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SCHRADER
COMMERCIAL PROPERTIES, LLC
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LFUCG CITY HALL DOWNTOWN MARKET STUDY
AUGUST 2023

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PROJECT OVERVIEW

The Lexington-Fayette Urban County Government (“LFUCG”) engaged Schrader Commercial Properties, LLC to identify all potential building sites and all existing office buildings in the downtown business district that might be utilized for a new LFUCG City Hall. The study focused on the geographic boundary generally bordered by Midland Avenue on the east to Maxwell Street on the south, Jefferson Street on the west, and Second Street as the northern boundary. (See Exhibit A). The examined geographic boundary is irregularly shaped and includes several residential areas, historic properties, churches, parks and public spaces that are not appropriate for redevelopment or suitable for the proposed use.

While we engaged with property owners and their representatives in compiling the information in this report, we did not provide brokerage services or the negotiation of the purchase of property. Schrader Commercial Properties, LLC and James M. Schrader are independent with respect to the properties listed in the report and our representation in this matter is solely for the benefit of LFUCG, its employees and elected officials (an addendum is attached outlining Schrader Commercial Properties’ past and present representation in the downtown market).

LFUCG did not task Schrader Commercial Properties with submitting a final recommendation as to the preferred location for the LFUCG City Hall, and nor did LFUCG request Schrader Commercial Properties to rank the properties in any specific order. We reviewed many properties that merited consideration but did not meet the defined criteria and therefore were eliminated from consideration. Such eliminated properties are listed in an addendum to the report. We included properties in the report regardless of whether they are listed for sale, not listed for sale and regardless of whether the owner asked us to include the property in the report or did not ask us to list the property in the report.

SCOPE OF WORK

Our goal in preparing the study was to identify all properties that might be suitable for a new city hall. As prescribed by LFUCG, any properties under consideration must be located within the boundaries of the downtown business district and able to accommodate approximately 160,000 to 175,000 square feet of office space with parking.

This project is primarily for information gathering and identifying potential sites and existing buildings within the boundary that generally meet the needs of LFUCG. We gathered as much information as possible about existing buildings that meet LFUCG's requirements including square footage, age of the facility, parking availability and general conditions to determine viability for this project.

The properties are not ranked as to suitability, value or viability of entering into an agreement with a property owner. The scope does not include an attempt to determine all challenges involved in redeveloping a property. LFUCG and its representatives will be responsible for assessing each site and determining a strategy for the best path forward in obtaining a new city hall.

METHODOLOGY

Schrader Commercial Properties undertook the following steps to compile information and generate the report:

1. Met with Chris Ford, LFUCG Commissioner of General Services, and Brandi Peacher, LFUCG Director of Project Management, to understand the terms of the assignment and any work undertaken by LFUCG on this project to date. We also consulted with both individuals while preparing the report.
2. Obtained a list of all properties owned by the LFUCG within the downtown boundaries to determine any viable opportunities for properties already owned by the city.
3. Reviewed the 2023 space study to better understand the space needs for a new City Hall.
4. Reviewed the Lexington Central Library Reuse/Retrofit Report of May 23, 2017, as prepared by CGL Architects.
5. Met with Jim Duncan, LFUCG Director of Planning, and Keith Horn, LFUCG Commissioner of Planning, to obtain their perspectives, insights and recommendations.
6. Met with David O'Neill, Fayette County Property Valuation Administrator, to obtain data and confirm information.
7. Toured the downtown market and inspected all properties within the geographic boundaries.
8. Interviewed and met with numerous property owners, brokers, and representatives regarding the availability of space in commercial buildings and the opportunity to acquire or assemble properties for new construction.
9. Researched potential properties using the Fayette PVA's website and other online resources.

CRUCIAL SITE SELECTION CRITERIA

Given the minimum criterion of being within the downtown boundaries, with sufficient lot size to accommodate a building of approximately 160,000+ square feet and parking for employees and the public, we concluded that any existing buildings or suitable sites should incorporate the following criteria:

1. Direct access to Main Street, Vine Street, Broadway or Midland Avenue. As these are the major corridors entering downtown providing more through-lanes for traffic, these roads will yield the best ingress/egress for visitors and employees. Also, wayfinding will be easiest on main corridors. Ideally, the site would be located on Main Street or Vine Street, with Broadway or Midland a secondary option. Sites located closest to the center of downtown and the current building at 200 E. Main Street would be optimum.
2. Proximity to existing parking garages. Proximity to Lexington-Fayette County Parking Authority owned parking garages, requiring only short walks to and from parking, and direct site lines to the new city hall would be a strong positive.
3. Ability to centralize all government functions in a single location. Having a single city hall or government center would enable more efficiency, ease of administration and productivity. Some of the identified properties would require the use of two buildings to fully house all government functions. Though workable, a single location would be the best option.
4. Ease of execution and likelihood of completing a transaction. Transactions involving the acquisition of multiple parcels, with multiple owners, and properties encumbered by leases and lenders greatly diminish the chance for success. This is a major consideration in assessing the feasibility of each site.
5. Impact on existing neighbors and adjacent property owners. An important question to consider is whether a new city hall will positively or negatively affect its location. Redeveloping some sites could enhance and improve a poorly planned existing building or area. The redevelopment of other sites may negatively impact a residential neighborhood through encroachment and potential gentrification.
6. Cost of relocation and disruption of government services. A single move into a newly equipped facility is more efficient and significantly cheaper than moving into temporary space followed by relocating to a permanent facility. A property that minimizes cost and disruption of government services is obviously advantageous.

POTENTIAL PROPERTIES & SITES IDENTIFIED TO MEET LFUCG'S NEEDS

Downtown Public Facilities

Property Address	Name	Total SF	Total Acr	Ovrly	Yr Blt	Zoning	Property Owner
150-162 E Main St	Co Crt Clerk/Police	NA	1.14		NA	B-2B	LFUCG
100/130/140 E Main/110 S Limestone	Library/Phoenix Pk	106,625	1.56	C	1984	B-2B	LFUCG/Lexington Public Library
150-170 E Vine St	Transit Center		2.67		1980	B-2B	Lex-Fayette Co Parking Authority

Downtown Lexington Potential Buildings

Property Address	Name	Total SF	Total Acr	Parking	Yr Blt	Zoning	Property Owner
1 Quality St / 201 E Vine St	KU Bldg	144,000	1.21	95	1979	B-2	Kentucky Utilities Co
200-260 W Vine St	Truist Bldg	91,500	1.77	320	1972	B-2B	Lexington Opportunity Fund LLC
301-325 E Main St	PNC Tower	126,143	2.11	244	1981	B-2	Polo I, LLC (Ground) MidFirst Bank (Building)

Downtown Lexington Potential Development Sites

Property Address	Name	Total Acr	Yr Blt	Zoning	Property Owner
318-320 E Main St	City National	0.99	1966	B-2	City National Bank of WV
239-277 E High/260-262 E Vine 145 Rose	YMCA/Hisle/Mills	2.15	NA	B-2	Multiple property owners
Midland at Short St		2.39	NA	B-2A	Multiple property owners
W Short at Mill St		1.34	NA	B-2B	Multiple property owners
E High at MLK Blvd		1.35	NA	B-2A	University of Kentucky

DISCUSSION OF EXISTING PUBLIC FACILITIES

LFUCG and other quasi-governmental agencies own three large sites, each with substantial structures complicating redevelopment, and each of which LFUCG has evaluated in detail for developing a new city hall over the past ten years or so. While we again considered these three locations, the primary objective of the report was to identify new opportunities and sites. The following is a summary of the downtown public facilities:

1. Transit Center - 150-170 E. Vine Street

The location and size (2.67 acres of land) make the site a potentially very favorable one for a new city hall. However, the following complicating factors in redevelopment eliminate it from consideration:

- Previous engineering studies question the ability to safely construct improvements over the parking garage.
- The financing of the garage involved federal funds which might prohibit a major modification to the property.
- The MLK Bridge bisects the property.
- Relocating the Transit Center, and/or developing the property jointly as a City Hall and Transit Center, is not viable.

2. Library/Phoenix Park - 100/130/140 E Main/110 S Limestone

The land area is approximately 1.56 acres, and the existing library structure is approximately 109,000 square feet. The following outlines why this site was determined not to be viable:

- Utilization of the library building would require a two-building solution, as the library's square footage does not meet the requisite 165,000 square feet.
- The 2017 study by GCL Architects determined that the use of the library property did not provide the greatest economic benefit.
- Adding additional square footage to the library building would likely encroach upon Phoenix Park and adversely impact the Park Plaza Apartments. Plans are now under way to improve and upgrade Phoenix Park.

DISCUSSION OF EXISTING PUBLIC FACILITIES

3. County Clerk's Office/Police Department Building/ Helix Garage - 150-162 E. Main Street

The 1.14-acre tract is directly across MLK Blvd. from the existing city hall. The current buildings at this location do not add to the business district streetscape and redevelopment of these properties would be positive for downtown. Challenges related to this location are as follows:

- Building a new city hall at this site would require demolition of the Helix Garage, County Clerk's office and the Police Department Building. The loss of public parking spaces and revenue from the Helix Garage would be problematic for Lexington-Fayette County Parking Authority.
- The Police Department and County Clerk's office would not be easy to relocate on either a temporary or permanent basis and could necessitate moving both the Police Department and County Clerk's office twice if they are to be housed in the new building.

DOWNTOWN LEXINGTON POTENTIAL EXISTING BUILDINGS

1 Quality St / 201 E Vine St (KU Building)

200 W Vine St (Truist Building)

301-325 E Main St (PNC Tower)

1 QUALITY ST / 201 E VINE ST (KU BUILDING)

1.21 AC

This building at One Quality Street has approximately 144,000 square feet with surface parking. The property owner also owns the surface parking lot at 201 East Vine Street.

Zone B-2

PROS: The ability to redevelop an existing building to meet the city's needs. Very close proximity to LFUCG-owned parking. Property is easily accessed from Main or Vine via Quality Street. Well maintained building with many recent updates.

CONS: The building is not listed for sale and KU plans to add more employees to this location. Building is slightly below the square footage requirement. The property was built in 1979.



200 W VINE ST (TRUIST BUILDING)

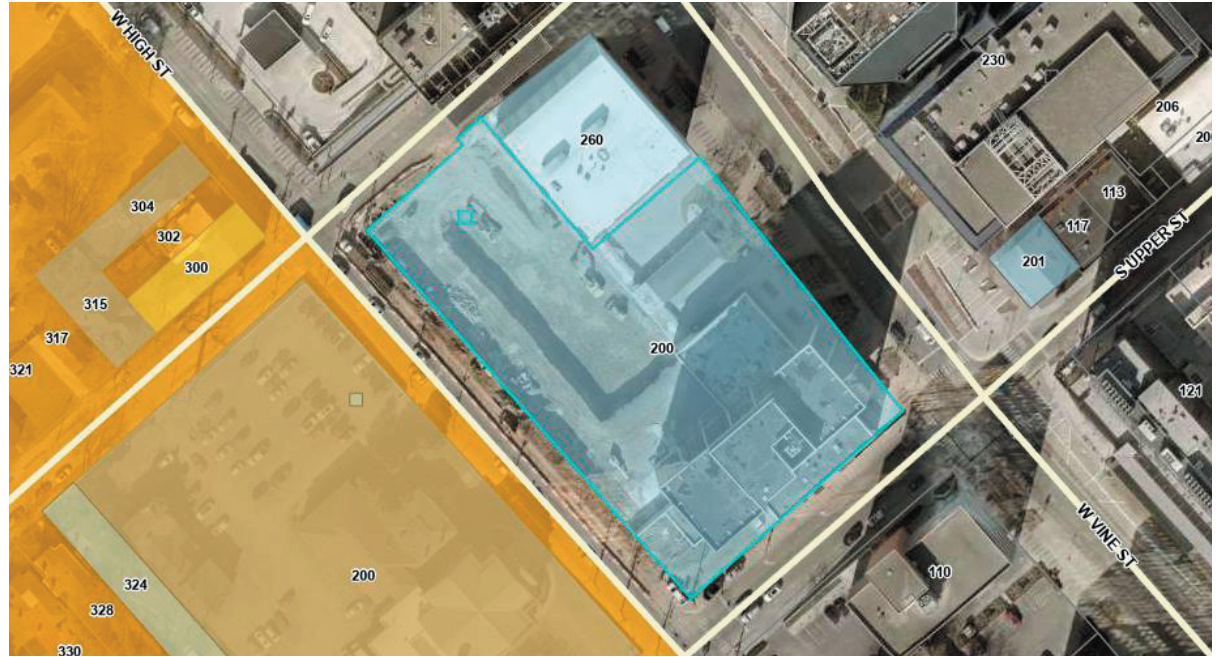
1.77 AC

The 8-story building has approximately 91,500 square feet and a brand new parking structure with 320+ parking spaces. The property owner has air rights to build an additional 7-story building on top of the parking structure allowing for approximately 165,000 square feet.

Zone B-2B

PROS: The ability to redevelop an existing building to meet the city's needs. The owner has indicated that the existing building could be demolished for construction of a new tower. Ample parking on site and within walking distance to public parking. City Hall would still have a prominent place on one of the two main arteries downtown.

CONS: Building owner indicates a desire to ground lease or build to suit versus outright sale. The neighboring and adjacent US Attorney's office cannot be relocated and would have to plan accordingly.



301-325 E MAIN ST (PNC TOWER)

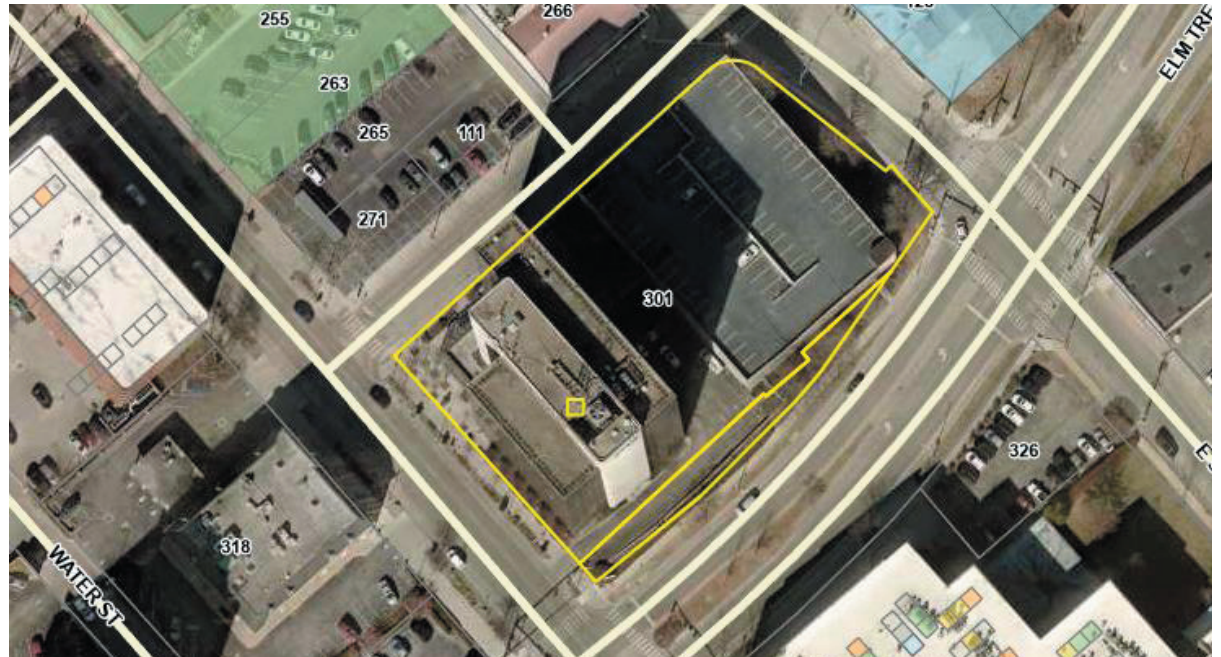
2.11 AC

This 12-story building has 126,143 square feet and an attached parking structure with 244 parking spaces. The building is currently owned by the lender and the underlying ground is owned by another entity.

Zone B-2

PROS: The ability to redevelop an existing building to meet the city's needs. Plenty of parking and walking distance to LFUCG-owned parking. Surrounded by a plaza area. Close to Thoroughbred Park as well as the central downtown business district. Accessible from Main, Rose or Short St.

CONS: Property is on a ground lease. Property does not fully meet the square footage parameters. The building is encumbered with multiple leases which would be difficult to unwind. The execution of the transaction is problematic.



DOWNTOWN LEXINGTON POTENTIAL DEVELOPMENT SITES

318-320 E Main St (City National)

239-277 E High St (YMCA/Hisle/Mills)

Midland Ave at Short St

W Short St at Mill St

E High at MLK Blvd

318-320 E MAIN ST (CITY NATIONAL)

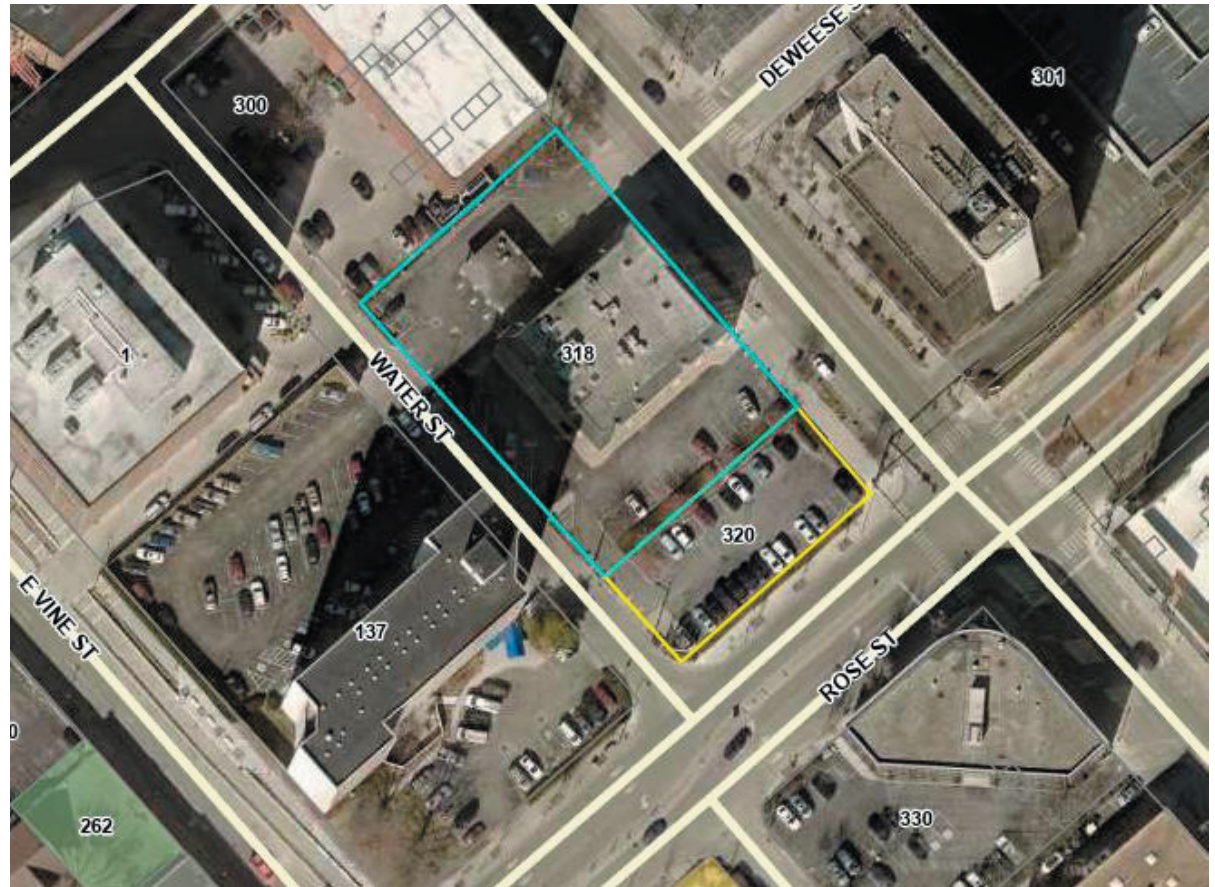
0.99 AC

Zone B-2

Currently owned by City National Bank and located at the corner of Main and Rose St.

PROS: Corner location. Easily accessible from major arteries. Ingress/egress from both Main and Rose. Only one owner involved in potential transaction.

CONS: Smaller parcel. Not listed for sale.



239-277 E HIGH ST (YMCA/HISLE/MILLS)

2.15 AC

239-259 E High St	1.26 ac
277 E High St	.39 ac
260 E Vine St	.11 ac
262-264 Vine St	.10 ac
145 Rose St	.29 ac

Zone B-2

Currently the location of the Downtown YMCA, The Hisle Building, and the former Kinko's/CRW building.

PROS: High elevation could make redevelopment of this parcel a focal point in downtown.

CONS: Owned by multiple property owners. The YMCA would need to be relocated or incorporated into the new development. The site would be a more secondary position for city hall as opposed to the current location. Ingress/egress from Vine St could be problematic.



MIDLAND AVE AT SHORT ST

2.39 AC

143-155 Midland 1.7 ac
165 Midland .69 ac

Zone B-2A, B-4

PROS: Prominent location across Midland from the new FCPS property. Across the street from Thoroughbred Park and adjacent to Town Branch Trail. Easily accessible from major arteries. This site would result in new development for the East End.

CONS: Owned by multiple property owners. KU substation on the same block. Main ingress/egress would need to be on the Short St side. May have a negative impact on the neighborhood bordering the property.



W SHORT ST AT MILL ST

1.34 AC

301-339 W Short St .95 ac
139 N Mill St .39 ac

Zone B-2B
(partial "C"
overlay)

PROS: Large, flat parcel that is currently vacant except for a small 6,724 SF building used as a restaurant. Redevelopment of an under-utilized downtown parcel.

CONS: Multiple property owners. Would put City Hall away from the main corridors on a smaller secondary streets. Availability of parking is limited in this area.



E HIGH AT MLK BLVD

+/-1.35 AC

Zone B-2BA

PROS: Prominent location on East High Street across from Transit Center public parking. Development of underutilized vacant parcels. These parcels are both solely owned by the University of Kentucky.

CONS: This location would place a potential new City Hall building on a smaller secondary street.



SUMMARY OF FINDINGS

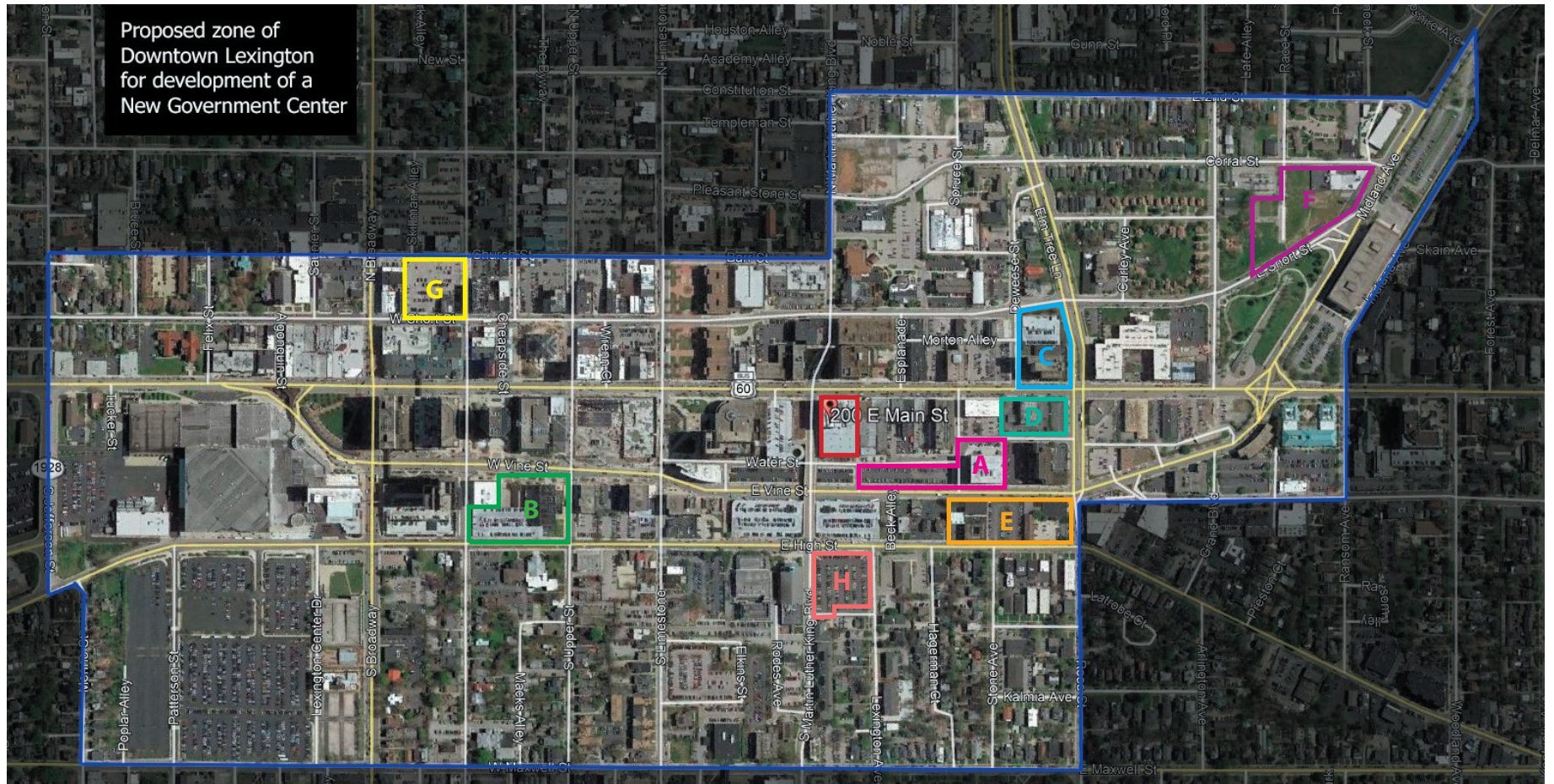
In summary, two existing buildings and possibly a third may be suitable for LFUCG's new city hall. The KU Building at One Quality Street is approximately the correct size and in the heart of downtown with nearby public parking. The Truist Building at 200 W. Vine St. offers flexibility, with either a renovation of the existing 91,000 square foot building and construction of an additional connecting building or demolition of the existing building and construction of an entirely new structure on the 1.77-acre parcel. Both options would use the newly rebuilt 320-space parking garage. Therefore, the Truist site offers the possibility of a brand-new building or a renovated building with a newly constructed connecting building. The PNC Tower does not fully meet LFUCG's square footage requirements, and we believe that the current leases in place and the ownership structure make this transaction difficult to execute.

If LFUCG decides to construct a brand-new building, possible sites are the Truist building, the City National Bank building and parking lot at the corner of Main Street and Rose Street, the YMCA's High Street location, Midland at Short Street property,

the West Short at Mill Street property, and E High at MLK Blvd. The YMCA/Hisle/Mills site, the Midland at Short Street site and the West Short at Mill Street sites all involve assembling multiple sites from different property owners, who would in turn have to find suitable new locations. These issues decrease the likelihood of successful project completion. The City National and the E High at MLK Blvd sites are viable.

The information compiled in the report yields the following conclusion: There are limited options available for a new city hall in downtown Lexington. Further complicating the process, none of the buildings or possible building sites noted herein are actively being marketed for sale. However, based on our knowledge of the market and preliminary conversations with property owners, we do believe that some of the properties are appropriate for a new city hall and are procurable such that the LFUCG could move forward with a successful project.

EXHIBIT A - MAP OF SEARCH AREA



Potential Buildings

- A KU Building
- B Truist Building
- C PNC Tower

Potential Development Sites

- D City National
- E YMCA
- F Midland Avenue
- G W Short/Mill St
- H E High/MLK

Current City Hall

- 200 E Main St

EXHIBIT B - PROPERTIES DEEMED NON-VIABLE

Downtown Properties Considered but Deemed Non-Viable

Property Address	Name	Total SF	Total Acr	Ovrly	Yr Blt	Zoning	Property Owner
366-400 E Main St	Main/Midland/Vine	0	1.97			B-2	Multiple property owners
210-248 E Second/Wickliffe/MLK	Vacant	3,005	1.73		NA	B2-A	Multiple property owners
High St and Maxwell	Lexington Convention Center	NA	16.4		NA	B2-B	

EXHIBIT C - REPRESENTATION AND CONFLICT OF INTEREST STATEMENT

Schrader Commercial Properties is independent with respect to this report and does not currently represent any properties within the geographic boundaries identified as potential sites. The following are disclosures relative to prior representation and previous work in the downtown area:

1. We currently represent the owners of Goodwin Square (444 E. Main Street), 400 East Vine Street (WesBanco Building) and 106 W. Vine Street (Landrum and Shouse Law Firm). None of these properties are included as part of this study.
2. We represented Independence Bank in its acquisition of the site at Main, Midland and Vine Street listed in the report.
3. We represented City National Bank in leasing space at 318 and 320 E. Main Street.
4. We have represented Kentucky Utilities in multiple transactions over many years. We have no existing representation for the One Quality Street property.
5. We represented numerous tenants who have leased space from property owners who have properties included in the study.
6. We manage the retail spaces known as the Broadway Shoppes (126-130 N. Broadway) for the Lexington-Fayette County Parking Authority.



Photo by Mark Mahan

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