

Memorandum

City of Lawrence

City Manager's Office

TO: Thomas M. Markus, City Manager
FROM: Diane Stoddard, Assistant City Manager
DATE: July 26, 2016 – **Updated 08/01/16**
CC: Casey Toomay, Assistant City Manager
Scott McCullough, Director of Planning and Development Services
RE: Receive Request from Cave Inn, LLC, to purchase a portion of Lawrence VenturePark parcel to enable the redevelopment of 23rd Street parcels to a hotel use

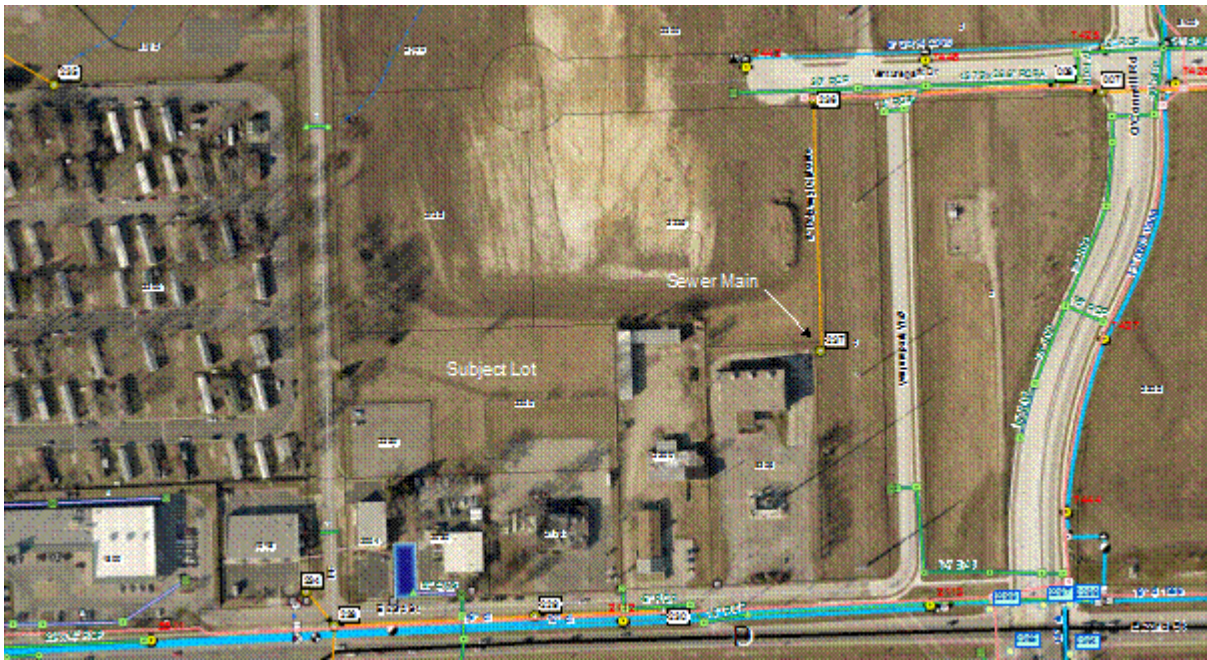
Action Requested

Authorize the sale of approximately 63,000 square feet of city owned property that is a portion of Lawrence VenturePark to Cave Inn, LLC for \$1.19 per square foot, for a sale price of \$74,970, for the purpose of redeveloping the former Don's Steakhouse and Diamond Everley Roofing tracts fronting 23rd Street for hotel and restaurant uses, and authorize the City Manager to negotiate and execute the legal documents required to complete the land sale, conditioned on the property being rezoned, replatted and redeveloped for hotel and restaurant uses.

Background

The City of Lawrence has received a [request](#) to purchase approximately 63,000 square feet (1.45 acres) of property that is currently part of the Lawrence VenturePark, directly north of the former Don's Steakhouse property fronting 23rd Street. The City and development team sought an [appraisal](#) of the property. Based on the appraisal and the former recent sale of some of the property just to the immediate west of this area, \$1.19 per square foot was arrived at as a fair price for the property. \$1.19 was the sale price for the other city property sold in late 2014 and the City would also be taking into account its interest in seeing the property redeveloped to productive use. A [map](#) is attached showing the property that is the subject of this request.

The VenturePark lot in question is included in the subdivision's special benefit district area for sewer improvements; however, the sewer main was not constructed to a point that touches the lot but was instead planned to bring the sewer close enough to be extended upon the lot's development (see map below). This particular lot has a future assessment of \$8,500. In discussions with the prospective purchaser, Staff acknowledged that the benefit of sewer falls short of actually serving the lot and the developer and city believe that the hotel project can be served by sewer from 23rd Street; therefore, Staff recommends that the city pay this future assessment.



The former Don's Steakhouse property has been vacant for a number of years and the property has significantly declined. Photos included in the request packet show the current condition of the lot. Also, the adjacent former Diamond Everley Roofing building has been vacated. Former attempts to redevelop the former Don's Steakhouse property have been challenged by the size of the lot. Pairing that lot with the Diamond Everley property and the adjacent city property would enable the tract to be redeveloped into hotel and restaurant uses, as proposed by Cave Inn, LLC. This action would restore the property to productive use, generating additional property tax, sales tax and guest tax. Also, the redevelopment would help the aesthetics of a key eastern gateway to Lawrence and Lawrence VenturePark.

The city established VenturePark as an industrial park to accommodate primary jobs and should protect that interests at a high level; however, the lot in question had always been viewed by Staff as one that may accommodate redevelopment of the adjacent commercial area given that it does not have street access into the industrial park.

It is important to note that the development group is not requesting any incentives from the City and plans to redevelop the property into a nationally recognized hotel brand facility. Staff recommends that the land sale be conditioned on the development of a hotel and restaurant being developed on the property, as proposed by the purchaser, and that the city, as the current owner, pay the special assessment of \$8,500 for the sewer improvements within the industrial park. The purchaser will need to commence rezoning and replatting of the properties, at their initiation and expense.