



City of Grand Island

Tuesday, January 15, 2002
Special Meeting/Study Session

Item C3

Discussion Relative to Old City Hall

The redevelopment and or disposal of the former City Hall building has been ongoing since it was vacated by the City in 1993. Several attempts at obtaining developers have failed for various reasons and the building continues to remain empty and deteriorating. The Council has directed the City Administrator and staff at past Council retreats to address this issue. The Council has also indicated the desire not to demolish the building. The latest redevelopment plan became null and void with a successful remonstrance on the sale of the property. Although no sale can take place for 12 months from the date of the remonstrance it is staff's position that a plan be put in place so that said plan could be instituted as soon as possible. The asbestos removal and partial interior demolishing plan is currently under way.

As you know, the Community Redevelopment Authority (CRA) has been approached to participate with the city in identifying a developer for the former City Hall. The City Administrator met with the CRA in November and asked for their level of interest in this venture. Given, their "charge" by state statute is to assist in redeveloping of blight and substandard areas, we felt like their involvement was appropriate and could be helpful in moving a redevelopment project along. The meeting in November went well as we reported to you. The CRA indicated a willingness to spearhead the efforts with the understanding that: 1) the Council wanted them to assume this role and 2) the Council made final decisions on selection of developer and approval of redevelopment plan.

The CRA did not meet in December but the director Cindy Johnson forwarded to them a proposed redevelopment plan for their comments and thoughts. This plan was also made available to the City Council and resulted in a newspaper article. Since that time, the director has been finalizing a plan and potential request for proposals for the redevelopment of the former city hall.

Because of the "notoriety" surrounding this issue in the past, the CRA would like some feedback from the Council on the CRA's involvement in the redevelopment process. It was decided that a Study Session is appropriate to review the Redevelopment of the facility and to discuss past events and review the proposed plan.

Included in the packet is the draft plan that includes a Marketing Plan, Background on the facility, and Project Objectives.

Staff Contact: Marlan Ferguson



CITY OF GRAND ISLAND

FORMER CITY HALL REDEVELOPMENT PLAN

December 2001

The City of Grand Island and the Community Redevelopment Authority support efforts to encourage the rehabilitation of older properties and the preservation, restoration or adaptive re-use of significant historic, cultural and architectural landmarks and properties. Historic preservation has a proven record as a vehicle for stimulating neighborhood and downtown revitalization, economic development and tourism. One needs only to look as close as the Old Market in Omaha and the Hay Market in Lincoln, or west to LoDo in Denver, Colorado or the Gas Lamp District in San Diego to appreciate how investments in downtown properties can dramatically change the skyline of a community.

INTRODUCTION

The Grand Island community has an opportunity to redevelop the former City Hall, 208 North Pine Street, in a manner that ensures the integrity of the building is maintained and a link to our history is preserved (attachment 1). The City's primary goal is restoration of a major foothold in the downtown area with expansion of retail/office base in the redevelopment area. These include public improvements and disposition of the property in a manner that will ensure optimal redevelopment. It is understood that the City may have to consider a number of financing incentives to share in the cost of redevelopment.

Through a redevelopment plan, reinvestment can be encouraged in the former City Hall building. This reinvestment will help maximize the economic potential of the property, rehabilitate a substandard building, eliminate the blight, and maintain a facility that has historical and cultural significance. Fundamental to the revitalization of the former City Hall is the understanding that both visitors and residents are attracted to historic buildings in downtown areas. Rehabilitation of this building may serve as a catalyst for the improvement of other properties that will attract more businesses and customers, thereby increasing the economic vitality of the area. This rehabilitation may reinforce downtown as the social, cultural, business and civic center of the community and is accordance with the Downtown Revitalization Strategy.

MARKETING PLAN

The City of Grand Island, through the Community Redevelopment Authority, is seeking a developer to redevelop the City's Former City Hall building in downtown Grand Island, Nebraska. This 23,000 square foot office building has been declared surplus by the city and a process has been identified to select a developer for the building. In order to ensure quality development proposals are received, the following activities will be pursued and

will involve private developers, investors, financial institutions, the City and Community Redevelopment Authority:

- Promote the building's unique character and history
- Assist developers and investors in the process of determining economic feasibility, acquiring property, securing financing, and approval by governmental entities
- Identify, attract, and assist appropriate businesses to locate in the former City Hall

Maintaining effective communications with and providing up-to-date information to the public, government and private sector decision-makers, business people and potential investors and developers is critical to a redevelopment program. Efforts should be made to keep all interested individuals and organizations apprised of potential development, in order to raise pertinent issues, develop consensus and maintain progress. The following activities will be pursued and will involve business people, financial institutions, the Chamber of Commerce, Economic Development Corporation, property owners, government, private developers, and potential investors. The primary tools will be the local news media, City communications (Information memorandums), City's website and governmental educational television station, and public notification of meetings.

- Promote the redevelopment by sending press releases to the local media advising as to development process and progress
- Issue periodic media reports, news stories, and features associated with development of the former City Hall
- Maintain a continuing dialogue with local government decision-makers, other governmental entities (County, State and Federal), investors, businesses, property owners, residents, and the Downtown Development Board, to articulate and develop an understanding of the needs, assets and opportunities associated with the development of the facility. Develop public presentations, speeches and media presentations for this purpose.

The marketing plan shall include a portfolio that will include, at minimum:

1. Information about the property's cost estimates for structural rehabilitation, as provided in the Architectural Partnership report of 1997.
2. Photographs of the former City Hall building sufficient to convey the building's visual characteristics, including interior photos as needed.
3. Note the City Hall Building dimensions and usable square footage, legal description and a parcel map including zoning information.
4. Statement that the former City Hall Building may be listed on the National Register of Historic Places and may be designated a local landmark.
5. Discussion of the availability of, and potential eligibility for, federal historic preservation income tax credits for the rehabilitation of the former City Hall.
6. Discussion of the availability of, and potential eligibility for, Community Development Block Grant Funds, Tax Increment Finance funds or any other appropriate funds or incentives available for development projects in Grand Island.

7. Describe the availability of technical and administrative support from the State Historic Preservation Office for any appropriate rehabilitation planned for the Property.
8. A statement that a covenant protecting exterior features of the former City Hall Building that make it eligible for the National Register and requiring that the building be treated in accordance with the *Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings* will be attached to the deed or other instrument of title transfer.

BACKGROUND

Grand Island, Nebraska is a city of 42,940 and has enjoyed a steady 1% growth rate for the past 20 years. The city's population growth accounts for about 90% of the growth within the 20-mile region. Grand Island's median household income has risen substantially since 1990 and is now just under \$40,000. The City is located on Interstate 80 (attachment 2). Grand Island has continued its traditional status as a pre-eminent regional trade center. Net taxable sales have increased by about _____ since 1990. Grand Island's downtown is a thriving, mixed-use district with a total of 1,922,089 square feet of space, of which 442,536 has been identified as office space, 372,764 as civic space, and 359,287 as retail space. The downtown is the government hub of the community with the City Hall, Hall County Administration Building, Federal Government, and Court House located within a few blocks of the former City Hall.

The former City Hall Building is strategically located at a key entrance into downtown Grand Island (attachment 3). It is located at the corner of Pine Street and Highway 30 (Second Street). Recent private investment in downtown Grand Island has been significant. In particular, Harrison's Downtown, Copper Eagle, J Alfred Prufrocks, Bonzai Beach Club, and other redevelopment efforts have taken place over the course of the last two years (attachment 4).

Recent Planning Studies

Two studies and plans have been completed and will provide valuable input for the redevelopment of the former City Hall building. These plans include:

"A Design and Identity Program for Downtown Grand Island", April 2000
Feasibility Study, Architectural Partnerships, June, 1997

Both plans are available to potential developers.

Description of Property

The former City Hall building is located at 208 North Pine Street, Lot 8, Block 66 of the Original Town of the City of Grand Island. This 23,000 usable square foot building is 66 feet wide by 132 feet long with a height of 53 feet above ground level. The original construction was funded, in part, through an \$82,000 grant that was awarded in 1938

through the Public Works Administration. The Public Works Administration grant paid 45% of the cost of a new City Hall, and the remainder was funded by a \$100,000 bond issue. The building was a three-story structure, made of cream brick with terra-cotta trim, and was 66 feet x 132 feet. This third Grand Island City Hall was dedicated on June 14, 1940. Although the Police Department, along with the Light, Water and Ice Department, occupied the ground floor of the new facility, the shooting range for the Police Department was located in the basement. The Council Chambers, Court Room, and the City Bacteriologist's laboratory were initially located on the second floor. The popular city auditorium was placed on the third floor, with the janitor's quarters, gymnasium and the City jail also located on this floor. As Grand Island continued to grow, the need for city services expanded. New city departments were required and existing departments increased in size. The City Engineering offices replaced the gymnasium, and the Building Inspector established offices in the former jailer's quarters. The Police Department relocated in the 1960s to make room for other departments, and the Health Department moved off-site in the 1970s.

The Former City Hall Building is a vernacular commercial/public building with striking art deco elements. The building has retained second and third story exterior historical elements; the first floor exterior has been significantly altered. The primary lobby/vestibule area on the first floor is proposed to remain unchanged. This octagon shaped foyer still retains the original floor and wall coverings.

The primary structure of the building consists of cast-in-place concrete foundation walls, columns, and slabs. The exterior walls are a non-load bearing type with cast-in-place concrete beams, columns, and floor slabs. The building itself has no load bearing walls allowing for the removal of all interior partitions.

Table 1 below identifies the building square footage:

Former City Hall	1 st Floor	2 nd Floor	3 rd Floor	Total 1-3	Basement	Grand Total
Gross Floor Area	7,520*	7,715	7,715			22,950
Net Assignable Area	5,280	5,600	6,000			
Const./Mechanical, Circulation Areas	1,400	1,265	975			

*+410 mezzanine renovation

REDEVELOPMENT PROCESS

The redevelopment process has three major steps. In the first step, the Community Redevelopment Authority, at the direction of the City Council, will issue a detailed Request for Proposals. The RFP will be sent to known developers, and will be advertised in the Grand Island Independent, Lincoln Journal Star and Omaha World Herald. The

CRA will then select preferred developers from those developers responding to the Request for Proposals to participate in an interview. The selection committee will determine that the developers have appropriate experience and are financially able to carry out a project of this magnitude.

Once the preferred developer is selected, the City and the developer will enter into the third step of the process, which is the preparation of a redevelopment agreement. This agreement between the City and the developer will identify in detail how the property will be redeveloped and the responsibilities of each of the parties.

Project Objectives

The redevelopment of the Former City Hall Building is a key component of the downtown redevelopment. The Downtown Identity and Design Strategy, completed in 2000, identified the redevelopment of the former City Hall as one of eight priorities for downtown Grand Island. The Strategy noted that “downtown appears to have a strong market for office development. An important place to start is the Old City Hall.” The strategic location of the Former City Hall Building makes it important to the continued revitalization of downtown. Redevelopment objectives of the building include:

A. Development Objectives

- Protect and enhance the character of the building while encouraging redevelopment of a valuable community landmark.
- Support existing land-use patterns within downtown.
- Add to the economic base of downtown by stabilizing and upgrading property values.
- Build upon economic strengths of downtown.
- Enhance the tax base by placing the building on the property tax rolls while generating sales tax from new uses within the building.
- Encourage spin off investment in properties surrounding the building.
- Promote objectives as set forth in the Downtown Identity and Design Strategy to encourage continued reinvestment in downtown Grand Island.

B. Urban Design and Historic Preservation Objectives

- Encourage a mix of uses that complement the surrounding environment.
- Maintain and enhance the architectural and historic character of the building, both exterior and interior.
- Enhance relationship of building to surrounding streets and sidewalks.
- Respect and enhance the relationship of the building to other redevelopment projects.

C. Type of Projects Being Solicited

The Community Redevelopment Authority is seeking projects that strengthen downtown’s economic base while preserving the character and integrity of the building. The Authority is not requiring a specific use or uses in the building; rather, the Authority

and City will consider all types of uses that legally may be undertaken. Mixed-use proposals will be encouraged. Uses could include:

- Commercial office space
- Retail uses – including specialty and destination retail
- Housing for sale or lease
- Other uses including a boutique hotel, gallery space, market space and meeting facilities.

The Community Redevelopment Authority is requiring that uses be generally identified as a part of this RFP.

Role of the Community Redevelopment Authority (CRA)

The Community Redevelopment Authority will issue the Request for Proposals and convene a selection committee to provide input to the City Council regarding the selection of a short list of the most qualified Development Team.

The CRA will serve as the selection committee to interview and recommend a preferred development team to the City Council.

Role of the City

The City will enter into a Redevelopment Agreement for redevelopment of the property.

Through tax increment financing, the City may finance construction or reconstruction of public improvements that may include: streets, sidewalks, underground utility and streetscapes, public pedestrian corridors, public parking facilities, public access and gathering areas. The specific improvements to be undertaken will be identified as part of a redevelopment agreement between the City and the developer.

City will develop the purchase agreement for conveyance of the property to the selected developer.

Submittal Requirements

The developer or development team must demonstrate the experience and resources needed to design and develop a successful project. Prior experience with development will be a critical element in evaluating the statement of qualifications. Previous direct involvement in projects, current financial capability or access to funding sources, and the demonstrated ability to complete projects of this scale will be important factors in considering the most qualified candidates.

Each developer or development team shall submit a statement of qualifications that reflects the team's ability to implement a redevelopment project of this magnitude and identify the team's experience with comparable projects. The material submitted by the

prospective developers will be used by the selection committee to determine which teams will be invited to participate in an interview.

The submittal of the developer or the development team should include the following:

- a. Names, addresses, telephone and fax numbers of key development team members
- b. The roles and responsibilities of each team member. The members of the team who will be making decisions and with whom the CRA would negotiate. (It is desirable to have a single contact point and this person should be identified).
- c. The length of time the development team and each team member has been in the development business.
- d. Identification of possible consultants who will be involved in the project.
- e. Description of the legal relationship between members of the development team and the legal entity with whom the CRA would negotiate.
- f. Description of the role the developer will play (ie as owner of the project)
- g. Description of the development team's experience and success with similar types of projects. Indicate how each of those projects relates to the type of development being considered for the former City Hall Building. Identify the location and size of the projects and the date completed as well as the financing structure for the projects, size, and type of public involvement, total development costs and current financial status.
- h. Evidence satisfactory to the CRA of the financial capability of the developer or development team to complete the project (ie audited financial statement or balance sheet).
- i. Purchase offer

A thorough, professional and complete response to the RFP will help the CRA identify the most qualified development teams and will be indicative of the level of the respondent's commitment to the project.

Developer Selection

The CRA will select a short list of developers that will be invited to participate in an interview. The criteria used to select the short list will include demonstration of expertise, professional qualifications, evaluation of the developer's past projects and performance, quality of the information submitted, and other pertinent factors. The following is a guide to the criteria that will be used in evaluating the statements of qualifications:

- Ability to identify funding resources, including current relationships with major lenders, past funding experience, and knowledge of other funding sources or mechanisms for the project. The developer should supply adequate verification of financial capability to perform the project (ie audited financial statement or balance sheets).
- Experience in developing, marketing, and selling and/or managing developments, including information on occupancy level, tenant quality, and maintenance standards.

- Experience in reuse and/or historic preservation projects.
- Demonstrated ability to develop projects that are an asset to and a “correct fit” with the community.
- Qualifications of the development team and key individuals proposed for involvement in the development.
- Experience in project management and compliance with budgets and schedules.
- Demonstration of architectural and urban design expertise on other projects.
- Experience with constrained development sites.

Selection Process

The CRA will identify an advisory selection committee that will be comprised of an elected official, CRA members, city staff, a representative from the Historical Society, and/or other qualified individuals. This committee will review all responses to the RFP and will make recommendations to the CRA. Based on this input, the CRA will select a short list of developers who will be invited to participate in the interview process.

The CRA reserves the right to request additional information from applicants prior to making a selection; however, special care must be taken to prepare and submit a complete response as the CRA may not permit additional information to be submitted after the submittal deadline.

Final approval of the developer and authorization to enter into an exclusive redevelopment agreement will be made by the Mayor and City Council.

The CRA reserves the right to reject all proposals.

PACKAGING THE REDEVELOPMENT PROJECT

Redevelopment can only occur in an environment that supports public and private financial participation. Redevelopment projects require creative investment strategies. They should afford the developer or business owner an opportunity to recoup costs and successfully compete with new construction projects.

The following is a brief description of some resources that may be available to implement redevelopment of the former City Hall building.

Historic Tax Credits

Representatives from the Nebraska State Historical Society have completed site visits of the former City Hall. The State Historical Society has indicated that the former City Hall Building may be *eligible* for listing on Historic Registry. The developer will have to complete the process to actually *list* the building on the Historic Registry.

The State Historical Society administers State Historic Registry and also the Historic Tax Credit Program. These two programs are related but are not the same program. The Tax Credit Program can be completed on a fast track. The National Register nomination can be done concurrently with tax credit project. The Tax Credit Program refers to National Register and requires building to be listed on National Register within a specific time frame. The facility does not have to be listed on the Historic Registry prior to developer receiving tax credits.

As set forth in the Secretary of Interior Federal Preservation Standards, the State Historical Society will identify historic and significant features of building and work with the developer to complete the project while being sensitive to these elements. The developer could be eligible for 20% (of total project cost) tax credits. Bill Callahan of the Nebraska State Historical Society has indicated that developers of former public buildings like the City Hall are likely to receive tax credits, depending upon identification of compatible use (i.e. office, retail, housing).

Tax Increment Financing

The Community Redevelopment Authority provides funding to selected, eligible redevelopment projects. The CRA is allowed to “capture” the property tax on the increased valuation of property created by eligible redevelopment projects. This “captured” tax increment then is used to assist in funding public improvement costs on the project. This process is referred to as Tax Increment Financing (TIF). TIF provisions allow this incremental property tax to be redirected for the project for a period of up to 15 years. At the end of the TIF, the entire tax on the redevelopment project would become part of the general tax base. At that time all of the property tax on the project is directed to the local taxing entities. Tax increment financing is calculated on the total project development costs. There are no absolutes on the amount of TIF that would be available until the final project costs are available and a cost/benefit analysis is completed. The amount of tax increment financing available is impacted by developer equity. However, a rough estimate of the impact of TIF would be approximately 15-20% of the project costs.

Façade Development Program

The Community Redevelopment Authority has developed a Commercial Façade Development Program whereby façade improvements that enhance the architectural integrity of the commercial buildings and the quality of the area are eligible for financial incentives and free professional architectural recommendations.

Other Financial Incentives

Additional financial incentives may also be available. One suggestion is to consider a State Department of Energy program that provides low interest loans for energy conservation components of the project.

HISTORY OF REDEVELOPMENT EFFORTS FOR FORMER CITY HALL

October, 1993	Municipal government operations relocate from City Hall at 208 North Pine Street to 100 East First Street
April, 1997	Starostka Group of Grand Island submits letter of interest to City re: purchase of former City Hall for \$10,000 plus conditions. (Starostka Group does not respond to formal RFP solicited in 1998).
April, 1997	Feasibility Study completed by Architectural Partnership relative to determine whether cost of renovation could be off-set by the potential rent from a tenant (HHS). Cost of study - \$12,500.
June, 1997	Architectural Partnership presents Feasibility Study identifying total cost of renovation to be approximately \$2.3 million.
July, 1997	Suggestion by City Administration that Council consider purchasing property just east of the existing City Hall for City and County employee parking purposes, thereby making parking available on Pine Street (cost of land acquisition \$130,000 for 4 units; development of parking lot – ½ city block - \$71,000; ¼ block (60 cars) - \$40,000. No action taken by Council.
November, 1997	City contracts with Olsson Associates to prepare specifications for removal of asbestos.
December, 1997	Local developer displays preliminary interest in redevelopment. (Does not respond to formal RFP in 1998).
May, 1998	City solicits proposals for the sale and redevelopment of the former City Hall.
July, 1998	Two proposals were received: Albers Development Company of Lincoln for purchase price of \$160,000 (with conditions) and Ziller Tile.

November, 1998	City enters into a purchase agreement with Albers Development Company for the sale and redevelopment of former City Hall.
March, 1999	Albers requests and receives a six-month extension to the closing of the sale and redevelopment of the former City Hall.
September, 1999	Albers' option to buy expires. Albers cites inability to secure sufficient upscale office tenants as reason for not proceeding.
February, 2000	City approaches CRA for potential involvement on redeveloping facility. No specific participation identified. No action taken.
April, 2000	Downtown Identity and Design Study completed. Identifies redevelopment of former City Hall as "an important place to start....The project developer must have some appetite for risk and project innovation. The city can assist by becoming an equity partner, with its equity being the value of the building and possible financing for the core and shell. This investment should be viewed as true equity, not a grant, with the city participating in the profit of a successful development".
April, 2000	City Council identifies redevelopment of former City Hall as priority at annual retreat.
June, 2000	City receives proposal from Mega Corporation, Lincoln, to "build and lease back to the City of Grand Island the Historic City Hall". Lease to be for 30 years with the city becoming the owner at the end of the lease for \$1 purchase price. Lease rate to begin at \$192,500 per year for first five years; increasing by 5% in five-year increments for remainder of 30-year term. Tenant responsible for all operating expenses. City does not consider proposal.
August, 2000	CRA includes funding in budget for redevelopment assistance and recognizes potential for tax increment financing assistance.

Summer, 2000	Joint City County Facilities Report by RDG estimates renovation costs for former City Hall to be \$115 per square foot or \$2.8 million.
March, 2001	Quotation obtained from Hooker Brothers re: demolition of facility - \$274,547.50 – does not include asbestos and lead abatement.
March, 2001	City approves resolution authorizing purchase agreement with Civic Redevelopment Group. Purchase price of \$100 with City responsible for replacement of elevators, and heating and air conditioning systems for a not to exceed amount of \$274,000 plus asbestos removal.
July, 2001	City approves Ordinance on third and final reading providing for conveyance of former City Hall to Civic Redevelopment Group.
September, 2001	Receipt of referendum petition halting sale of former City Hall to redevelopment group. Election Commissioner confirms sufficient signatures. City Council accepts petition and sale of former City Hall is set aside for one-year period.
August, 2001	City includes \$400,000 in 2001-2002 annual budget for removal of asbestos in former City Hall.

PROPOSED REDEVELOPMENT TIMELINE

Selection Schedule

The time frame for the solicitation, receipt and evaluation of the developer qualifications and selection process is as follows:

December, 2001	City advertise for bids for asbestos testing, identification and project design for removal of asbestos at former City Hall (engineer's estimate - \$2,700)
January, 2002	City advertise for bids for asbestos removal and interior demolition at former City Hall
Spring, 2002	Asbestos removal and interior demolition of former City Hall (estimate - \$100,000)
March, 2002- May, 2002	Advertise for interested developers; receive RFPs, conduct interviews
May 2002	CRA recommends developer to the City Council for approval, based on initial proposal, qualifications, financing. City of Grand Island approves "selected" developer, and proposed redevelopment plan.
Summer 2002	Selected developer completes full-blown proposal.
September 2002	Redevelopment plan is approved.

Ten (ten) copies of the response to the RFP must be received by the Community Redevelopment Authority no later than _____. All RFPs should be delivered to the Community Redevelopment Authority, Attn: Cindy Johnson, 100 East First Street, Grand Island, NE 68801. Responses received after that time and date or at a different location will not be considered.

It is anticipated that finalists will be asked to participate in an interview process by _____ with selection of a development team in _____. The development team will then negotiate an exclusive redevelopment agreement with the CRA and the City of Grand Island for the redevelopment of the former City Hall Building.

Questions or requests for information should be directed to Cindy Johnson, Director, Community Redevelopment Authority, at 308-385-5444, ext 149, faxed to 308-385-5486 or emailed to cjohnson@grand-island.com