

AMENDMENT TO THE NORTH 56TH STREET & ARBOR ROAD REDEVELOPMENT PLAN Central Lumber Sales Redevelopment Project

Project Description

The Central Lumber Sales Redevelopment Project (the "Project") is located on the west 16.78 acres of Lot 60, Irregular Tract located in the Northeast Quarter of Section 28, Township 11 North, Range 7 East of the 6th P.M., Lancaster County, Nebraska, located north of Arbor Road between North 56th Street and North 70th Street, as shown on the attached Exhibit "A" (the "Project Site"). The Project Area includes the Project Site and the adjacent rights of way as shown on the Project Area map on the right.

The Project includes the construction of a 122,500 square feet distribution facility for Central Lumber Sales ("CLS"), a wholesale building materials distributor. The Project will involve the relocation and consolidation of CLS employees and facilities located within Lincoln and outside of Lancaster County into a single larger location within Lincoln. The consolidation and expansion are necessary for the business to increase efficiency and stay competitive in its business market. CLS's major competitors are headquartered in Wisconsin, South Dakota, Minnesota and Missouri, and have additional facilities in Kansas and Iowa. No competitors are located in Nebraska.

The overall goals of the Project are to remove blighted and substandard conditions, provide for orderly subdivision and extension of utilities, support the retention and expansion of an existing local business, and make a positive contribution to the economic and physical growth of the N. 56th Street and Arbor Road Redevelopment Area and the Lincoln community.

The proposed use fits well with surrounding land uses, which include highway commercial and industrial uses. See the Current Land Use Map and Future Land Use Map below.



Central Lumber: Project Area

Central Lumber



Section 18-2113 of the Community Development Law requires the City to review the Project and find that the proposed land uses and building requirements for the Project Area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the City and its environs, which will, in accordance with the present and future needs, promote health, safety, morals, order, convenience, prosperity, and general welfare, as well as efficiency and economy in the process of development. The Project is consistent with *LPlan 2040, the Lincoln-Lancaster County 2040 Comprehensive Plan*, particularly its Vision Statement for Economic Opportunity set forth in Chapter 1. It accomplishes the specific goal identified for the Economic Opportunity statement that existing businesses flourish within Lincoln and that the Plan support retention of existing businesses. The Project is also consistent with the guiding principles identified in Chapter 5 for Business and Economy which include focus primarily on retention and expansion of existing businesses; promotion of appropriate, balanced and focused future economic growth that maintains the quality of life in the community; and provide flexibility in the marketplace in siting future commercial and industrial locations.

The Project is consistent with the *North 56th Street & Arbor Road Redevelopment Plan*. The Project is located within the southeast quadrant of the North 56th Street and Arbor Road Redevelopment Area. It will include an orderly subdivision with proper design for grading, drainage, utilities, streets and access within the Redevelopment Area. The Project will support and strengthen existing commercial and industrial investments within the Area.

The Project represents a significant private investment in the North 56th Street and Arbor Road Redevelopment Area. Publicly funded redevelopment activities may include site preparation, façade/building enhancements, energy efficiency enhancements, streetscape improvements, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-

2117.03, and the Community Development Law in the North 56th Street and Arbor Road Redevelopment Area.

Statutory Elements

Property Acquisition, Demolition, and Disposal:

The City does not intend to acquire property, nor would it use eminent domain if it did acquire property for this Project. The redeveloper has a contract to purchase the land in the Project Area that will be improved and prepared for the new structure.

Population Density:

The Project will not impact population density in the North 56th Street & Arbor Road Redevelopment Area.

Land Coverage:

Land coverage will be altered with the Project. The new building will cover approximately 122,500 square feet of the Project Site. Total buildings and paving for the Project are anticipated to cover approximately 307,000 square feet of the Project Site. The Project will comply with the applicable land-coverage ratios and zoning requirements of the City of Lincoln.

Traffic Flow, Street Layouts, and Street Grades:

The Project will increase traffic flow resulting from employees of the business traveling to and from the Project Site. It will require an access point to Arbor Road and associated intersection improvements. The redeveloper may seek to make changes in the rights of way to accommodate access to the site. The Project does not include vacating any streets or alleys.

Parking:

The Project proposes a total of 49 new surface parking stalls. All required parking will be provided on site. No on-street parking will occur around the site.

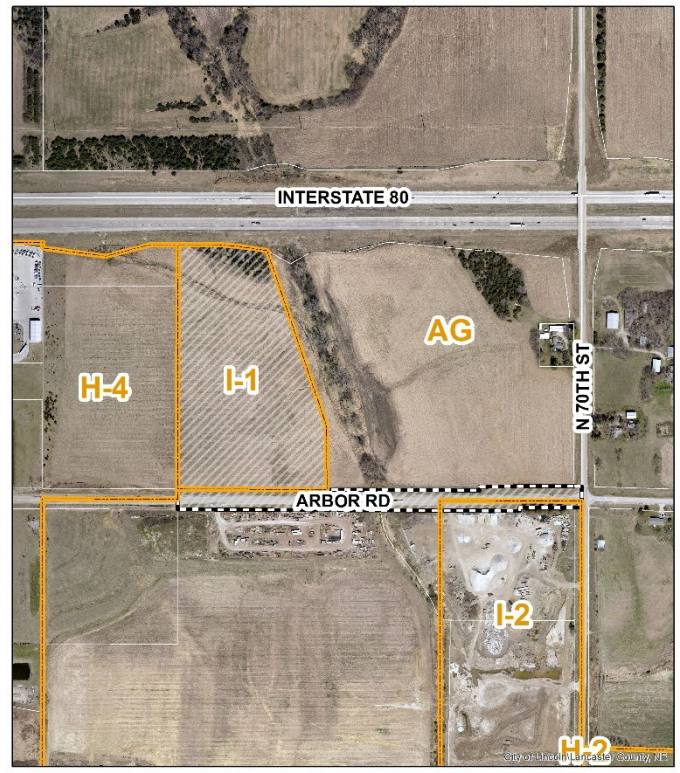
Zoning, Building Code, and Ordinances:

The Project will require a change of zone from “AG” Agriculture zoning to “I-1” Industrial district, a preliminary plat, annexation and a final plat. The Development Services Center will work with the redeveloper to ensure that applicable zoning and subdivision ordinances and building code requirements will be satisfied. See the Current Zoning Map and Future Zoning Map below.



Central Lumber: Current Zoning

Central Lumber Zoning



Central Lumber: Future Zoning

Central Lumber Zoning

Proposed Costs and Financing

The estimated total cost to implement the Project is expected to exceed \$14 million, which includes approximately \$2,500,000 in public funding. The Project cost will be finalized as construction costs are determined. The source of public funds for these improvements will be the tax increment generated from the private developments on the Project Site. Funding sources and uses will be negotiated and identified in the redevelopment agreement, subject to approval by the Mayor and City Council.

Lincoln Public Schools

The Project, because it does not include any residential dwelling units, and should have no impact on student populations in Lincoln Public Schools.

Cost-Benefit Analysis

As required by Nebraska Community Development Law (Neb.Rev.Stat. §18 2113), the City has analyzed the costs and benefits of the proposed Project, including:

Tax Revenues

The 2021 assessed value of the Project Site is approximately \$61,000. The final assessed valuation of the Project Site is anticipated to be over \$14 million. The Project is expected to generate approximately \$290,000 in annual TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the Project. The public investment will leverage over \$12 million in private sector resources. The TIF funds will be subject to further adjustment as Project costs are defined.

The City will forgo approximately 15.78 percent of these annual collections over 15 years to support the Project. The tax increment gained from this Project Area would not be available for use as City general tax revenues over that time but be used toward bond repayment. After the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy.

Public Infrastructure and Community Public Service Needs Impacts

Public infrastructure will be enhanced to support the continued redevelopment of North 56th Street and Arbor Road Redevelopment Area. City involvement may include site preparation; sanitary sewer and other utility improvements; the construction of street and streetscape amenities; other public right-of-way improvements; energy efficiency and sustainability improvements; façade improvements; and other related public improvements.

Employment within the Project Area

Forty-Three employees will occupy the new building. Construction employment will also be supported/generated related to the construction of the private property and related public improvements.

Employment in the City outside the Project Area

Approximately 143,596 people were employed in 8,659 private business establishments in Lancaster County in 2018, according to the Census, County Business Patterns, North American Industry Classification System. The 2018 median household income for the City of Lincoln was \$55,224, according to the 2014-2018 American Community Survey 5-year estimates.

The Project is not expected to adversely affect employment in the City. Instead, the removal of extremely blighted and substandard conditions from the Project Site and the North 56th Street and Arbor Road Redevelopment Area is anticipated to enhance the aesthetics of the Redevelopment Area. As a result, it is anticipated that the Project will support current retail and services in the area, which will support jobs in the Redevelopment Area and the City of Lincoln as a whole.

Other Impacts

While the use of tax increment financing will defer the majority of the incremental ad valorem real property taxes generated by the Project for up to 15 years, there will be additional revenue generated by the Project from, for example, sales taxes generated by CLS, as well as income taxes paid by those working in the Project Area. Upon completion of the 15-year TIF period, the Project will benefit the community through higher property tax revenue.

Finding of Need for TIF

Section 18-2116 of the Community Development Law requires the City Council to make the following findings before authorizing the use of Community Development Financing:

- The redevelopment Project and plan as proposed would not be economically feasible without the use of Tax Increment Financing; and,
- The redevelopment project as proposed would not occur in the Community Development area without the use of Tax Increment Financing.

The Urban Development Department believes that the private and public improvements proposed in this Plan Amendment would not occur “but for” the utilization of tax increment

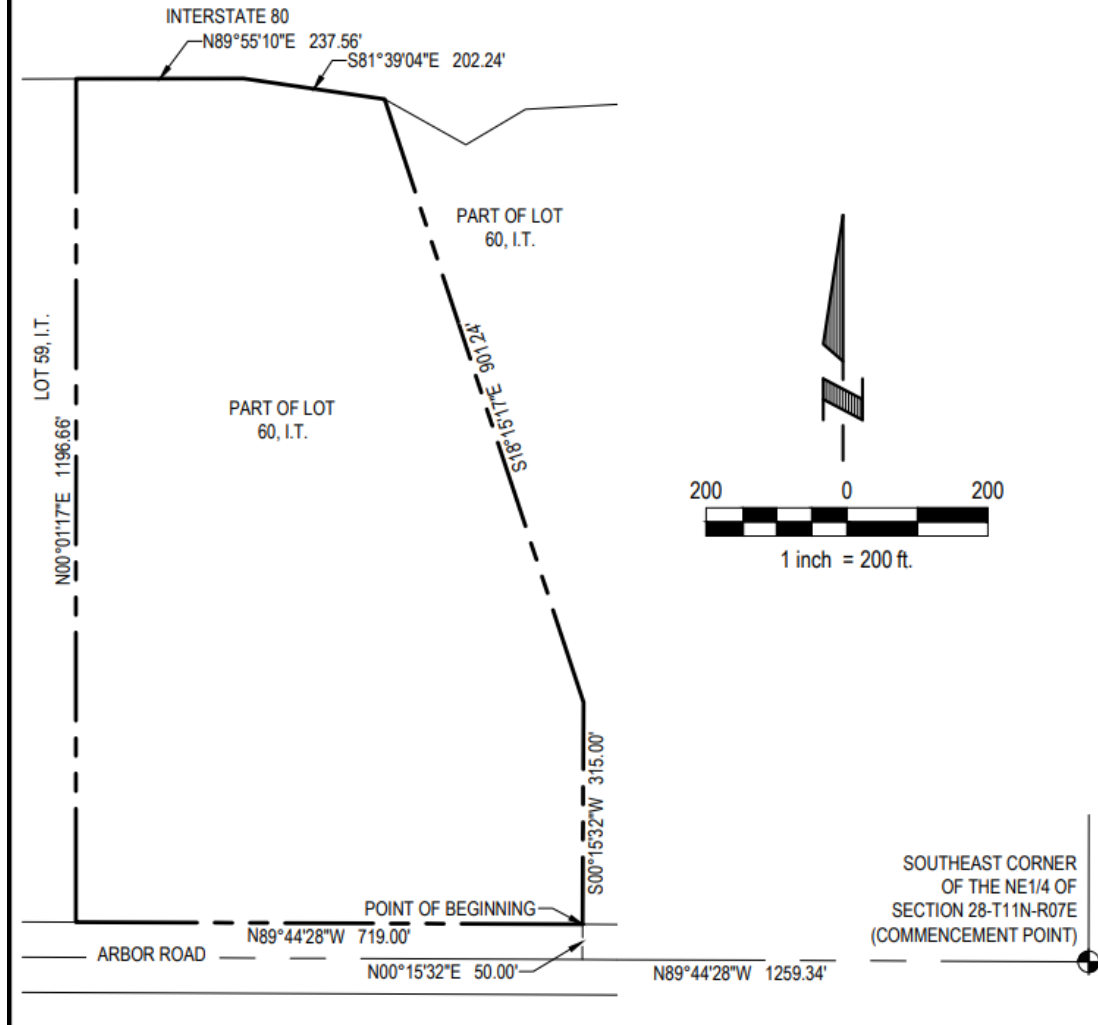
financing in the North 56th Street and Arbor Road Redevelopment Area. It would not be economically feasible for the redeveloper to construct the Project improvements without tax increment financing because the existing site conditions constitute a barrier to development that cannot be adequately remedied without the use of tax increment financing.

Project Schedule and Implementation

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the Project:

- The redeveloper will work with the Development Services Center to annex, rezone, preliminary plat and final plat the Project Site.
- The City will negotiate a redevelopment agreement with the redevelopers. It will be submitted to City Council for approval concurrent with or after the Project Area has been annexed.
- Following agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the Project.
- Construction drawings of public and private improvements will be reviewed.
- TIF-funded public improvements will be identified and competitively bid, as needed and required by the Purchasing Department.
- The private and public improvements and enhancements will be constructed.
- Reimbursement for eligible public improvements and enhancements will occur when invoices have been approved, and the increment is received.

EXHIBIT "A"



LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN PART OF LOT 60, I.T., AN IRREGULAR TRACT LOCATED IN PART OF THE NE1/4 OF SECTION 28, TOWNSHIP 11 NORTH, RANGE 07 EAST OF THE 6TH P.M., LANCASTER COUNTY, NEBRASKA. MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID NE1/4 OF SECTION 28; THENCE N89°44'28"W (ASSUMED BEARING) ALONG THE SOUTHERLY LINE OF SAID NE1/4 OF SECTION 28, A DISTANCE OF 1,259.34 FEET; THENCE N00°15'32"E, A DISTANCE OF 50.00 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 60, I.T., SAID LINE ALSO BEING THE NORTHERLY RIGHT-OF-WAY LINE OF ARBOR ROAD, SAID POINT ALSO BEING THE POINT OF BEGINNING; THENCE N89°44'28"W ALONG SAID SOUTHERLY LINE OF LOT 60, I.T., SAID LINE ALSO BEING SAID NORTHERLY RIGHT-OF-WAY LINE OF ARBOR ROAD, A DISTANCE OF 719.00 FEET TO THE SOUTHWEST CORNER OF SAID LOT 60, I.T., SAID POINT ALSO BEING THE SOUTHEAST CORNER OF LOT 59, I.T.; THENCE N00°01'17"E ALONG THE WESTERLY LINE OF SAID LOT 60, I.T., SAID LINE ALSO BEING THE EASTERLY LINE OF SAID LOT 59, I.T., A DISTANCE OF 1,196.66 FEET TO THE NORTHWEST CORNER OF SAID LOT 60, I.T., SAID POINT ALSO BEING THE NORTHEAST CORNER OF SAID LOT 59, I.T., SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 80; THENCE ALONG THE NORTHERLY LINE OF SAID LOT 60, I.T., SAID LINE ALSO BEING SAID SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE 80 THE FOLLOWING TWO (2) DESCRIBED COURSES: (1) THENCE N89°55'10"E, A DISTANCE OF 237.56 FEET; (2) THENCE S81°39'04"E, A DISTANCE OF 202.24 FEET; THENCE S18°15'17"E, A DISTANCE OF 901.24 FEET; THENCE S00°15'32"W, A DISTANCE OF 315.00 FEET TO THE POINT OF BEGINNING.

SAID TRACT OF LAND CONTAINS 730,934 SQUARE FEET OR 16.780 ACRES, MORE OR LESS.