,000-\$40,000 annually.

Based on information received through the incentives application, staff conducted a cost-benefit analysis of the costs and benefits associated with the project. The **analysis** shows that the 1.25 threshold for the benefit-cost ratio will be met as the City will realize a benefit-cost ratio of 1.29, the County will realize a ratio of 1.50 and the School District will realize a ratio of 4.78. This means that for every dollar of additional costs and tax abatements, the City will receive \$1.29, the County will receive \$1.50 and USD 497 will receive \$4.78 of revenue. The State does not have a benefit-cost ratio as there are no costs involved.

Overall, the model estimates the total value of incentives at \$559,280 with the project delivering positive returns for all jurisdictions over the ten year abatement period. The model estimates that there will be approximately \$419,000 in total discounted (present value) dollars of additional revenue for all jurisdictions.²

| Discounted Returns for Jurisdictions (w/incentives) | | |
|--|------------------|------------------|
| Jurisdiction | Amount | B-C Ratio |
| Lawrence | \$82,069 | 1.29 |
| Douglas County | \$72,198 | 1.50 |
| USD 497 | \$190,941 | 4.78 |
| State of Kansas | \$73,816 | N/A |
| Total | \$419,024 | |

Assuming the project is completed, property tax revenues realized by taxing jurisdictions are approximate \$400,000 less when incentives are provided.

| Cash Flow Comparisons | |
|--|-----------|
| Total cash to all jurisdictions--no Incentives | \$818,811 |
| Total cash to all jurisdictions--with incentives | \$419,024 |
| Difference in Revenues | \$399,787 |

b. "But For" Analysis

In order for the City to agree to provide an NRA rebate, it must be determined that the need for public assistance is necessary for the project to proceed. In other words, the City must be convinced that without public assistance, the project will not be financially feasible. Commonly referred to as the "But For" test, the developer's project pro forma and supporting financial documents are examined to compare cash flow and developer returns with and without public assistance.

The need for public assistance is estimated at \$500,000 by the Developer. This gap is supported by a letter submitted by Great Southern Bank stating their financing commitment is dependent upon the developer being able to obtain funds for this amount. (Further elaboration on these financing restrictions can be made by the Developer.)

² 5.34% Discount Rate, based on U.S. Treasury Department's average LT Composite (>10 yrs) treasury bill rates, June1-11, 2012,

The “But For” test for the Ciderworks Building utilized project program information, estimated cash flow³ and assumptions provided by the Developer on June 11, 2012. Taxes were estimated using property information from Douglas County Appraiser’s Office. A pro-forma analysis was performed based on the Developer’s projected costs and revenues, and additional assumptions, including:

| Project Assumptions | |
|------------------------------------|-------------|
| Vacancy Rate (year 1) ⁴ | 35% |
| Cap Rate ⁵ | 7% |
| Assessment Rate ⁶ | 25% |
| Total Costs ⁷ | \$1,668,686 |
| Permanent Loan ⁷ | \$1,400,000 |
| Equity ⁷ | \$268,686 |
| Income Growth Rate ⁷ | 2% |
| Expense Growth Rate ⁷ | 3% |
| Mill Levy Escalation: ⁸ | 0.001930 |
| NRA Rebate % | 0.95 |
| Base Assessed Value ⁶ | \$31,500 |

Analysis shows that without the NRA rebate, the project realizes a negative cash flow during operating years 1-4 and modest returns for the remainder of the 10 year request period. Average return on investment over the 10 year request period is 1.15%, a return so low, it is reasonable to assume the project is unlikely to proceed without public assistance.⁹

Analysis indicates that with the NRA rebate, the project realizes a positive, but modest cash flow throughout the 10 year request period. Return on investment ranges from 4.88%-31% through this period, with an average return on investment of 21.4%. It is reasonable to assume that this average return rate would allow the developer to proceed with the project.

³ Cash flow amounts provided by Developer were not discounted and analytical results reported are undiscounted.

⁴ Vacancy rates provided by Developer ranged from 20%-35%. According to the Developer, these vacancy rate assumptions are required by their bank’s underwriting controls due to the market being untested. Analysis assumes an initial rate of 35%, declining 2% annually until stabilizing at 20% per year.

⁵ Developer information indicated a cap rate of 7%, which appears to be in line with Douglas County’s estimated cap rates 6.84%-7.29% for comparable properties (*Douglas County 2012 Cap Rate Study, Cap Rate Model by Uses*, blended rates by use, Class A)

⁶ Source: Douglas County, Kansas, Appraiser’s Office

⁷ Source: Developer provided

⁸ Based on average change in Mill Levy Rate over previous 5 years. Source: Douglas County, Kansas, Appraiser’s Office.

⁹ Information provided was not adequate for performing an Internal Rate of Return (IRR) analysis.

Performance Agreement

Per City policy, the developer/development team would be required to enter into a performance agreement with the City in order to receive NRA rebates. The most significant reason for this is to make sure that the developer coordinates with the City and County at the beginning of the establishment of the district and to ensure that there are no delinquent property taxes during any of the years of the NRA plan. Other performance requirements could be provided in the agreement. For example, agreements for several other properties receiving NRA rebates recently within the City have included a "use provision" placing limitations on the type of property use allowed for eligibility of rebates. For example, the agreement for the 1040 Vermont property requires the property to be an office use for an architectural firm headquarters, and the Masonic Temple NRA requires the property to be a catering/banquet hall facility to be eligible under the program.

Whether to include a use provision is a policy issue for the governing bodies to decide.

Conclusion

Given the City’s policy guidelines as outlined in Resolution 6954, including eligibility requirements, cost-benefit thresholds, and “but for” provisions, the project is qualified for a 10 year, 95% NRA.

Eligibility Summary:

In its present state, the building is vacant and severely dilapidated, which is arguably a detriment and risk to public health and safety. In addition, the building is part of the **East Lawrence Industrial Historic District**¹⁰ with documented historical significance, further meeting statutory eligibility requirements.

For an NRA to be established, the project must not only meet statutory requirements, but also a majority of City criteria.

| Eligibility | City Criteria |
|-------------|---|
| n/a | Provides the opportunity to promote redevelopment activities which enhance downtown |
| Yes | Provides the opportunity to promote redevelopment activities for vacant or significantly underutilized properties |
| Yes | Provides the opportunity to attract unique retail or mixed use development which will enhance the economic climate of the City and diversify the economy |
| Yes | Provides the opportunity to enhance neighborhood vitality as supported by the City's Comprehensive Plan or other sector planning document |
| n/a | Provides the opportunity to enhance community stability by supporting projects embracing energy efficiency, multi-modal transportation, or other elements of sustainable design |

¹⁰ National Register of Historic Places, United States Department of the Interior, National Park Service, Kansas Fruit & Vinegar Company Building

CBA Summary:

Part of meeting city eligibility criteria is the project must meet a cost-benefit threshold of 1:1.25 (e.g. for every \$1 of cost incurred as a result of the project, \$1.25 is received as benefit). Based on information submitted by the applicant, the cost-benefit threshold required by City policy has been met.

"But For" Summary:

Examination of estimated cash flows with and without public assistance (i.e. NRA rebate) indicates the "but for" test has been met for the project. In addition, returns without assistance are not likely to support proceeding with the project. The amount of assistance requested is \$500,000, a gap that the Developer's bank has indicated must be supported with additional funds before the bank will provide financing commitments.

Requested Action

Public Incentives Review Committee to consider applicant's request and make a recommendation to the City Commission regarding the establishment of an NRA for 812 Pennsylvania Street. If an NRA is recommended to be established, PIRC to further recommend the duration period and rebate percentage for the NRA.

In addition, if establishing an NRA for the property is recommended, PIRC to discuss and provide recommendations to the City Commission and Staff regarding the inclusion of a "use provision" in a performance agreement to be executed between the City and the developer/development team.

Britt Crum-Cano

From: City of Lawrence KS [no-reply@wufoo.com]
Sent: Friday, June 08, 2012 2:54 PM
To: Britt Crum-Cano; Diane Stoddard
Subject: Incentive Application [#9]

| | |
|--|---|
| 1) Name of Company * | Cider Partners, LLC |
| 2) Current Address * |  13420 Sante Fe Trail Drive Lenexa, KS 66215 United States |
| 3) Contact Person for Application * | Tony Krsnich |
| 3a) Title * | Member |
| 3b) Phone * | (913) 904-6747 |
| 3d) E-mail Address * | tonyk@landmarkigllc.com |
| 3e) Is the Contact's address the same as the Company's address? | Yes |
| 5) What is the NAICS code for the operation that you are locating or expanding in Lawrence? * | Unknown |
| 5a) If the NAICS code is unknown, please describe the primary line of business for the Lawrence operation | Art gallery/office space |
| 6) Please list the Public Incentive/s that you are seeking as well as the amount of each public incentive * | We need a 95% tax rebate for a 10 year period. |
| 6a) Please tell us why you are seeking these Incentives | Historic buildings are approximately 30% more to redevelop than new construction. We have a large finance gap which can only be filled by taking on additional debt which would be impossible to repay without reducing operation expenses, such as net property tax. |
| 7) Will your firm be leasing the building or the land in your expansion or newly constructed facility? | No |
| 8) Is your firm Relocating or Expanding? Note: If an Expansion, please proceed to question 10 * | Expanding |
| 9) Will this Relocation involve your whole Company or part? | Whole Company |
| 10) For Expansion, briefly describe the purpose and activities of the new facility | The facility will be an art gallery and offices. The common theme of this building and the other buildings in the area is they are being driven by creative qualities and businesses. |

| | |
|---|-----------------------------|
| 11) When do you plan to begin operation of the new facility? * | Saturday, September 1, 2012 |
| 12) How many Employees currently work in Lawrence (0 for Relocation)? * | 0 |
| 12a) How many total employees will work in Lawrence after Expansion/Relocation * | 100 |
| 12b) Of these total Employees, how many do you anticipate hiring from <i>outside</i> the Local Labor Market? * | 5 |
| 12c) How many do you plan to hire or relocate from <i>outside</i> Kansas? * | 2 |
| 13) Current Operating Expenditures per Year (Enter 0 for Relocation) * | 0 |
| 13a) Anticipated Operating Expenditures after expansion/relocation * | 90000 |
| 13b) Estimated % of <i>additional</i> operating expenditures made in Lawrence * | 20000 |
| 14) If you are seeking a tax abatement or an IRB, please provide an estimate of anticipated Annual Gross Profits (\$). Note: For expansions, please enter anticipated gross annual profits from expansion * | 40000 |
| 15) What is the size of the new facility being constructed (square feet)? * | 15000 |
| 16) What is the estimated Value of the new construction? * | 1000000 |
| 17a) Size of the Parcel on which the building will be located (acres) * | .2 |
| 17b) What is the Value of the land? * | 280000 |
| 18) About what % of new Goods produced in Lawrence, will be sold outside of Lawrence and/or Douglas County: * | 50 |
| a) New Employees, Year 1 * | 5 |
| a) New Employees, Year 2 * | 4 |
| a) New Employees, Year 3 * | 3 |
| a) New Employees, Year 4 * | 2 |

| | |
|---|-------|
| a) New Employees, Year 5 * | 2 |
| a) New Employees, Year 6 * | 2 |
| a) New Employees, Year 7 * | 2 |
| a) New Employees, Year 8 * | 2 |
| a) New Employees, Year 9 * | 2 |
| a) New Employees, Year 10 * | 2 |
| b) Average Salary of New Employees Hired in Year 1 * | 30000 |
| b) Average Salary of New Employees Hired in Year 2 * | 30000 |
| b) Average Salary of New Employees Hired in Year 3 * | 30000 |
| b) Average Salary of New Employees Hired in Year 4 * | 40000 |
| b) Average Salary of New Employees Hired in Year 5 * | 40000 |
| b) Average Salary of New Employees Hired in Year 6 * | 40000 |
| b) Average Salary of New Employees Hired in Year 7 * | 40000 |
| b) Average Salary of New Employees Hired in Year 8 * | 40000 |
| b) Average Salary of New Employees Hired in Year 9 * | 40000 |
| b) Average Salary of New Employees Hired in Year 10 * | 40000 |
| c) Capital Investment in Building, Year 1 * | 20000 |
| c) Capital Investment in Building, Year 2 * | 20000 |
| c) Capital Investment in Building, Year 3 * | 20000 |
| c) Capital Investment in Building, Year 4 * | 20000 |
| c) Capital Investment in Building, Year 5 * | 20000 |
| c) Capital Investment in Building, Year 6 * | 20000 |

| | |
|---|--|
| c) Capital Investment in Building, Year 7 * | 20000 |
| c) Capital Investment in Building, Year 8 * | 20000 |
| c) Capital Investment in Building, Year 9 * | 20000 |
| c) Capital Investment in Building, Year 10 * | 20000 |
| % of Health Care Premium Covered * | 100 |
| % of Employees with Company Health Care * | 100 |
| % of Employees with Retirement Program * | 100 |
| 20a) Will you provide Job Training for Employees? | Yes |
| 20b) If Yes, please describe | The gallery and offices will provide job training to operate and maintain the highest level of business. |
| 20c) What is the lowest Hourly Wage offered to Employees associated with this Expansion or Relocation? * | 12 |
| 20d) What percentage of your new Employees will receive this Wage? * | 10 |
| 21) Will you provide Additional Benefits to Employees? | Yes |
| a) Gas * | 50 |
| b) Electricity * | 1000 |
| c) Cable Television * | 100 |
| d) Telephone Service * | 200 |
| 23) Will the Building meet Energy STAR criteria? * | Yes |
| 24) Will the Building seek LEED Certification? * | No |
| 24a) If you will Seek LEED Certification, what level will you seek? | Certified |
| 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. * | We are saving a historic building from demolition. We are cleaning up environmental issues inside and outside the building. |
| 26) Please describe any additional benefits or costs you believe your business will bring to the City of Lawrence and Douglas County, KS. | With the redevelopment of the Cider Building, we will have saved every historic building in East Lawrence. This has created over 100 construction jobs and will be responsible for the creating of over 30 permanent jobs. Six months ago this area was desolate and blighted. Today it is the hottest area in Lawrence and an area people are already calling |

the Arts District.

RESOLUTION NO. 6954

A RESOLUTION ESTABLISHING A POLICY OF THE CITY OF LAWRENCE, KANSAS RELATING TO NEIGHBORHOOD REVITALIZATION AREAS.

WHEREAS, the City of Lawrence, Kansas (the “City”) is committed to the high quality and balanced growth and development of the community while preserving the City’s unique character and broadening and diversifying the tax base; and

WHEREAS, the economic development goals of the City include the expansion of existing businesses, development of new businesses, economic development activities which are environmentally sound, diversification of the economy, quality in-fill development, historic preservation, and the creation of quality jobs; and

WHEREAS, neighborhood revitalization areas are an economic development tool established by K.S.A. 12-17,114 et seq. (the “Neighborhood Revitalization Act”) which can assist with spurring reinvestment and revitalization of properties which can benefit a neighborhood and the general public; and

WHEREAS, the City finds it in the best interest of the public to establish certain policies and guidelines for the consideration of requests to utilize the Neighborhood Revitalization Act (“NRA”) within the City of Lawrence.

NOW, THEREFORE, THE GOVERNING BODY OF THE CITY OF LAWRENCE, KANSAS DOES HEREBY RESOLVE;

SECTION ONE: This policy shall be entitled the Neighborhood Revitalization Act Policy of the City of Lawrence.

SECTION TWO: POLICY STATEMENT: It is the policy of the City to consider the establishment of Neighborhood Revitalization areas in order to promote reinvestment and revitalization of properties which in turn have a positive economic effect upon a neighborhood and the City in general. An applicant may request the City consider the establishment of a Neighborhood Revitalization area under the NRA either for a specific property, group of properties or neighborhood area. In considering the establishment of an NRA, the Governing Body shall consider the criteria outlined in Section Three. In determining the amount of a rebate, the Governing Body may balance the desirability of the project versus the amount and duration of the rebate and the requirements set forth in Section Four. It is the policy of the City to only consider the establishment of Neighborhood Revitalization areas which yield a benefit/cost ratio of at least 1.25.

SECTION THREE: CRITERIA:

1. ELIGIBLE AREAS: Eligible areas may include a defined geographic area which encompasses more than one property, or it may be a single property/lot.

2. STATUTORY FINDINGS AND OTHER CRITERIA:

A. STATUTORY CRITERIA. It shall be the policy of the City to create a Neighborhood Revitalization area, if, in the opinion of the Governing Body, the rehabilitation, conservation or redevelopment of the area is necessary to protect the public health, safety or welfare of the residents of the City of Lawrence, it is in the best interest of the City to do so, and if, in the opinion of the Governing Body, one of the following findings, set forth in K.S.A. 12-17,115 can be made:

1. An area in which there is a predominance of buildings or improvements which by reason of dilapidation, deterioration, obsolescence, inadequate provision of ventilation, light, air or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime and which is detrimental to the public health, safety or welfare;
2. an area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, defective or inadequate streets, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is detrimental to the public health, safety or welfare in its present condition and use; or
3. an area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

B. OTHER CRITERIA. Additionally, the Governing Body will consider whether a project meets the Policy Statement outlined in Section Two, and the project meets a majority of the following criteria when considering the establishment of a Neighborhood Revitalization area:

1. the opportunity to promote redevelopment activities which enhance Downtown Lawrence;
2. the opportunity to promote redevelopment activities for properties which have been vacant or significantly underutilized;
3. 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;
4. the opportunity to enhance the vitality of a neighborhood within the City as supported by the City's Comprehensive Plan and/or other sector planning documents;
5. the opportunity to enhance the community's sustainability by supporting projects which embrace energy efficiency, multi-modal transportation options, or other elements of sustainable design.

SECTION FOUR: AMOUNT OF REBATE:

As a standard practice, the City will not provide a rebate amount in excess of 50% of the incremental property taxes and will not establish an NRA for a period of time longer than 10 years. The City may consider a greater rebate and/or a longer duration if sufficiently justified in the “but for” analysis required by Section Five. The determination of the rebate amount and duration of the NRA is the sole discretion of the Governing Body.

SECTION FIVE: PROCESS:

1. An applicant wishing to request that the City to create a Neighborhood Revitalization Area in the City of Lawrence shall submit a request to the City. The request shall include information that would be required for a revitalization plan. Such requirements are set forth in K.S.A. 12-17,117. The applicant shall also submit a “but for” analysis to the City demonstrating the need for the NRA and the purpose for which the NRA revenue will be used. The analysis should support that “but for” the NRA, the project will be unable to proceed. The applicant shall provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

The applicant shall furnish such additional information as requested by the City in order to clarify the request or to assist staff or the Governing Body with the evaluation of the request.

2. The Governing Body shall receive the request and determine whether to consider the request or deny the request. If the Governing Body wishes to consider the request, the request shall be referred to the City’s Public Incentive Review Committee for review and a recommendation. Staff will perform a benefit/cost analysis on the project. The Governing Body may also set a date for a public hearing to consider the establishment of a revitalization area and a revitalization plan.

3. Douglas County and USD 497 are also important parties related to a NRA request. When an NRA is considered, the City and the applicant will work with Douglas County and USD 497 to seek concurrence from these entities regarding the establishment of an NRA.

4. The Governing Body will determine whether one of the findings set forth in Section Three can be made regarding the request. Additionally, the Governing Body shall consider the other criteria outlined in Section Three.

5. The Governing Body shall hold a public hearing, after the required statutory notice is provided, and consider adoption of the revitalization plan to establish the revitalization area.

6. The City will require a performance agreement with the property owner to require adherence to the adopted Neighborhood Revitalization Plan.

7. The merits of the proposal under this policy shall guide the decision on the application without regard to the applicant.

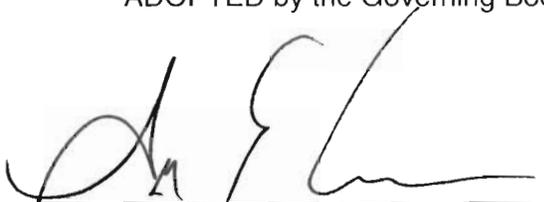
SECTION SIX: PUBLIC INCENTIVES REVIEW COMMITTEE AND GOVERNING BODY ANNUAL REVIEW OF THIS POLICY: Annually, the Public Incentives Review Committee and the Governing Body shall review this policy.

SECTION SEVEN: AUTHORITY OF GOVERNING BODY: The Governing Body reserves the right to deviate from any policy, but not any procedure set forth in state law, when it considers such action to be of exceptional benefit to the City or extraordinary circumstances prevail that are in the best interests of the City. Additionally, the Governing Body, by its inherent authority, reserves the right to reject any proposal or petition for creation of a NRA at any time in the review process when it considers such action to be in the best interests of the City.

SECTION EIGHT: REPEAL OF RESOLUTION 6921. Resolution 6921 is hereby repealed.

SECTION NINE: EFFECTIVE DATE: This Resolution shall take effect immediately.

ADOPTED by the Governing Body this 25th day of October, 2011.



Aron E. Cromwell, Mayor

ATTEST:



Jonathan M. Douglass, City Clerk

Model: Ciderworks NRA (95% Rebate, 10 Years)

Project Summary

| | |
|------------------------------------|-------------|
| Capital Investment in Plant: | \$1,388,686 |
| Annual Local Expenditures by Firm: | \$19,800 |
| Retained Jobs: | 26 |
| Average Wage per Retained Job: | \$35,385 |
| Indirect Jobs Created: | 8 |
| Average Wage of Indirect Jobs: | \$39,766 |
| Total New Households: | 15 |
| Discount Rate: | 5.34% |
| Cost and Revenue Escalation: | 1.00% |
| Number of Years Evaluated: | 15 |

Incentives

| | |
|--------------------------------------|----------------------------|
| IRB Offered | No |
| Value of IRB Construction Sales Tax: | \$0 |
| Tax Rebate: | 95% annually over 10 years |
| Length of Tax Abatement/s: | 10 Years |
| Value of Tax Abatements, Total: | \$559,280 |
| Other Incentives | |
| Site Infrastructure: | \$0 |
| Facility Construction: | \$0 |
| Loans/Grants: | \$0 |

Value of All Incentives Offered: \$559,280

| | |
|---|---------|
| Value of All Incentives per Job per Year: | \$1,434 |
| Value of Incentives in Hourly Pay: | \$0.69 |
| Value of Incentives per Dollar Invested: | \$0.40 |

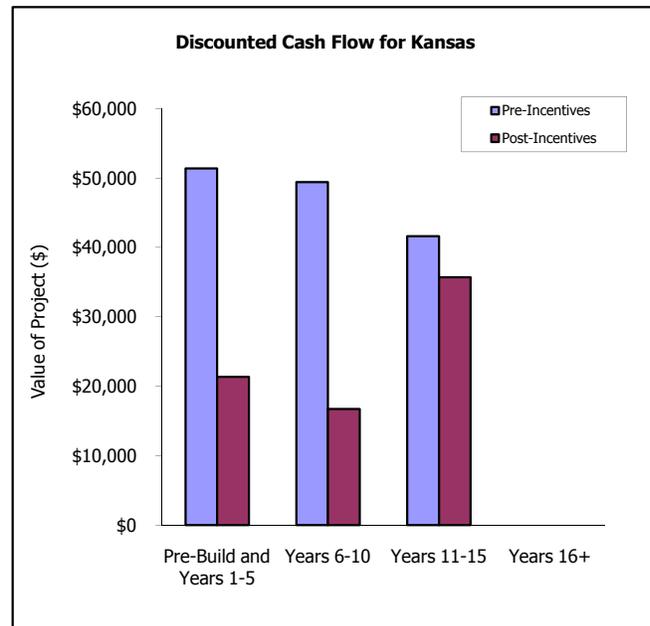
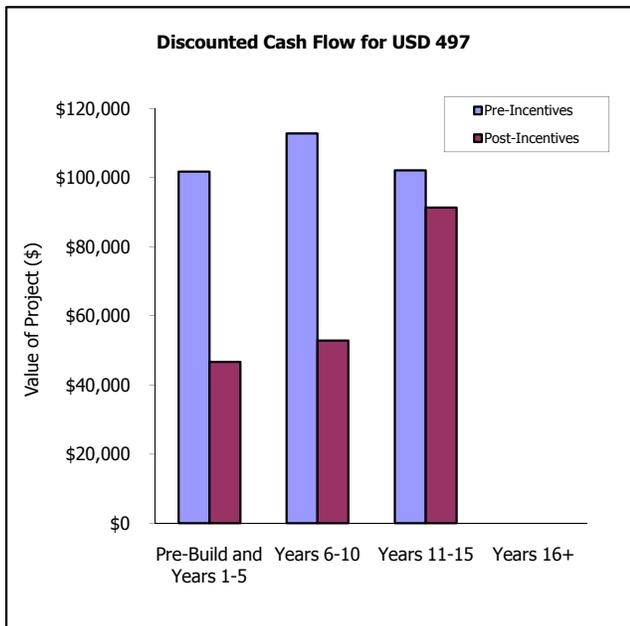
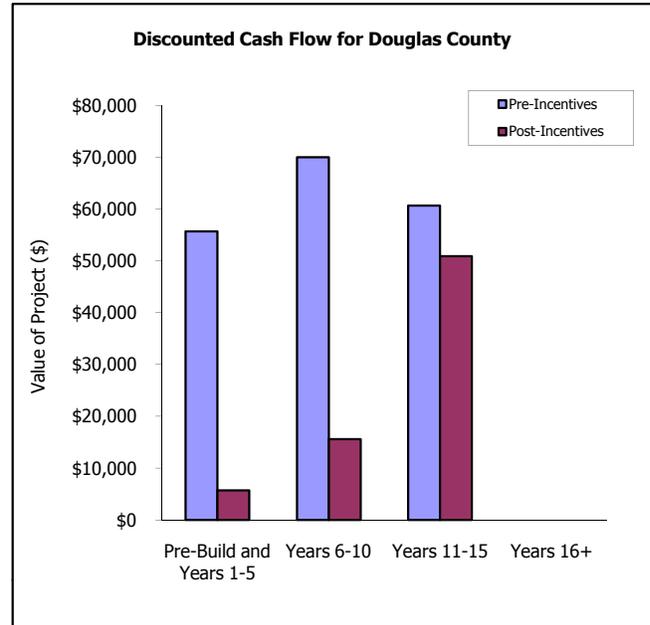
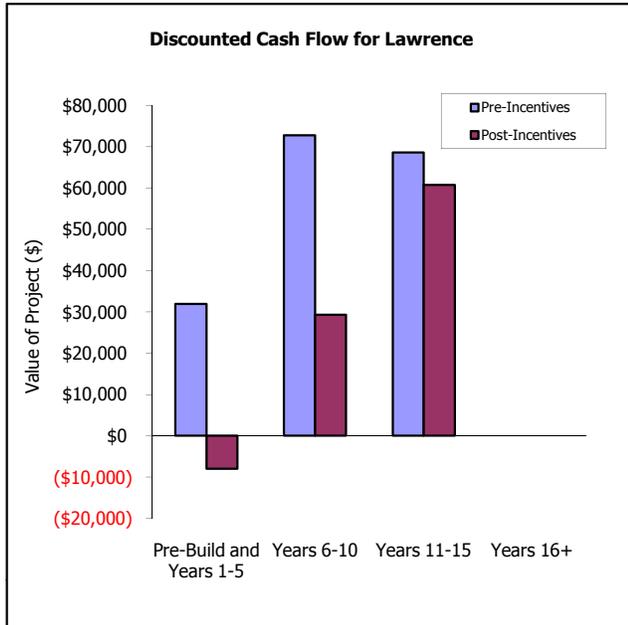
Summary of Results

| Returns for Jurisdictions | Lawrence | Douglas County | USD 497 | State of Kansas |
|---------------------------------------|------------------|-----------------------|------------------|------------------------|
| Revenues | \$707,452 | \$512,208 | \$571,423 | \$216,883 |
| Costs | \$420,786 | \$219,741 | \$79,392 | \$0 |
| <i>Revenue Stream, Pre-Incentives</i> | <i>\$286,665</i> | <i>\$292,468</i> | <i>\$492,031</i> | <i>\$216,883</i> |
| Value of Incentives Offered | \$127,687 | \$159,644 | \$176,000 | \$95,948 |
| Revenue Stream with Incentives | \$158,979 | \$132,823 | \$316,031 | \$120,935 |

| Returns for Jurisdictions, Discounted | Lawrence | Douglas County | USD 497 | State of Kansas |
|---|-----------------|-----------------------|----------------|------------------------|
| Discount Rate | 5.34% | | | |
| Discounted Cash Flow, Without Incentives | \$173,343 | \$186,315 | \$316,751 | \$142,402 |
| <i>Benefit/Cost Ratio, Without Incentives</i> | <i>1.62</i> | <i>2.30</i> | <i>7.27</i> | <i>N/A</i> |
| Discounted Cash Flow, With Incentives | \$82,069 | \$72,198 | \$190,941 | \$73,816 |
| Benefit/Cost Ratio, With Incentives | 1.29 | 1.50 | 4.78 | N/A |

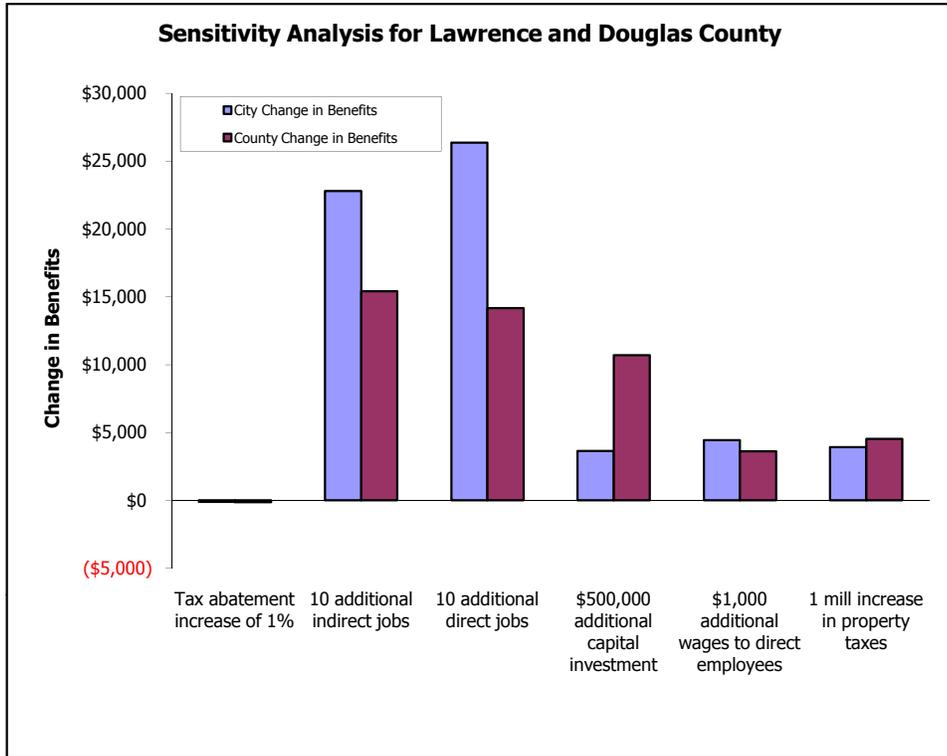
Model: Ciderworks NRA (95% Rebate, 10 Years)

Graphs of Benefits and Costs by Time Period, with and Without Abatement



Model: Ciderworks NRA (95% Rebate, 10 Years)

Sensitivity Analysis



Model: Ciderworks NRA (95% Rebate, 10 Years)

APPENDIX 1: Annual Results (not Discounted)

| <i>Lawrence</i> | | | | | |
|-----------------|----------|------------|------------|------------|------------|
| Year | Revenues | Costs | Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$22,564 | (\$42,765) | \$0 | (\$20,200) | (\$20,200) |
| 2 | \$26,702 | (\$16,364) | (\$11,590) | (\$1,252) | (\$21,453) |
| 3 | \$32,634 | (\$18,241) | (\$11,845) | \$2,549 | (\$18,904) |
| 4 | \$36,740 | (\$19,047) | (\$12,103) | \$5,590 | (\$13,314) |
| 5 | \$41,107 | (\$21,474) | (\$12,365) | \$7,267 | (\$6,047) |
| 6 | \$45,557 | (\$23,948) | (\$12,632) | \$8,977 | \$2,930 |
| 7 | \$48,033 | (\$26,469) | (\$12,903) | \$8,661 | \$11,591 |
| 8 | \$51,169 | (\$29,039) | (\$13,177) | \$8,953 | \$20,544 |
| 9 | \$54,139 | (\$31,657) | (\$13,456) | \$9,026 | \$29,570 |
| 10 | \$56,698 | (\$34,324) | (\$13,739) | \$8,634 | \$38,204 |
| 11 | \$57,265 | (\$30,868) | (\$13,877) | \$12,520 | \$50,725 |
| 12 | \$57,838 | (\$31,177) | \$0 | \$26,661 | \$77,385 |
| 13 | \$58,416 | (\$31,489) | \$0 | \$26,928 | \$104,313 |
| 14 | \$59,000 | (\$31,803) | \$0 | \$27,197 | \$131,510 |
| 15 | \$59,590 | (\$32,121) | \$0 | \$27,469 | \$158,979 |

| <i>Douglas County</i> | | | | | |
|-----------------------|----------|------------|------------|-----------|------------|
| Year | Revenues | Costs | Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$18,793 | (\$20,964) | \$0 | (\$2,171) | (\$2,171) |
| 2 | \$22,238 | (\$6,608) | (\$14,491) | \$1,139 | (\$1,032) |
| 3 | \$25,234 | (\$8,300) | (\$14,809) | \$2,125 | \$1,093 |
| 4 | \$27,405 | (\$9,400) | (\$15,132) | \$2,873 | \$3,966 |
| 5 | \$29,617 | (\$10,754) | (\$15,460) | \$3,402 | \$7,368 |
| 6 | \$31,871 | (\$12,135) | (\$15,793) | \$3,942 | \$11,311 |
| 7 | \$34,166 | (\$13,541) | (\$16,132) | \$4,493 | \$15,804 |
| 8 | \$36,367 | (\$14,975) | (\$16,475) | \$4,917 | \$20,721 |
| 9 | \$38,400 | (\$16,436) | (\$16,824) | \$5,140 | \$25,861 |
| 10 | \$40,331 | (\$17,925) | (\$17,178) | \$5,228 | \$31,089 |
| 11 | \$40,734 | (\$17,389) | (\$17,350) | \$5,995 | \$37,084 |
| 12 | \$41,142 | (\$17,563) | \$0 | \$23,579 | \$60,663 |
| 13 | \$41,553 | (\$17,738) | \$0 | \$23,815 | \$84,478 |
| 14 | \$41,969 | (\$17,916) | \$0 | \$24,053 | \$108,530 |
| 15 | \$42,388 | (\$18,095) | \$0 | \$24,293 | \$132,823 |

Model: Ciderworks NRA (95% Rebate, 10 Years)

APPENDIX 1: Annual Results (not Discounted) (Continued)

USD 497

| Year | Revenues | Costs | Incentives | Net | Cumulative |
|---------------|----------|-----------|------------|----------|------------|
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$20,910 | (\$2,452) | \$0 | \$18,458 | \$18,458 |
| 2 | \$24,920 | (\$3,114) | (\$15,975) | \$5,831 | \$24,290 |
| 3 | \$28,099 | (\$3,559) | (\$16,326) | \$8,214 | \$32,503 |
| 4 | \$30,420 | (\$3,783) | (\$16,682) | \$9,955 | \$42,458 |
| 5 | \$32,785 | (\$4,287) | (\$17,044) | \$11,454 | \$53,912 |
| 6 | \$35,194 | (\$4,801) | (\$17,411) | \$12,981 | \$66,893 |
| 7 | \$37,648 | (\$5,325) | (\$17,784) | \$14,538 | \$81,432 |
| 8 | \$40,148 | (\$5,859) | (\$18,163) | \$16,125 | \$97,557 |
| 9 | \$42,694 | (\$6,404) | (\$18,548) | \$17,743 | \$115,300 |
| 10 | \$45,287 | (\$6,958) | (\$18,938) | \$19,390 | \$134,690 |
| 11 | \$45,739 | (\$6,440) | (\$19,127) | \$20,172 | \$154,863 |
| 12 | \$46,197 | (\$6,504) | \$0 | \$39,693 | \$194,555 |
| 13 | \$46,659 | (\$6,569) | \$0 | \$40,090 | \$234,645 |
| 14 | \$47,125 | (\$6,635) | \$0 | \$40,491 | \$275,136 |
| 15 | \$47,597 | (\$6,701) | \$0 | \$40,895 | \$316,031 |

State of Kansas

| Year | Revenues | Costs | Incentives | Net | Cumulative |
|---------------|----------|-------|------------|----------|------------|
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$10,576 | \$0 | \$0 | \$10,576 | \$10,576 |
| 2 | \$11,310 | \$0 | (\$8,709) | \$2,601 | \$13,177 |
| 3 | \$12,211 | \$0 | (\$8,900) | \$3,311 | \$16,488 |
| 4 | \$12,786 | \$0 | (\$9,095) | \$3,692 | \$20,180 |
| 5 | \$13,372 | \$0 | (\$9,292) | \$4,080 | \$24,260 |
| 6 | \$13,967 | \$0 | (\$9,492) | \$4,475 | \$28,735 |
| 7 | \$14,574 | \$0 | (\$9,695) | \$4,878 | \$33,613 |
| 8 | \$15,042 | \$0 | (\$9,902) | \$5,141 | \$38,754 |
| 9 | \$15,519 | \$0 | (\$10,111) | \$5,408 | \$44,161 |
| 10 | \$15,853 | \$0 | (\$10,324) | \$5,528 | \$49,690 |
| 11 | \$16,011 | \$0 | (\$10,427) | \$5,584 | \$55,273 |
| 12 | \$16,171 | \$0 | \$0 | \$16,171 | \$71,444 |
| 13 | \$16,333 | \$0 | \$0 | \$16,333 | \$87,777 |
| 14 | \$16,496 | \$0 | \$0 | \$16,496 | \$104,274 |
| 15 | \$16,661 | \$0 | \$0 | \$16,661 | \$120,935 |

Model: Ciderworks NRA (95% Rebate, 10 Years)

APPENDIX 2: Annual Results (Discounted)

| <i>Lawrence</i> | | | | | |
|-----------------|---------------------|------------------|-----------------------|------------|------------|
| Year | Discounted Revenues | Discounted Costs | Discounted Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$21,421 | (\$40,598) | \$0 | (\$19,177) | (\$19,177) |
| 2 | \$24,064 | (\$14,748) | (\$10,445) | (\$1,128) | (\$20,305) |
| 3 | \$27,920 | (\$15,606) | (\$10,134) | \$2,181 | (\$18,125) |
| 4 | \$29,840 | (\$15,470) | (\$9,830) | \$4,540 | (\$13,584) |
| 5 | \$31,695 | (\$16,557) | (\$9,534) | \$5,603 | (\$7,981) |
| 6 | \$33,346 | (\$17,529) | (\$9,246) | \$6,571 | (\$1,410) |
| 7 | \$33,377 | (\$18,393) | (\$8,966) | \$6,018 | \$4,608 |
| 8 | \$33,755 | (\$19,156) | (\$8,693) | \$5,906 | \$10,514 |
| 9 | \$33,904 | (\$19,825) | (\$8,427) | \$5,652 | \$16,166 |
| 10 | \$33,707 | (\$20,406) | (\$8,168) | \$5,133 | \$21,299 |
| 11 | \$32,319 | (\$17,421) | (\$7,832) | \$7,066 | \$28,365 |
| 12 | \$30,988 | (\$16,704) | \$0 | \$14,284 | \$42,650 |
| 13 | \$29,712 | (\$16,016) | \$0 | \$13,696 | \$56,346 |
| 14 | \$28,488 | (\$15,356) | \$0 | \$13,132 | \$69,478 |
| 15 | \$27,315 | (\$14,724) | \$0 | \$12,591 | \$82,069 |

| <i>Douglas County</i> | | | | | |
|-----------------------|---------------------|------------------|-----------------------|-----------|------------|
| Year | Discounted Revenues | Discounted Costs | Discounted Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$17,841 | (\$19,902) | \$0 | (\$2,061) | (\$2,061) |
| 2 | \$20,041 | (\$5,956) | (\$13,059) | \$1,026 | (\$1,035) |
| 3 | \$21,589 | (\$7,101) | (\$12,670) | \$1,818 | \$784 |
| 4 | \$22,258 | (\$7,635) | (\$12,290) | \$2,333 | \$3,117 |
| 5 | \$22,836 | (\$8,292) | (\$11,920) | \$2,623 | \$5,740 |
| 6 | \$23,328 | (\$8,882) | (\$11,560) | \$2,886 | \$8,626 |
| 7 | \$23,741 | (\$9,410) | (\$11,210) | \$3,122 | \$11,748 |
| 8 | \$23,990 | (\$9,879) | (\$10,868) | \$3,243 | \$14,992 |
| 9 | \$24,048 | (\$10,293) | (\$10,536) | \$3,219 | \$18,211 |
| 10 | \$23,977 | (\$10,656) | (\$10,212) | \$3,108 | \$21,319 |
| 11 | \$22,989 | (\$9,814) | (\$9,792) | \$3,384 | \$24,702 |
| 12 | \$22,043 | (\$9,410) | \$0 | \$12,633 | \$37,335 |
| 13 | \$21,135 | (\$9,022) | \$0 | \$12,113 | \$49,448 |
| 14 | \$20,265 | (\$8,651) | \$0 | \$11,614 | \$61,062 |
| 15 | \$19,430 | (\$8,294) | \$0 | \$11,136 | \$72,198 |

Model: Ciderworks NRA (95% Rebate, 10 Years)

APPENDIX 2: Annual Results (Discounted) (Continued)

| <i>USD 497</i> | | | | | |
|----------------|---------------------|------------------|-----------------------|----------|------------|
| Year | Discounted Revenues | Discounted Costs | Discounted Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$19,851 | (\$2,328) | \$0 | \$17,523 | \$17,523 |
| 2 | \$22,459 | (\$2,806) | (\$14,397) | \$5,255 | \$22,778 |
| 3 | \$24,040 | (\$3,045) | (\$13,968) | \$7,027 | \$29,805 |
| 4 | \$24,707 | (\$3,072) | (\$13,549) | \$8,086 | \$37,891 |
| 5 | \$25,279 | (\$3,306) | (\$13,142) | \$8,831 | \$46,722 |
| 6 | \$25,761 | (\$3,514) | (\$12,745) | \$9,502 | \$56,224 |
| 7 | \$26,161 | (\$3,701) | (\$12,358) | \$10,102 | \$66,327 |
| 8 | \$26,484 | (\$3,865) | (\$11,982) | \$10,637 | \$76,964 |
| 9 | \$26,736 | (\$4,010) | (\$11,615) | \$11,111 | \$88,075 |
| 10 | \$26,923 | (\$4,137) | (\$11,259) | \$11,528 | \$99,603 |
| 11 | \$25,814 | (\$3,634) | (\$10,795) | \$11,385 | \$110,987 |
| 12 | \$24,751 | (\$3,485) | \$0 | \$21,266 | \$132,254 |
| 13 | \$23,732 | (\$3,341) | \$0 | \$20,391 | \$152,645 |
| 14 | \$22,755 | (\$3,204) | \$0 | \$19,551 | \$172,195 |
| 15 | \$21,818 | (\$3,072) | \$0 | \$18,746 | \$190,941 |

| <i>State of Kansas</i> | | | | | |
|------------------------|---------------------|------------------|-----------------------|----------|------------|
| Year | Discounted Revenues | Discounted Costs | Discounted Incentives | Net | Cumulative |
| Pre-Operation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1 | \$10,040 | \$0 | \$0 | \$10,040 | \$10,040 |
| 2 | \$10,193 | \$0 | (\$7,849) | \$2,344 | \$12,384 |
| 3 | \$10,447 | \$0 | (\$7,615) | \$2,833 | \$15,217 |
| 4 | \$10,385 | \$0 | (\$7,387) | \$2,998 | \$18,216 |
| 5 | \$10,310 | \$0 | (\$7,164) | \$3,146 | \$21,361 |
| 6 | \$10,224 | \$0 | (\$6,948) | \$3,276 | \$24,637 |
| 7 | \$10,127 | \$0 | (\$6,737) | \$3,390 | \$28,027 |
| 8 | \$9,923 | \$0 | (\$6,532) | \$3,391 | \$31,418 |
| 9 | \$9,719 | \$0 | (\$6,332) | \$3,386 | \$34,804 |
| 10 | \$9,424 | \$0 | (\$6,138) | \$3,287 | \$38,091 |
| 11 | \$9,036 | \$0 | (\$5,885) | \$3,151 | \$41,242 |
| 12 | \$8,664 | \$0 | \$0 | \$8,664 | \$49,906 |
| 13 | \$8,307 | \$0 | \$0 | \$8,307 | \$58,213 |
| 14 | \$7,965 | \$0 | \$0 | \$7,965 | \$66,179 |
| 15 | \$7,637 | \$0 | \$0 | \$7,637 | \$73,816 |

United States Department of the Interior
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**East Lawrence Industrial Historic District
Douglas County, Kansas**

STATEMENT OF SIGNIFICANCE

The East Lawrence Industrial Historic District, located in the City of Lawrence, Douglas County, Kansas, is locally significant under National Register Criterion A in the areas of COMMERCE, INDUSTRY, and COMMUNITY PLANNING AND DEVELOPMENT. The District has important associations with the patterns of economic development in the City and contains rare surviving examples of the City's late nineteenth and early twentieth century manufacturing, warehouse, and wholesale distribution buildings and structures. Composed of commercial buildings relating to the processing and distribution of agricultural products and wholesale distribution of manufactured goods to retail outlets in the region, the District has important associations with the continuum of industrial and associated commercial enterprises that operated in the community during its development in the late nineteenth and early twentieth centuries. The District is locally significant in the area of Community Planning and Development for its associations with significant City development patterns relating to the commercial industrialization. Specifically, the District represents the establishment of sizable commercial processing and distribution businesses in East Lawrence in the late nineteenth and early twentieth centuries in response to the establishment of railroad freighting facilities and local economic growth. As such, the District reflects the shift from river access and power to rail freight lines located away from the industries clustered along the Kansas River on both sides of Massachusetts Street in the late nineteenth century, and the continued reliance on proximity to rail lines for the gathering and distribution of agricultural products and manufactured goods in the early twentieth century.

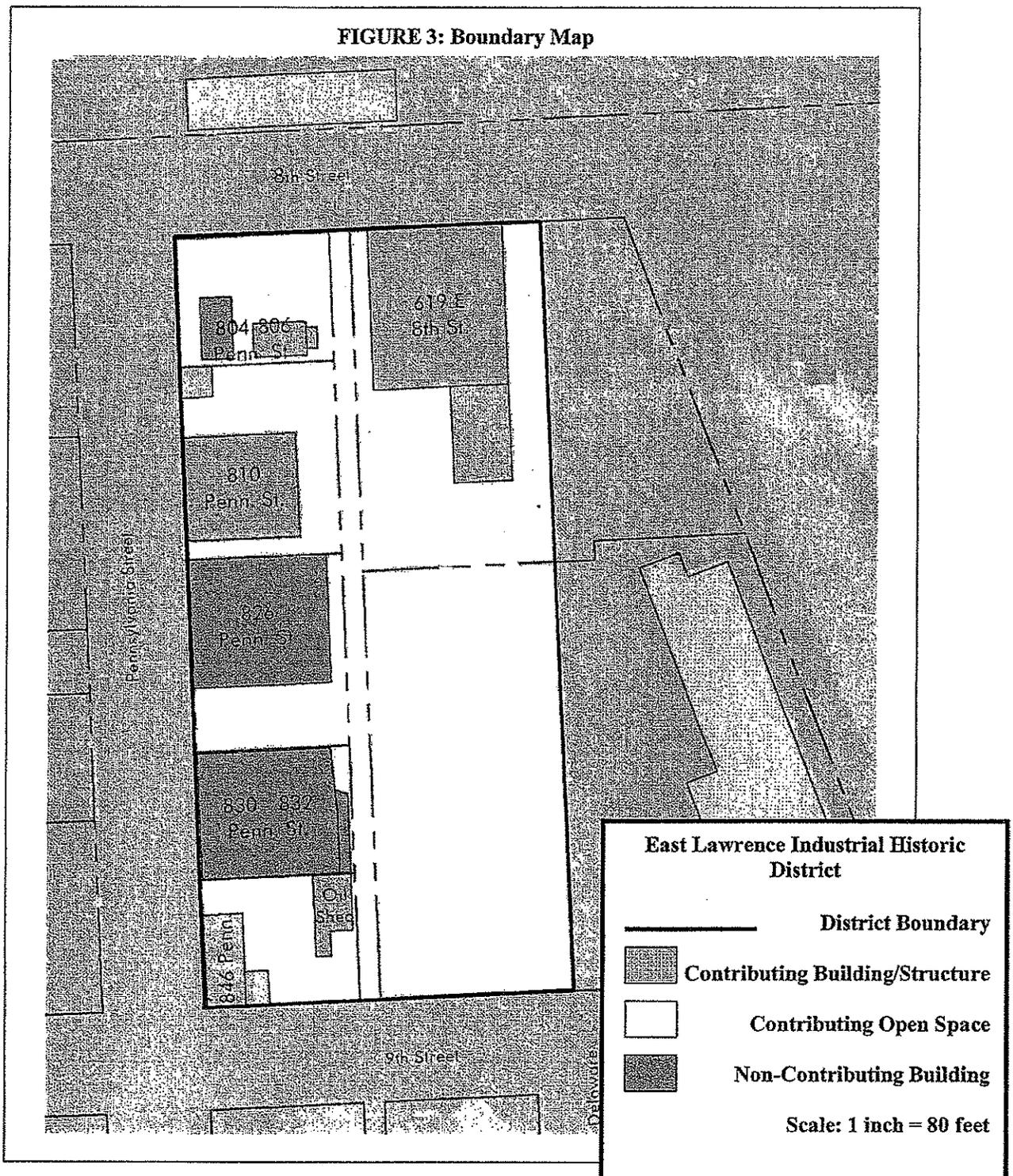
Because of its historic architectural integrity, the District visually conveys a sense of historic cohesiveness through its design, setting, materials, workmanship, and associations. As a grouping, the late nineteenth and early twentieth century brick and stone industrial buildings successfully communicate the features common to industrial manufacturing and distribution buildings and structures of that era. Some of the buildings are rare surviving examples of their property type and provide insight into the technology of their period of construction and pattern of features common to their property type, as well as the particular circumstances of their location and associations. The District contains five contributing buildings, two contributing structures, one contributing site, and three non-contributing buildings. The District's period of significance begins in 1883 with the estimated construction date of the earliest extant building and ends in 1955, the arbitrary fifty-year cutoff date for National Register eligibility established by the National Park Service as a reasonable date from which to evaluate the significance of resources.

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**East Lawrence Industrial Historic District
Douglas County, Kansas**



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**East Lawrence Industrial Historic District
Douglas County, Kansas**

linear distribution near the south bank of the Kansas River and along the Santa Fe Railroad right-of-way to the east. Like the majority of the manufacturing, processing, and distribution industrial buildings erected in Lawrence in the late nineteenth and early twentieth centuries, the buildings in the District are also located near transportation services apart from the town's retail and service center. Because of the grouping of buildings of the same property type on one block and the continued historic architectural integrity, the District's appearance reflects its historic development. With the exception of two small buildings and the use of both brick and stone on one building, the remaining buildings have dark red brick load-bearing walls and are of wood post and beam construction. As noted in Section 7, the remaining natural and man-made features in the larger environment surrounding the District that date to the period of significance provide a larger setting that references the general industrial area occupied by the District and underscore the rarity of the resources within it

SUMMARY

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. As rare surviving concentration of late nineteenth and early twentieth century industrial and commercial buildings, the District reflects the period in Lawrence's history in which industrial activity was at its height. The buildings are architecturally intact, retaining sufficient integrity to convey feelings and associations with their period of construction, industrial design, and commercial functions. They visually document an area originally designated for warehouse and manufacturing that continued to function well into the twentieth century. Moreover, the size and visual cohesiveness of the extant manufacturing complex reflect the important manufacturing businesses associated with the processing, storage, and distribution of farm-to-market goods. 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.

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**East Lawrence Industrial Historic District
Douglas County, Kansas**

EAST LAWRENCE INDUSTRIAL HISTORIC DISTRICT

The East Lawrence Industrial Historic District contains the buildings and structures associated with manufacturing, processing, and distributing raw goods and manufactured materials in Lawrence. As such, they are a unique assembly, reflecting a variety of commercial associations with the economic history of Lawrence. Two of the principal contributing buildings have associations with important commercial enterprises in the region and the State of Kansas.

**The Kansas Fruit Vinegar Company Building
808-810 Pennsylvania Street**

One of the important Lawrence businesses represented in the District is the Kansas Fruit Vinegar Company facility, which incorporated with a capital stock of \$15,000 on May 10, 1882 with the purpose of manufacturing pure cider vinegar. At this time, there were three cider works in Lawrence. In 1881, W. R. Fowler established the Lawrence Cider and Vinegar Works, which produced several hundred barrels of vinegar, most of which were exported to the Colorado market. Another vinegar-making establishment began operations around this time in a large building in North Lawrence, across the Kansas River. Of the Douglas County apple crop of 1883, Fowler's Lawrence Cider and Vinegar Works consumed 2,500 barrels, the Kansas Fruit Vinegar Company used 3,800 barrels, a local cannery used 1,063 barrels, and an evaporator plant used 500. The remaining 50,000 barrels of apples were shipped to wholesale houses in the region.²²

The Kansas Fruit Vinegar Company had a local retail outlet, but sold the vast majority of its products wholesale throughout the region. The company manufactured cider, cider vinegar, and vinegar. The members of its board of directors were D. B. Hunnicutt, President; F. H. Osborne, secretary; R. Carpenter, Treasurer; M. Flora, Superintendent. The company initially employed twenty men and manufactured one hundred barrels of cider vinegar a day. The company's first plant was a three-story frame building measuring 40 feet by 100 feet, located on Pennsylvania Street between 8th Street (Henry Street) and 9th Street (Warren Street) that was previously a soap factory. In 1883, a fire destroyed this building and the business immediately erected a brick facility and remained in operation at the same location. The company expanded its operations to include making pickles, catsups, jellies, and boiled cider in large quantities and also made dried apples. Ownership of the company changed hands several times. The brick and stone building on Pennsylvania Street variously housed the Kansas Fruit Vinegar Company in

²² Middleton, 132-133.

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**East Lawrence Industrial Historic District
Douglas County, Kansas**

the 1890s, the Pendleton Elevator & Vinegar Works in circa 1905, and the Lawrence Grain and Produce Company in circa 1912. After a fire in 1917, J. W. Krum, an orchard owner, became the owner and manager and the factory operated into the 1950s as the Lawrence Cider and Vinegar Company.²³

A review of the Sanborn Fire Insurance Company maps from 1883 through 1927 and on-site inspection reveals that then northern portion of the building appears to date from 1883 and the building erected after a fire destroyed the three-story frame cider mill. The 1880 Sanborn map shows a recessed drive-through section with an internal loading dock and storage areas. By 1905, the building has the footprint that it retains today, with the exception of a small wing on the north elevation at the northeast corner of the building.

**Theo. Poehler Mercantile Company Wholesale Grocery Building
619 East 8th Street**

One of the most lucrative businesses found in the industrial freight areas of towns and cities in the Midwest in the late nineteenth and early twentieth centuries were the wholesale houses of middlemen merchants who purchased manufactured goods and raw materials from factories throughout the country and sold them (with a mark-up in price) to retailers. In Lawrence, Theodore Poehler established what would become one of the largest wholesale houses in the State of Kansas.

Theodore Poehler Sr. was born in the German principality of Lippe-Detmold in 1832. He received a business education in Germany and emigrated to the United States in 1850, locating in New Orleans. Shortly thereafter, he settled in Burlington, Iowa where he engaged in farming. In 1855, he established a wholesale grocery business and continued there until 1866, when he moved to Lawrence, Kansas with his brother, August Poehler.²⁴ The brothers established a large wholesale and retail grocery business. The firm dissolved in 1869 and Theodore established a grain business²⁵ and retail grocery business in Lawrence. An account of the business written by Theodore's daughter notes that when the Ridenour and Baker Company and Nathan Frank wholesale grocers moved to Kansas City, Mr. Poehler added the wholesale department. A listing of businesses in 1883 lists the "Theo. Poehler and Company"²⁶ as "wholesale grocers" at 146-148 Massachusetts Street. Cutler's 1883 history lists "Theodore Poehler & Co" as wholesale grocers and proprietors of the "Kaw Valley" elevator, noting the firm included F.

²³ Middleton, 132-133,135.

²⁴ William G. Cutler, *History of the State of Kansas* [book online] (Chicago: A. T. Andreas, 1883) available from http://www.kancoil.org/books/cutler/douglas/douglas-co-p23.html#BIOGRAPHICAL_SKETCHES_PALM-REYNOLDS; Internet; accessed 10 October 2005.

²⁵ Known as the "Kaw Valley Elevator."

²⁶ Also known as Theodore Poehler & Company.

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**East Lawrence Industrial Historic District
Douglas County, Kansas**

**808-810 Pennsylvania Street — Outbuilding
(Contributing Building, Photograph Numbers 14 and 15)**

Located north of the building at 810 Pennsylvania Street and having zero setback from the sidewalk on Pennsylvania Street, this rectangular brick outbuilding dates to the period between 1905 and 1912. The original wood front-gabled roof and sliding wood doors in the west elevation remain intact. The south elevation has four bays defined by three small windows at the eave line and a pedestrian entrance. A similar arrangement of windows occurs on the north elevation. The east (rear) elevation has no openings. The lower three-fourths of the building is parged and the parging pattern remains consistent on all elevations. The roof is corrugated galvanized metal.

**808-810 Pennsylvania Street — Kansas Fruit Vinegar Company Building
(Contributing Building, Photograph Numbers 16, 17, 18, 19, and 20)**

The north portion of this vinegar processing plant and warehouse dates to circa 1883 and the southern half dates to the turn of the twentieth century. The two-story masonry building has a flat roof with a low, single slope to the east with parapet walls on the south, west, and north elevations. Tile coping caps the parapet. The west (primary) façade has two distinct halves, each with a central loading dock opening flanked by tall narrow single windows at the first story and corresponding windows at the second story. The first-story windows have segmental brick arches. All of the windows contain concrete cement block infill. The rubble limestone foundation is visible. A thin coat of paint covers the brick wall. The east (rear) elevation faces the alley and rail spur and the entire load-bearing wall is uncoursed limestone. An asymmetrical arrangement of openings, all of which now contain concrete cement block infill, distinguishes this elevation. As on the west (primary) façade, the first-story window openings have segmental brick arches. The large square dock opening in the east (rear) elevation does not appear to be original, but corresponds to an enlargement of an opening that in the west (primary) façade. Another such opening in the southern half of the east elevation contains concrete cement block infill. The bottom half of the north (side) elevation is uncoursed limestone and the upper half is brick. A large central loading dock door does not appear to have been original, but may date to its historic period of operation. On the west side of this opening are a pedestrian entrance and two windows with segmental brick arches. Another window opening occupies the first bay of the west side of the loading dock. The second story has four original window openings with brick lintels. All of the window openings contain concrete cement block infill. The bottom half of the south (side) elevation is uncoursed limestone and the upper half is brick. Two tall windows with segmental brick arches flank an at-grade loading door. The second story has four window openings. All of the openings contain concrete cement block infill. The interior structural system is wood frame and decking supported by heavy timber joists and trusses, columns, and beams.

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This building contains all of its original materials and continues to communicate the essential physical features of its historic industrial uses of processing and distribution during the late nineteenth and early twentieth centuries. The footprint remains unchanged since the beginning of the twentieth century, reflecting changes during its period of historic operation. The essential physical features that convey its historic identity are visible. The building's historic openings — loading dock doors and windows — are visible although they contain cement concrete block infill. The infill can be removed without damaging the openings. Of note is the fact that all of the elevations are utilitarian, with the west (primary) façade differing only in the exclusive use of brick, whereas the secondary side elevations feature a combination of limestone and brick, and the east (rear) alley elevation using limestone exclusively. Today, this building continues to communicate its historic function and period of construction.

**826-828 Pennsylvania Street — Kansas Seed Headquarters, F. Barteldes & Company Building
(Non-Contributing Building, Photograph Number 21)**

This building occupies lots 18, 20, and 22 and has a large rectangular plan. Approximately seven feet of the original second story and a three-story elevator/machine structure are both no longer extant, the alterations occurring after 1950. The flat roof slopes to the east with parapet walls on the south, west, and north elevations. The majority of the original exterior openings have been modified or filled with masonry. Their dimensions and locations are still visible. Ancillary buildings and structures to the south and east of the building that are no longer extant include a three-story elevator, a small dust house, and several corn/grain silos. The roof is supported by a modern steel truss system. This building was erected by the Barteldes Seed Company and served in numerous capacities up to and through the 1950s. As such, the modifications reflect changes in the building's use during this period from seed shelling and processing to housing warehouse distribution functions. Its retention of its original footprint, massing, and masonry walls, as well as its simple utilitarian design continue to communicate the building's processing and warehouse function and is preferable to the void its demolition would create. Nevertheless, based on comparisons with historic photographs from the early 1950s, the architectural integrity is not sufficient to communicate its historic appearance during the District's period of significance.