



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Economic Development Division*

### **m e m o r a n d u m**

**TO:** Laurel Lunt Prussing, Mayor

**FROM:** Elizabeth H. Tyler, FAICP, Director, Community Development Services

**DATE:** January 6, 2011

**SUBJECT:** Update on 119 North Race Street (Former Denny's Cleaners)

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### **Introduction and Background**

Since the Denny's Dry Cleaners business at 119 North Race Street closed four years ago, the City of Urbana has worked to investigate the potential for redevelopment of the property as a mixed use project that would fit in well with other redevelopment efforts in the vicinity. Unfortunately, the presence of environmental contamination at the site due to dry cleaning solvents in the ground have prevented the City from purchasing the property and seeking a developer for the site. In March 2010, the City decided to release its real estate option on the property but to continue to work with the owner (i.e., the estate of Paul Lincicome) to pursue private redevelopment and environmental remediation opportunities. The building has remained vacant throughout this time and has been registered and monitored as part of the City's vacant property registry.

On August 23, 2010, a partial chimney collapse occurred on the west side of the building. As a result, the City ordered an inspection by the structural engineering firm Frauenhoffer and Associates to evaluate the building. The engineers' opinion was that the brick is unstable on the east elevation and on the second floor of the north building and shows evidence of movement, therefore requiring major rehabilitation or demolition. The engineers ordered a partial closure of the south bound lane of Race Street to protect the travelling public in the event of a collapse.

On August 26, 2010, the City condemned the building and ordered representatives of the estate to either repair or demolish the building. The City also met with representatives of the estate to determine if they would be able to comply with the condemnation order. While representatives of the estate did investigate demolition of the building, it became apparent that the estate lacked the resources to fund the demolition. As a result, the City initiated legal proceedings to allow the City and its contractors to demolish the building on behalf of the owners in view of its public safety implications. Champaign County Circuit Court is in the process of granting the City this permission and it is expected that these proceedings will be completed on January 14, 2011. The Lincicome family has been fully cooperative in these proceedings.

In order to maintain our due diligence, simultaneous with these legal proceedings, the City has been working with its engineering consultants to prepare for this relatively complicated demolition. The demolition must be accomplished in such a way as to ensure protections for the general public, to preserve the integrity of adjoining and nearby buildings, and to prevent any environmental contamination as a result of the demolition activities.

The City is currently working with Fraunhoffer and Associates (structural engineering services) and GEOCON (environmental engineering services) to prepare a demolition plan, accomplish asbestos remediation, and produce bid specifications for the demolition of the building. These bid specifications will include efforts to protect the Courier Café building and will also take into account the existing environmental contamination on the former Denny's site. The costs for professional services to prepare these bid specifications total approximately \$34,300 and are being funded using previously approved line items in Tax Increment Finance District Two (TIF 2) for site preparation, environmental remediation, and acquisition for the site.

As a part of the demolition plan, the City will work with the contractor to determine how the subject site can best be reused immediately following the demolition. Depending upon forthcoming information on site elevations, it is likely that the site can be reused as some combination of surface parking and/or open space. As noted above, redevelopment of the site in the future with a new building and occupancy will require environmental remediation and IEPA approval.

Once the bid specifications are complete, the City will issue an Invitation to Bid to demolition contractors to demolish the building consistent with those specifications. It is anticipated that the demolition plan and bid documents will be completed by mid-March and that bids will be submitted by the first of May, with demolition to be completed by June 30, 2011. Every effort will be made by City staff and the contractor to reduce this timeline if at all possible.

The costs for the actual demolition of the building are uncertain at this time as they will be largely dependant on the requirements placed on the selected demolition contractor per the demolition specifications. Construction costs are anticipated to be quite substantial (e.g., in excess of \$150,000) due to the size and complexity of the demolition. Costs of the demolition are eligible for funding by TIF 2 and sufficient funds have been preliminary earmarked to ensure that this essential undertaking can be accomplished. Expenditure of these funds will compete with other public projects that are planned in the TIF 2 area, such as streetscape improvements and future implementation of the Boneyard Creek Master Plan. City staff will bring forward a budget amendment to the City Council as part of the Invitation to Bid process.

Due to the presence of environmental contamination at the site, the City has been unable to purchase the property and it will likely remain in private hands for the foreseeable future. As a result of its continued private ownership, any expenditure of public funds to demolish the unsafe building on the site may be placed as a lien on the property for potential recovery to the public at a future point in time.

## **Fiscal Impact**

The costs associated with the professional services to prepare bid specifications for the demolition are approximately **\$34,300**. Those funds are currently budgeted and will be paid out of TIF 2.

The costs associated with the actual demolition of the building are unknown at this time, but a budget amendment will be required once a firm cost has been established. These costs are eligible to be funded by TIF 2.

## **Recommendation:**

City staff requests Council consensus in moving forward with demolition related activities in order to protect the safety of the traveling public and that of the adjoining and nearby properties.

Prepared by:

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Tom Carrino, Economic Development Manager