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**City of Wichita
City Council Meeting
May 22, 2007**

Agenda Report No. 07-0489

TO: Mayor and City Council
SUBJECT: STAR Bonds for River District Redevelopment Project (District I)
INITIATED BY: City Manager Office (Economic Development)
AGENDA: Consent

Recommendation: Adopt the resolution setting July 10, 2007 for a public hearing on the River District Redevelopment Project.

Background: On September 10, 2002, the City Council approved the Development Agreement and Master Plan for the WaterWalk Redevelopment Project, located in the East Bank Redevelopment District in downtown Wichita (Resolution No. 02-402). On March 25, 2003, the City Council approved a revision of the Site Plan in the Development Agreement, approving the vacation of Lewis Street within the project area and the construction of a new street connecting Waterman and Lewis streets.

On September 16, 2003 and December 2, 2003, the City Council approved a revised Master Plan and amendments to the Development Agreement to incorporate a major destination retail facility based on the use of STAR bond financing and contingent upon approval from the State Secretary of Commerce. On December 30, 2003, the Governing Body adopted Resolution No. 03-671, authorizing issuance of general obligation bonds for Phase I of the River Corridor Improvement Project. On September 21, 2004, the City Council adopted Resolution 04-534 to enlarge the East Bank Redevelopment District and (amending Resolutions Nos. 02-402 and 03-671) to facilitate the use of STAR bonds for financing a part of the cost of the River Corridor Project.

Analysis: Staff identified the River Corridor project as eligible for STAR bond financing and compatible with the public improvements in the WaterWalk Project. The enlargement of the East Bank Redevelopment District permitted WaterWalk and the River Corridor Improvements to be merged into a single redevelopment project (“The River District”) for the purpose of applying to the State Department of Commerce for special obligation STAR bond financing. Construction is nearly completed on Phase I of the River Corridor Improvement project and it is now necessary to arrange permanent financing.

A total not-to-exceed amount of \$13,000,000 to be paid from special obligation (STAR) bonds (excluding underwriting and issuance costs) is being requested to pay for a portion of the River District Redevelopment Project. Upon approval of all statutory steps, including approval from the State Secretary of Commerce, STAR bonds would be used to finance eligible costs.

Statutory procedures and Department of Commerce guidelines to establish legal authority to issue STAR bonds require a formal project plan which must include an independent market study to ensure the project will satisfy state economic development objectives and an independent financial feasibility study. These studies have been done and affirm the viability of the project. The STAR bonds process also requires review by the local planning commission and adoption and publication of a resolution setting a public hearing for the project. The STAR bond project plan must also be approved by the Kansas Secretary of Commerce. Recent legislative amendments to the STAR bond authorizing statute allow until July 31 for a formal STAR bond application from City Wichita to be received by the Secretary of Commerce.

The proposed special bond project has been presented to and reviewed by the Wichita-Sedgwick County Metropolitan Area Planning Commission. It is recommended that July 10, 2007 be set as the public hearing on the proposed River District Redevelopment Plan. Staff plans to return to Council on that date for formal adoption of the plan and an ordinance for authorization to issue special obligation bonds. All occupants and owners of land within the East Bank Redevelopment District will be notified of the hearing not more than ten (10) days following the adoption of the hearing resolution. Copies of the resolution will be mailed by certified mail. Copies will also be sent to the Unified School District 259 School Board and the Sedgwick County Commission.

Financial Considerations: By law. STAR bonds must be issued as special obligation bonds, payable solely from incremental sales tax revenues generated within the redevelopment district. The total not-to exceed amount of improvements that can be funded with STAR bonds is \$13,000,000 dollars, based on the financial feasibility study that is included in the project plan. The total cost of the entire River District Redevelopment Project is \$155.8 million, with \$87 million provided from private investment and \$68.8 million of public investment, which includes the STAR bond-funded improvements.

Goal Impact: Economic Vitality and Affordable Living, and Quality of Life. This project will establish a major tourist attraction of statewide and regional importance.

Legal Considerations: The resolution has been reviewed and approved as to form by the Law Department. The use of special obligation bond funds for this project must be authorized by the City Council and approved by the State Secretary of Commerce before bonds may be issued. The City must follow the statutory procedures to establish the legal authority to issue STAR bonds. The Law Department will review the necessary agreement amendments, ordinances and resolutions before they are returned to the City Council.

Recommendations/Actions: It is recommended that the City Council adopt the resolution setting July 10, 2007

Attachment(s): Resolution considering the adoption of a special bond project plan.

Resolution No. _____

A RESOLUTION STATING THE CITY OF WICHITA IS CONSIDERING THE ADOPTION OF A SPECIAL BOND PROJECT PLAN FOR THE EAST BANK REDEVELOPMENT DISTRICT.

WHEREAS, by Ordinance No. 42-966 adopted December 12, 1995, and published December 15, 1995, the City of Wichita established a redevelopment district pursuant to K.S.A. 12-1770 et seq., as amended, known as the East Bank Redevelopment District; and

WHEREAS, by Ordinance No. 45-339 adopted June 25, 2002, and published June 29, 2002, the City of Wichita removed property and reduced the boundaries of the East Bank Redevelopment District pursuant to K.S.A. 1771(g); and

WHEREAS, by Ordinance No. 45-983 adopted January 3, 2004, and published February 6, 2004, the City of Wichita adopted a redevelopment project plan for the WaterWalk Redevelopment Project for the East Bank Redevelopment District; and

WHEREAS, by Ordinance No. 46-407 adopted November 16, 2004, and published November 29, 2004, the City of Wichita substantially changed the Redevelopment District Plan by adding area to the East Bank Redevelopment District pursuant to K.S.A. 12-1771 (e) and (f); and

WHEREAS, the City of Wichita proposes to undertake a special bond project within the East Bank Redevelopment District; and

WHEREAS, the City has prepared a special bond project plan for said project in accordance with K.S.A. 12-1780c and is considering the adoption of the plan; and

WHEREAS, a relocation assistance plan under K.S.A. 12-1777 is not required in the special bond project plan; and

WHEREAS, the Wichita Sedgwick County Metropolitan Area Planning Commission has reviewed the proposed special bond project plan and determined that the special bond project plan is consistent with the comprehensive general plan for the development of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

1. The City of Wichita is considering the adoption of a special bond project plan for the East Bank Redevelopment District.

2. The City of Wichita will hold a public hearing to consider the adoption of the special bond project plan on the 10th day of July, 2007, at 9:00 a.m., or as soon thereafter as possible, in the City Council Chambers, City Hall, 455 N. Main, Wichita, Kansas.

3. The special bond project will be located within the East Bank Redevelopment District, the boundaries of which are set forth in Exhibit "A" attached hereto.

4. The River District STAR Bond Project Plan and a map of the area to be redeveloped are available for inspection during the regular office hours in the office of the City Clerk, City Hall, 13th Floor, 455 N. Main, Wichita, Kansas. The special bond project plan includes the feasibility study, market impact study, maps and boundary descriptions, descriptions of the public improvement projects, and other information pertinent to the project. Under the terms of the River District STAR Bond Project Plan, special obligation bonds may be used to finance not-to-exceed \$13,000,000 of the costs to construct public infrastructure and amenities located on the banks of the Arkansas River between the Kellogg Bridge and the Seneca Street Bridge, including the Keeper of the Plains Plaza, suspension bridges, riverbank landscaping, walking and bike paths, scenic overlooks and an outdoor amphitheater.

5. The governing body will consider making findings and taking action necessary for the adoption of the special bond project plan at the public hearing set to be heard herein.

6. It is determined and notice is hereby given that the City may issue special obligation bonds, payable from incremental revenues collected within the redevelopment district (STAR bonds), pursuant to K.S.A. 12-1770 et seq., as amended, and subject to approval by the Kansas Secretary of Commerce, to finance the special bond project, in whole or in part.

7. A copy of this Resolution shall be mailed by certified mail to the Sedgwick County Board of County Commissioners and to the Board of Education of Unified School District No. 259.

8. This Resolution shall be published once in the official City newspaper not less than one week or more than two weeks preceding the date fixed for the public hearing. Such publication shall include Exhibit "A" which is a sketch clearly delineating the area in sufficient detail to advise the reader of the particular land proposed to be included within the project area.

ADOPTED this ____ day of _____, 2007.

Carl Brewer, Mayor

ATTEST:

Karen Sublett, City Clerk

APPROVED AS TO FORM:

Gary Rebenstorf, City Attorney