

DR 82-15 - Convention Center
Expansion.

ACTION

COMMITTEE	DATE
EDC Approved w/ Several Recommendations	5/27/82
Approved w/ Comments and Future Interest	6/3/82
M.A.P.C.	
R.C.C./B-60-G. Approved w/ Instructions	6/18/82

January 7, 1983

Downtown Building Owners/Managers

Roy Dudark, Project Planner

Skywalk Plan and Policy Statement

As was mentioned during the block meetings in November, a skywalk development plan and policy statement has been prepared and is enclosed for your review and consideration. Also enclosed is a brief synopsis of the basic features of each.

I would like to emphasize that these proposals are preliminary in nature and do not represent final or official City policy as to location or implementing provisions. On the contrary, I would encourage each of you to look over the information closely and make any suggestions which you believe will create a better skywalk system or bring about improved public-private cooperation during development and operation.

Regarding consideration of the proposals, we anticipate that the plan and policies will be the subject of discussion of several downtown interest groups during the next several weeks. Currently, we expect the item to be taken up by the Metropolitan Area Planning Commission on January 27, 1983. Consideration by the Board of City Commissioners could occur on February 8.

While your participation is encouraged in any of the upcoming meetings, I would welcome any comments or questions that you may have. You can reach me at 268-4391.

Roy Dudark, Project Planner

RD:vn
Enclosures

July 6, 1982

Robert Finch, Deputy City Manager

Robert A. Lakin, Director of Planning

Convention Center Facility

In reviewing Brenner's memorandum, dated June 23, 1982, we have checked the adopted Comprehensive Plans and the Urban Renewal Plans that pertain to the Convention Center site. It appears that the Convention Center site does not fall within the area set forth in the Urban Renewal Civic Center Land Use Plan, Project R-19, amended March 28, 1974. The last amendment for this was to provide for an Art Museum site south of the Library, and does not provide for any public use in the area west of the parking lot south of the Library or south of Century II. It is contained, however, within the general Urban Renewal Plan in its totality and does carry the appropriate land use designation for "public buildings". This document is dated November 27, 1972. The Law Department may need to determine which plan takes precedent one over the other one. Since the R-19 project is more detailed and specific, and the other one is broader and general even though earlier, it would be my judgment that the NDP plan is sufficient to control.

The Planning Commission also has adopted as a part of its original Center City Study in 1962, a designation for a cultural area and is a part of the adopted comprehensive master plan for the metropolitan area. This area extends from Douglas southward to Waterman and then diagonally over towards the river and does include all of the area that is currently discussed for parking and/or Convention Center. As long as there is no argument as to the Convention Center being adequately considered a part of a cultural center (and I believe that it clearly is) then no additional changes need to be made to the adopted Comprehensive Plan.

If any additional information is needed, please advise.

RAL:rme

Robert A. Lakin
Director of Planning

cc: Russell L. Brenner, Director of Administration
Don Anderson, Director of Housing & Economic Development
James F. Clancy, Director of Community Facilities
John Dekker, Director of Law
Bill McKinley, Traffic Engineer
Roy Dudark, Senior Planner, Advance Plans Division

WICHITA-SEDGWICK COUNTY

Lakin's Copy

DATE 6/4/82

METROPOLITAN AREA PLANNING DEPARTMENT

TO Board of City Commissioners
through E. H. Denton, City Manager

FROM Robert A. Lakin, Director of Planning

SUBJECT NEW CONVENTION FACILITIES

The Metropolitan Area Planning Commission at its last meeting of June 3 considered the recommendations of the Economic Development Commission and the report of the Chamber of Commerce on the new convention facilities. I submitted, in addition, the attached memorandum dated May 28 commenting on issues I thought to be particularly in the area of interest of MAPC. This included location, parking, and the skywalks.

The Planning Commission after having had a presentation by both the Chamber of Commerce and Mr. Pollack and after a discussion of the project, voted to endorse the recommendations of EDC and the Chamber of Commerce comments with the comments of the Planning Director with respect to location, parking, and skywalks; and expressed an interest to have future involvement in the project as it progresses (Gardner, Bayouth, Goebel, Hansen, Cazal, Lofton, and Martens--yes; Wilson--no; Jones and Chisholm--absent).

Robert A. Lakin
Director of Planning

RAL:rh

Attachment: Copy of May 28 Memo to MAPC

cc: Don Anderson, Director of Housing and Economic Development
Bill Stockwell, Chief Planner, Advance Plans Division, Planning Department
Joel Pollack, Chairman, Board of Economic Development Commission, 337 North Waco, Wichita, Ks. 67202
Jerry Mallott, Manager, Business and Industrial Development Dept., Wichita Area Chamber of Commerce, 350 West Douglas, Wichita, Ks. 67202

CAC
 - Wants Arch hired
 - Sky concept approved
 - Total kept as a single project
 - EDC endorse
 - location, parking, skywalks
 - 100% endorse (especially skywalks)
 - Board of Traffic on movement
 - Kind - how? on location being preferred
 - MAPC concern
 - location in case we out of case
 - Return on investment to city, or benefit to business
 - Future involvement in project (Landscape design related) by MAPC

WICHITA-SEDGWICK COUNTY

DATE

METROPOLITAN AREA PLANNING DEPARTMENT

May 28, 1982

TO Metropolitan Area Planning Commission
FROM Robert A. Lakin, Director of Planning
SUBJECT New Convention Facility

On May 27, 1982, the Economic Development Commission voted unanimously to recommend the construction of a new convention facility. This recommendation, which now goes to the Board of City Commissioners, encompasses the following elements:

- Located immediately south of Century II on the Arkansas River Land Company site (Southwest Grease) or the City parking lot and connected to Century II by a walkway.
- Containing up to 149,000 gross square feet; including 100,000 square feet of clear span exhibit space.
- Total cost of facility, land, equipment parking and skywalks not to exceed \$15.5 million.
- Financed exclusively by a one cent increase in the transient guest tax (a total of 5%).

This recommendation is based on reports from Mr. James Clancy, Director of Community Facilities, Mr. Robert Langenwalter, of the Wichita Area Chamber of Commerce, and Mr. Don Anderson, Director of Housing and Economic Development--City of Wichita. The Planning Commission was provided copies of these reports on May 14, 1982. In addition, a financial analysis was conducted by a subcommittee of the Economic Development Commission. A memorandum from this subcommittee and financial tables are attached to this communication.

A few items need to be brought to your attention as you consider a recommendation on this project:

1. Location. The location selected for the new convention facility is essentially the site recommended by the Planning Department earlier this year. However, should acquisition of the Arkansas River site prove too costly, placement of the facility on the parking lot site would render a burden on the operation of Century II plus seriously aggravate the parking supply.

Page 2
May 28, 1982
MAPC--New Convention Facility

In addition, the Chamber of Commerce illustration places the exhibition hall in close proximity to Century II which would necessitate a realignment of the street system. The location should instead be viewed as conceptual at this point with exact placement of the structure left open pending field surveys and more detailed architectural, utility and circulation studies. I am sure that most everyone views the location in this manner, but we need to ensure that everyone understands this point.

2. Parking. The proposed facility does not include the construction of additional parking, but rather alludes to the provision of "adequate" parking.

The Chamber's report also excluded the immediate provision of additional parking. They instead suggested the use of existing parking facilities for hotels and offices through installation of a skywalk to Century II and the new exhibition hall as well as reliance upon parking associated with the new hotel and other development proposed by the Arkansas River group. The first suggestion is hampered by the fact that existing core parking facilities are fully utilized by employees and clients of businesses during the day, that period when most new convention activity is expected. The second suggestion may serve a few conventioners, but generally speaking, a private developer will only provide parking to accommodate his own project.

The Planning Department study identified the need for additional parking at the rate of four spaces per 1,000 square feet or one-half the existing ratio of parking spaces to building area. The approximate amount of useable space in the proposed facility is 125,000 square feet which results in a need for some 500 additional parking spaces.

Therefore, I am of the opinion that in order to assure a viable and successful facility that additional parking should be secured in concert with development of the exhibition hall. Accordingly, greater priority should be placed on additional parking and efforts should continue forward on finding a feasible parking solution.

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May 28, 1982
MAPC--New Convention Facility

3. Skywalks. The Chamber of Commerce has proposed and the Economic Development Commission has endorsed the simultaneous construction of a skywalk system around Century II and extending down the center of Douglas from Waco to Market. The current cost is estimated at \$3.0 million which excludes the cost of connections from private hotels, banks and other buildings along Douglas. The Economic Development Commission also suggested that consideration be given to creation of a benefit district to maintain and operate the skywalk system.

An all-weather elevated pedestrian walkway system would be a tremendous asset to downtown Wichita. Properly designed, it would not only serve the convention trade, but retail, professional, financial and other downtown interests.

The Chamber's plan does, however, differ markedly from the plan proposed by the American City Corporation and Wilbur Smith and Associates in support of an overall downtown redevelopment plan conceived in 1980, by the Foundation for Wichita Development. This skywalk plan consists of a mid-block design built over alleyways along the backside of buildings located along Douglas. The skywalk would cross Douglas between Century Plaza and the First National Bank. Mid-block plans are alleged to be more cost-effective as well as architecturally compatible with existing buildings and open vistas.

Given the apparent collapse of the Wichita Royale hotel expansion, the need to proceed with the construction of a skywalk system is somewhat less immediate. Consequently, it seems prudent to take sufficient time to evaluate the various skywalk plans in terms of cost, location and design, financing and operating responsibility.

Perhaps we should begin by defining our pedestrian circulation and development goals and then commission the formulation of alternate design schemes which would achieve those goals.

Page 4
May 28, 1982
MAPC--New Convention Facility

Recommendation

Endorse the recommendations of the Economic Development Commission and the Chamber of Commerce together with the recommendations of the Planning Director with regards to location, parking and skywalks; or

Take such action as is in the public interest.


Robert A. Lakin, Director of Planning

RAL:RD:vn
Attachments

TO: Members of the Economic Development Commission

FROM: Rod Stewart
Tracy Burton
Larry Payne

SUBJECT: Exhibition/Convention Center, Parking and Skyway System

Should the Economic Development Commission vote to approve the subject project, we recommend that the motion contain:

1. That the fixed price cost of the project shall not exceed \$15,500,000.
2. That the Transient Guest Tax be increased from 4% to 5%.
3. That any form of debt service and/or lease payment(s) will have pre-emptive rights on the Transient Guest Tax receipts.
4. That any deficits incurred in the operation of Century II and the new Exhibition/Convention Center be deducted from Transient Guest Tax receipts.
5. That any funds remaining from receipts of the Transient Guest Tax, after appropriations are made to various other agencies, be deposited in a reserve fund for future use towards buildings and/or attractions which would offer advantages to visitors and citizens.
6. That any income in excess of expenses incurred in the operation of Century II and the new Exhibition/Convention Center be deposited in the aforementioned reserve fund.

This Committee, in conjunction with the staff of the Department of Housing and Economic Development, and the Chamber of Commerce, have identified numerous forms of viable financing alternatives. These forms include, but are not limited to: private funds, bond issue, build-to-suit and sale lease-back. Additional consideration should be given to reducing the initial debt by applying the anticipated \$4,000,000 proceeds from the sale of Union Station and the GSA site.

We will present for your consideration one of these financing alternatives. Assignments have been made to explore other alternatives, which would be recommended only if they resulted in a reduction of payments. Projections of income used are based on Guest Tax receipts from existing hotels/motels, and do not reflect any additional "on-the-drawing-board" projects.

In the event that the Skyway System is built, consideration could be given to establishing a Benefit District that would, among other things, maintain and operate the system.

The over-riding thrust of our proposal is that the project will be funded in its entirety by the Transient Guest Tax; thereby eliminating any cost to the taxpayers.

On the basis of our proposal, we see no reason to delay voting on this project. We do suggest, that if the voting outcome is positive, that the entire physical plan be submitted to the Metropolitan Area Planning Commission for their perusal prior to submission to the City Commission.

**FINANCIAL ANALYSIS
EXHIBITION AND SKYWALK SYSTEM**

ASSUMPTIONS:

- A. G. O. Bonds would be used for a 15 year term with five years of interest only.
- B. Sole source of income to retire these bonds would be the Transient Guest Tax. A 5% tax is expected to produce income of \$1,635,000 in 1983.
- C. Interest earned is on the balance in the building fund from the previous year at 10%.
- D. Building fund beginning balance is \$1,612,500. (1981 - \$325,000; 1982 - \$485,000; 1983 - \$812,000).

This assumes a 1% increase in the Transient Guest Tax as of August 1, 1982.
- E. The project would begin in 1982 and be completed in 1984.

MAJOR VARIABLES WHICH AFFECT RESULTS:

Rate of growth of Transient Guest Tax
Interest rate on G.O. Bonds
Cost of facilities

1. Rate of Growth of Transient Guest Tax:

The average growth rate has been approximately 14% since the inception of the tax. Factors which will maintain or increase this rate include:

- a. Inflation in room rates of Wichita hotels from normal costs.
- b. Inflation in room rates from new hotels which raise the overall rate structure.
- c. Increased convention business from the new exhibit hall.
- d. New hotels which add to base of available rooms from which the tax is paid. (Over 500 nearing construction stage).
- e. Growth of Wichita business and population during next 15 years.

In order to test the range of possibilities three rates were used:

- 14% - assumes average growth
- 12% - assumes only moderate growth
- 10% - assumes conservative growth (27% less than last 5 years)

2. Interest Rate on G. O. Bonds:

Bonds issued today are selling for just over 10%. Investment bankers inform us the rate is decreasing and that a lower, not higher, rate should be expected. 10% appears to be a realistic interest rate.

3. Cost of Facilities

Through contacts with construction companies and architects, the cost estimate of \$15,500,000 was developed. This cost includes land acquisition and a factor for some error.

FIVE YEAR AVERAGE GROWTH RATE ASSUMES: 14% TGT GROWTH, 10% GD INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990		
CDST	1550000	1550000	1550000	1550000	1550000	2487520	2487520		
INCOME									
TG TAX	1863900	2124846	2422324.	2761450.	3148053.	3588780.	4091209.		
INT INC	120000	111250	71250	41250	11250	0	0		
BLDG F.	500000	400000	300000	300000	112500				
BAL IN BF	1112500	712500	412500	112500	0	0	0		
PROMOTE \$	933900	1086096	1243574.	1552700.	1721803.	1101260.	1603689.		
	1991	1992	1993	1994	1995	1996	1997	1998	1999
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	
	4663979.	5316936.	6061307.	6909890.	7877274.	8980093.	10237306	11670529	1330440
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	2176459.	2829416.	3573787.	4422370.	5389754.	6492573.	7749786.	9183009.	1330440

M ODERATE RATE ASSUMES: 12% TRANSIENT GUEST GROWTH, 10% GO INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520									
INCOME																
TG TAX	1831200	2050944	2297057.	2572704.	2881429.	3227200.	3614464.									
INT INC	120000	111250	71250	41250	11250	0	0									
BLDG F.	500000	400000	300000	300000	112500											
BAL IN BF	1112500	712500	412500	112500	0	0	0									
PROMOTE \$	901200	1012194	1118307.	1363954.	1455179.	739680.1	1126944.									
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520
	4048200.	4533984.	5078062.	5687429.	6369921.	7134311.	7990429.	8949280.	1002315							
	0	0	0	0	0	0	0	0	0							
	0	0	0	0	0	0	0	0	0							
	1560680.	2046464.	2590542.	3199909.	3882401.	4646791.	5502909.	6461760.	1002315							

CONSERVATIVE RATE ASSUMES: 10% TRANSIENT GUEST GROWTH, 10% GD INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990		
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520		
INCOME									
TG TAX	1798500	1978350	2176185	2393804	2633184	2896502	3186152		
INT INC	120000	111250	71250	41250	11250	0	0		
BLDG F.	500000	400000	300000	300000	112500				
BAL IN BF	1112500	712500	412500	112500	0	0	0		
PROMOTE \$	868500	939600	997435	1185054	1206934	408982.2	698632.5		
	1991	1992	1993	1994	1995	1996	1997	1998	1999
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	
	3504768.	3855244.	4240769.	4664846.	5131330.	5644463.	6208910.	6829801.	7512781.
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	1017248.	1367724.	1753249.	2177326.	2643810.	3156943.	3721390.	4342281.	7512781.

WICHITA-SEDGWICK COUNTY

DATE

METROPOLITAN AREA PLANNING DEPARTMENT

May 28, 1982

RE: AGENDA ITEM NO 8

TO Metropolitan Area Planning Commission

FROM Robert A. Lakin, Director of Planning

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*Metcalf/Carline info
 request the
 this body to determine
 reasons of the location
 design " < or*

*MC 81
 Williams
 "I've given a decision to
 this body a further improvement
 to be a further improvement
 in the process"*

Page 2
May 28, 1982
MAPC--New Convention Facility

In addition, the Chamber of Commerce illustration places the exhibition hall in close proximity to Century II which would necessitate a realignment of the street system. The location should instead be viewed as conceptual at this point with exact placement of the structure left open pending field surveys and more detailed architectural, utility and circulation studies. I am sure that most everyone views the location in this manner, but we need to ensure that everyone understands this point.

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BAL IN BF	1112500	712500	412500	112500	0	0	0									
PROMOTE \$	901200	1012194	1118307.	1363954.	1455179.	739680.1	1126944.									
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520
	4048200.	4533984.	5078062.	5687429.	6369921.	7134311.	7990429.	8949280.	1002319							
	0	0	0	0	0	0	0	0	0							
	0	0	0	0	0	0	0	0	0							
	1560680.	2046464.	2590542.	3199909.	3882401.	4646791.	5502909.	6461760.	1002319							

CONSERVATIVE RATE ASSUMES: 10% TRANSIENT GUEST GROWTH, 10% GO INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990		
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520		
INCOME									
TG TAX	1798500	1978350	2176185	2393804	2633184	2896502	3186152		
INT INC	120000	111250	71250	41250	11250	0	0		
BLDG F.	500000	400000	300000	300000	112500				
BAL IN BF	1112500	712500	412500	112500	0	0	0		
PROMOTE \$	868500	939600	997435	1185054	1206934	408982.2	698632.5		
	1991	1992	1993	1994	1995	1996	1997	1998	1999
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	
	3504768	3855244	4240769	4664846	5131330	5644463	6208910	6829801	7512781
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	1017248	1367724	1753249	2177326	2643810	3156943	3721390	4342281	7512781

**FINANCIAL ANALYSIS
EXHIBITION AND SKYWALK SYSTEM**

ASSUMPTIONS:

- A. G. O. Bonds would be used for a 15 year term with five years of interest only.
- B. Sole source of income to retire these bonds would be the Transient Guest Tax. A 5% tax is expected to produce income of \$1,635,000 in 1983.
- C. Interest earned is on the balance in the building fund from the previous year at 10%.
- D. Building fund beginning balance is \$1,612,500. (1981 - \$325,000; 1982 - \$485,000; 1983 - \$812,000).

This assumes a 1% increase in the Transient Guest Tax as of August 1, 1982.
- E. The project would begin in 1982 and be completed in 1984.

MAJOR VARIABLES WHICH AFFECT RESULTS:

Rate of growth of Transient Guest Tax
Interest rate on G.O. Bonds
Cost of facilities

1. Rate of Growth of Transient Guest Tax:

The average growth rate has been approximately 14% since the inception of the tax. Factors which will maintain or increase this rate include:

- a. Inflation in room rates of Wichita hotels from normal costs.
- b. Inflation in room rates from new hotels which raise the overall rate structure.
- c. Increased convention business from the new exhibit hall.
- d. New hotels which add to base of available rooms from which the tax is paid. (Over 500 nearing construction stage).
- e. Growth of Wichita business and population during next 15 years.

In order to test the range of possibilities three rates were used:

- 14% - assumes average growth
- 12% - assumes only moderate growth
- 10% - assumes conservative growth (27% less than last 5 years)

2. Interest Rate on G. O. Bonds:

Bonds issued today are selling for just over 10%. Investment bankers inform us the rate is decreasing and that a lower, not higher, rate should be expected. 10% appears to be a realistic interest rate.

3. Cost of Facilities

Through contacts with construction companies and architects, the cost estimate of \$15,500,000 was developed. This cost includes land acquisition and a factor for some error.

FIVE YEAR AVERAGE GROWTH RATE ASSUMES: 14% TGT GROWTH, 10% GD INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990		
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520		
INCOME									
TB TAX	1863900	2124846	2422324.	2761450.	3148053.	3588780.	4091209.		
INT INC	120000	111250	71250	41250	11250	0	0		
BLDB F.	500000	400000	300000	300000	112500				
BAL IN BF	1112500	712500	412500	112500	0	0	0		
PROMOTE \$	933900	1086096	1243574.	1552700.	1721803.	1101260.	1603689.		
	1991	1992	1993	1994	1995	1996	1997	1998	1999
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	
	4663979.	5316936.	6061307.	6909890.	7877274.	8980093.	10237306	11670529	1330440
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	2176459.	2829416.	3573787.	4422370.	5389754.	6492573.	7749786.	9183009.	1330440

M ODERATE RATE ASSUMES: 12% TRANSIENT GUEST GROWTH, 10% GO INT., 15.5

YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	199
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520									
INCOME																
TB TAX	1831200	2050944	2297057.	2572704.	2881429.	3227200.	3614464.									
INT INC	120000	111250	71250	41250	11250	0	0									
BLDG F.	500000	400000	300000	300000	112500											
BAL IN BF	1112500	712500	412500	112500	0	0	0									
PROMOTE \$	901200	1012194	1118307.	1363954.	1455179.	739680.1	1126944.									
	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520
	4048200.	4533984.	5078062.	5687429.	6369921.	7134311.	7990429.	8949280.	1002319							
	0	0	0	0	0	0	0	0	0							
	0	0	0	0	0	0	0	0	0							
	1560680.	2046464.	2590542.	3199909.	3882401.	4646791.	5502909.	6461760.	1002319							

CONSERVATIVE RATE ASSUMES: 10% TRANSIENT GUEST GROWTH, 10% GO INT., 15.5


YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
COST	1550000	1550000	1550000	1550000	1550000	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520	2487520
INCOME																
TG TAX	1798500	1978350	2176185	2393804	2633184	2896502	3186152	3504768	3855244	4240769	4664846	5131330	5644463	6208910	6829801	7512781
INT INC	120000	111250	71250	41250	11250	0	0	0	0	0	0	0	0	0	0	0
BLDG F.	500000	400000	300000	300000	112500	0	0	0	0	0	0	0	0	0	0	0
BAL IN BF	1112500	712500	412500	112500	0	0	0	0	0	0	0	0	0	0	0	0
PROMOTE *	868500	939600	997435	1185054	1206934	408982.2	698632.5	1017248	1367724	1753249	2177326	2643810	3156943	3721390	4342281	512781

May 14, 1982

Metropolitan Area Planning Commission
Robert A. Lakin, Director of Planning

Convention Facility

These are submitted for your information and early review. At the consultation of the Chairman, we will place it on your agenda for formal consideration and review at the meeting of June 3, 1982.



Robert A. Lakin
Director of Planning

RAL:rme
Attachment

cc: Don Anderson, Director, Housing & Economic Development

REPORT ON STUDY
OF
EXHIBITION CENTER FOR WICHITA, KANSAS

CONDUCTED BY
WICHITA AREA CHAMBER OF COMMERCE

MAY 1982

TABLE OF CONTENTS

- I. Background
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- III. Rationale and Discussion
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 - 2. The Project - A New Exhibition Center
 - 3. Skywalk - A Total Concept
 - 4. Financing the Project
- IV. Supporting Materials
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 - 2. Basic Assumptions for Project Financing
 - 3. Income and Expense Projections

REPORT ON STUDY OF EXHIBITION CENTER FOR WICHITA, KANSAS

Conducted by:

Ad Hoc Committee of the Wichita Area Chamber of Commerce
Robert Langenwalter, Chairman

BACKGROUND

The Wichita Area Chamber of Commerce has expressed significant interest in a potential new exhibition facility during the past three years. As the organization housing the Convention and Visitors Bureau, our interest included a responsibility to ensure that convention business could grow for Wichita. With the development of an independent Convention and Visitors Bureau, the Chamber has been able to take a more independent and broader approach in examining this need. We find two major objectives inherent in the potential for physical expansion:

- a. Meet a need for exhibition space which will enlarge the convention business for Wichita.
- b. Enhance downtown development by making this project a part of a larger concept for the downtown area.

As this issue rose to the forefront, the City Commission asked their Economic Development Committee to examine the issue. At the same time, the Chamber was asked to provide input in the form of an independent study whose results could be provided to this committee.

The Chamber's Executive Committee appointed Robert G. Langenwalter to chair a committee of eight past Chamber Presidents and the Vice Chairman of Economic Development, who would be familiar with the issues involved. This committee operated with four sub-groups studying:

1. Facility needs and user requirements - Marvin Bastian, Tonk Mills
2. Developer and hotel proposals and relationships - Charles Harris, Keith Anderson
3. Future of the convention industry - John Bell, Kenneth Brasted
4. Financing alternatives - Frank Ross, Jack DeBoer

Scores of meetings were held with virtually all groups having experience or involvement with the Convention and Visitor industry. These meetings provided the key insights used to develop our basic conclusions.

SUMMARY OF CONCLUSIONS

1. The need does exist for a new exhibition hall and meeting rooms and the City should proceed to construct an approximately 100,000 square foot exhibition hall and approximately 50,000 square feet of meeting rooms and common space connected to Century II. Size of the center was determined from convention industry and major users requirements. This facility should provide state of the art equipment and technology to offer unique options for events, especially in the telecommunications area.
2. The exhibition hall should be built south of Century II. This area is the only reasonable site which offers the necessary space to:
 - a. build a facility of this size
 - b. provide alternatives for parking
 - c. provide for future expansion.

The specific site for the exhibition hall could be on one of two parcels:

- a. The most desirable site combines property which could be purchased from the former Southwest Grease land, combined with City property near Century II.
 - b. Another alternative is to utilize City property currently used for parking south of the main library. This approach would necessitate a concurrent expansion of parking facilities.
3. The construction of a new exhibition center should be part of a larger project to tie together hotels and other downtown facilities and businesses, allowing for continuity in the convention business, while creating an exciting new approach which will attract national attention for Wichita. A skywalk system extending along the center of Douglas Avenue from Waco near Market would connect to the balcony level of Century II, which would be enclosed on the east side by glass and provide an extension to the new exhibition hall. Hotels and other businesses and facilities would tie in to this skywalk at their option.
 4. The estimated total project cost of \$15.5 million should be financed from two basic sources:
 - a. The Transient Guest Tax would provide the primary financing for the project. A 2½% tax will be needed to finance the project, necessitating a 1% increase in the tax, bringing the total to 5%.
 - b. The existing debt service dedicated to Century II would be extended at its current level to provide additional support as the debt service on Century II declines. It is estimated that this extension would be needed for approximately 10 years and could be paid back to the City of Wichita during the last four or five years of the financing.

These conclusions represent a very positive result of our efforts to examine this issue in detail and have the full backing of the Board of Directors of the Wichita Area Chamber of Commerce. The opportunity and the challenge to move forward for our city is facing us and the Chamber urges the City of Wichita to move forward and take advantage of this unique circumstance.

RATIONALE AND DISCUSSION

1. Need and Comparison of Facilities

The first major task of the committee was to examine the existing facilities and establish the need for any new facilities. Our principal objective was to determine the need for an exhibition hall and meeting space and it became immediately apparent that Wichita does not now have the kind of facility which we are proposing.

Century II is an outstanding community facility, or civic center, which serves effectively the population of Wichita and the region and, to a degree, meets needs for convention and visitor business for Wichita. Unfortunately, its size limits maximum single floor exhibition space to 67,000 square feet. Its shape, circular with connecting rooms, and other restrictive characteristics prevent its use as a major exhibition center which the state's largest city should be able to provide and, in fact, has a responsibility to provide. Facilities of the type which are proposed would allow Wichita to maintain our position in the convention industry, particularly with significantly increased competition in this field.

The Kansas Coliseum has been an excellent addition as a facility for the Wichita area and has added a new dimension to meet various needs. Its records of use show this facility to be a success but in areas separate and apart from the proposed exhibition hall. Events including major sports programs, agricultural related uses, and concerts are not the type of use anticipated in an exhibition hall. The Kansas Coliseum has not been a duplication of Century II and is certainly not a duplication for an exhibition center.

Records indicate that Century II is being used at the equivalent of full capacity and through its scheduling procedures has many commitments, particularly for local events, many years into the future. Because Century II is booked almost 100% of the time, many groups are turned away or do not approach the facility for its use. Marketing activity of the Convention and Visitors Bureau must be limited by the size, configuration, and scheduling procedures as well. A new exhibition hall would allow some events that currently take place at Century II to take place in the new center, freeing up space for use by area residents and other conventions and meetings that, at the current time, have been unable to meet in Century II. This process would release pent-up demand and allow us to increase convention business by having more space available and the kind of space that expands the market significantly.

We have an excellent Convention and Visitors Bureau which has a solid organization that is doing a good job for the hotel/motel industry. However, the Bureau lacks the facilities to market Wichita properly on a regional and national basis. We need to provide the facilities that will allow them to represent our city and, at the same time, recognize the tremendous potential gain this could bring to Wichita. A new

center would have a significant positive impact upon our economy. New income growth from the convention and visitor industry is obvious but additional effects upon the image of Wichita, job creation, economic and commercial development opportunities, etc., would also be realized.

The competition for convention and visitors business in Kansas has grown substantially. There are now five to seven competitors in the marketplace vying particularly for state business. Century II has been in place for at least 12 years and has been used by most of the state groups that exist. With competition that is new, state of the art, and exciting, the lure of Wichita for continued state business is less than before. A new exhibition hall offers Wichita the opportunity to maintain its position as the dominant convention destination in Kansas. The total project, including the skywalk system, would provide the exciting environment necessary to create a surge of increased business. Without a new facility, we can only hope to maintain the current situation of having to spread the state business among too many locations. With the new center our market expands to regional and national scope.

Two other aspects are important. Increased regional and national convention business will help build other aspects of our community, notably our air transportation system which requires a volume of passenger traffic to ensure the maintenance and growth of flights. Secondly, it was the observation of the committee that those cities that are dynamic and growing seem to all have dynamic convention business and new centers to attract them.

2. The Project - A New Exhibition Center

In examining our various needs, the Ad Hoc Committee met with groups including: the Convention and Visitors Bureau; Community Facilities staff of the City; industry users including major Wichita companies, trade shows, and hotel operators. Contacts were made with other centers and an examination of the competition throughout the state was made.

The results indicated several key items:

- a. A facility was needed to provide additional space for convention and exhibition events.
- b. The most commonly quoted size on the part of users from industry and trade shows was 100,000 square feet of exhibition space and approximately 50,000 square feet of ancillary space for meeting rooms, common areas, etc. This level of space appears to open up markets that simply do not exist for lesser contiguous space.
- c. A new exhibition center should be attached to Century II and major hotel properties by a proper skywalk system to allow multiple use of community facilities.
- d. The load capacities, entry doors, partitions, and other equipment and facilities should be the latest state of the art, able to handle the needs of the unique trade shows held in Wichita and provide good flexibility in the use of the center.

Many areas were examined for a potential exhibition facility, although only two areas had the potential to meet the objectives of the committee and only one was large enough to actually handle the proposed project. The area is south of Century II. Property exists that is owned by the City and is currently used for parking facilities. Additional property has recently come on the market which has been offered as a potential site for a new exhibition hall. This would allow the City to maintain its parking facilities, build the hall in proximity to Century II, utilize the existing power plant, and make other savings as well.

The preferred site would be approximately 2½ acres of privately owned land combined with city land immediately south of Century II. This site provides the best direct relationship to Century II while maintaining most existing parking. Future expansion from the site could also be accommodated.

A second site of city owned property includes the parking lots south of the Wichita Public Library. Additional parking would be necessitated through land acquisition or multi-level construction. The access to Century II would be reduced but available.

Available parking is a key consideration with greater traffic being generated by a new facility. The skywalk system becomes very important since it expands the distance people will be willing to park from the new exhibition center.

The Metropolitan Area Planning Department studies on parking indicate over 6,000 parking spaces within two blocks of the proposed new center, or one block from the skywalk system. (Refer to site plan for major parking facilities). Five thousand of these spaces are for public use. Additional parking exists beyond these parameters. The skywalk systems would become a conduit for significantly more parking facilities than with only the exhibition hall.

Further, parking is expected to be available west and south of the new center as private development takes place in the next five years. It is not expected that additional parking will be needed at this time.

Another important element was the consideration of the future of the Convention industry. The results are that the future appears bright, nationally and for Wichita. Central business districts and airports appear to be the primary locations for projected new hotel rooms.

In meetings with Southwestern Bell and media representatives, as well as major convention groups and facilities around the country, it was determined that telecommunications is becoming an important element of meetings. With Wichita's unusually large number of corporate boards of directors and the potential for regional and national meetings, sophisticated telecommunications alternatives could provide Wichita a unique advantage for many groups. This ability could set Wichita apart from other Kansas communities in convention facilities.

3. Skywalk - A Total Concept

Our meetings with various groups, including developers, hotel owner/operators, and others found unanimous support for the concept to tie hotels and convention facilities in the downtown area together with skywalks, creating an exciting environment that would truly make the difference for Wichita while giving us national exposure. While building an exhibition hall would meet our space requirements, the total project of a skywalk system would make it unique and capture the imagination of all involved.

The Ad Hoc Committee proposes a skywalk to be constructed along, or above Douglas Avenue extending from Waco on the west to near Market on the east and tying in to Century II at the mezzanine level. The mezzanine of Century II would be glassed in on the east side, providing a weather-proof corridor around Century II and a walkway would extend directly into the new exhibition hall. The result would be energy savings for Century II, as well as making Century II the focal point for our community facilities in its connection to hotels and other buildings and businesses. Each firm would provide their own direct connection to the skywalk system along Douglas Avenue.

In summary, the committee is not proposing simply a new exhibition hall but a total project to expand our convention and visitor facilities while tying together the downtown area. This should be viewed as a single project.

4. Financing the Project

An analysis was made of financial methods used by many cities throughout the country. Many alternatives were considered for the potential financing of this total project. These alternatives included: the Transient Guest Tax, Tax Increment Financing, Benefit Districts, General Obligation financing, Industrial Revenue Bonds, dedication of the sale of specific assets to this center, and several others. The Ad Hoc Committee became convinced that the solution for financing must be straightforward and relatively simple to ensure that it is effective and can be implemented quickly. For this reason, the Transient Guest Tax was chosen as the primary vehicle to fund the total project. Income from this source would be appropriate as the primary beneficiary from this project would be the hotel/motel industry in Wichita. Currently approximately one-third of the tax is being set aside in a building fund. In order to finance the \$15.5 million total cost of the project, it would require two and one-half percent of the existing tax. In order to maintain promotional programs for convention and tourism, the tax would need to be increased by one percent.

The debt service currently being paid by the City for Century II was considered as a secondary source of financing for a new facility. If the City will continue the debt service for Century II at its current level, allowing the excess amounts and future reductions to be applied to a new convention center, then the entire project can be financed between this source of funds and the Transient Guest Tax. Extension of the Century II debt service would need to take place for approximately 10 years or less with repayment possible during the last 4 years.

Total cost of the project is estimated to be approximately \$15.5 million, which includes \$12.5 million for the land, building and equipment, and \$3 million for the skywalk system and for enclosing Century II. Through a change in the structure of services provided by the convention facilities, enough additional income can be generated to prevent any operating loss in the new facility.

If future opportunities develop to provide Tax Increment Financing (which in Kansas today is an unknown) or other alternatives, these funds can be applied to the project to reduce the need for extension of the Century II debt service. However, to attempt to apply them initially will likely endanger the project as a whole.

In summary, the need exists and has been defined and it is feasible. We recommend that the City act expeditiously to approve and begin the project.

BASIC ASSUMPTIONS FOR PROJECT FINANCING

1. G.O. Bond interest rate - 10%, 15 year bonds
2. Five (5) years of interest only
3. Transient Guest Tax will increase at 10% per year (rate has been 12%)
4. Building fund will accumulate \$1,450,000 before it is needed in 1984
5. \$16,500,000 in bonds will be issued in 1984 to cover \$15,000,000 cost with \$1,500,000 to be put into building fund to cover cash flow shortage in early years.
6. \$500,000 should remain in the building fund as a contingency for a flat year in tax income growth.
7. \$500,000 will be used as a down payment on the project in the first year.
8. Century II debt service of \$585,000 in 1983 will be frozen at that level and remain at that level as the actual Century II principal and interest amount declines to "0" in 1989. The balance from the \$585,000 each year would be used as necessary (or accumulated as necessary) to offset the principal and interest of the new center. It could be paid back in later years.
9. Interest shown is earned on previous year's building fund balance
10. The center will be managed by the Director of Community Facilities for the City and new policies on food service and rented services will produce enough income to break even on operating costs.
11. Current cost estimates are:
 - a. Building, land and equipment with connecting skywalk into Century II - \$12,500,000
 - b. Skywalk system from Waco to Market above Douglas - \$2,500,000
 - c. Glass in Century II - \$500,000
 - d. Total project cost \$15,500,000

Results

1. Two and one-half percent (2½%) Transient Guest Tax can support a \$15,500,000 facility in 15 years if the first ten years are supported by the City and the bond issue is front end loaded to cover cash flow needs.
2. The City can be repaid the \$4,053,222 from the Century II debt service which would be used the first 10 years. The repayment would occur in the 13th - 16th years (with interest if needed).

THE CITY OF WICHITA
OFFICE OF Housing and Economic
Development

DATE May 5, 1982

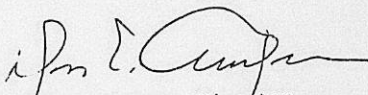
TO Members of the Economic Development Commission
FROM Don E. Anderson, Director of Housing and Economic Development
SUBJECT Convention Facility

Over the past months as you have reviewed and gathered information on the feasibility of constructing a new convention facility, questions were raised which we have now attempted to answer for you.

Also contained in this report is a method of financing a new facility containing approximately 149,000 square feet which will necessitate an increase in the transient guest tax of only one percent and involves no other tax increases.

It is recommended that you approve the building and financing concept contained herein and make a recommendation to the Board of City Commissioners that it be approved.

Also transmitted with this report is a letter from the President of the Convention and Tourism Committee which endorses the convention center project.


Don E. Anderson, Director
Housing and Economic Development

DEA/LI/st
Attachment

Convention Facility Project

Many questions have been raised during the past few months while investigating the possibility of constructing a new convention facility. What follows is a summary of those questions and the answers which have been supplied for the most part by Mr. James Clancy, Director of Community Facilities and Mr. James Turek, President of the Wichita Convention and Visitors Bureau.

Question: Given the fact that we have Century II and the Kansas Coliseum, is there a need for additional exhibit space?

Answer: Century II has enjoyed high utilization since its opening in January of 1969. The bookings for the convention and exhibit space have increased to the point that little new business can be solicited and thus, revenues have stabilized while expenses continue to escalate. Mr. Clancy recently updated the records of Century II to include a survey of the last four years of usage. Keeping in mind that a typical convention would use a hall for a minimum of four days the availabilities for 1981 were as follows:

1981 Availabilities

Convention Hall - No four-day periods available

Convention/Exhibition Combination - No four-day periods available

Exhibition Hall - Nine four-day periods, seven of which were in the summer or off season.

This clearly indicates that Century II has leveled out in its revenue growth pattern because the exhibit halls have approached maximum usage.

If Wichita is to enter the convention business market in earnest, there is little question that additional space must be furnished.

The Kansas Coliseum opened in September of 1978, giving Wichita an added dimension in the convention and visitor industry. But because the arena is designed primarily for food, crop, livestock, and farm machinery shows and because no lodging facilities are nearby, it does not meet the needs of the business convention segment which prefers a close-in arrangement so that social and cultural attractions are convenient for the delegates.

Question: The convention business is highly competitive. What advantages does Wichita have which would attract the business being sought?

Answer: As the saying goes in the real estate business, there are three things to consider before making a purchase...location, location, and location. Wichita's major advantage, especially in attracting national conventions is our central location and the inherent fairness this creates in equalizing travel distances and expenses as delegates come from across the country.

The convention industry has proven its strength in that even the economic recession has had little effect on it. Trade shows and conventions have continued to increase in total square feet and number of exhibiting companies. However, the rising cost of holding a convention in the nation's largest "convention" cities is starting to have an effect on the number of delegates attending conventions as they become priced out of the market with room rates of over one hundred dollars a night. In a recent study of ten major convention

cities including New York City, San Francisco, Washington, D.C., Dallas, Chicago, New Orleans, Houston, Kansas City, Atlanta, and Denver, the average room rate (double occupancy) in first-quality hotels was one hundred and five dollars (\$105.00) and was ninety dollars (\$90.00) for single occupancy.

Wichita is a real bargain in that we can offer many of the same services as the larger cities only at about half the cost. The trade publications of the convention industry indicate that many convention planners are bargain hunting and given this fact plus Wichita's location and cultural amenities we should compete very strongly in the convention business market if adequate space were available.

Another real advantage Wichita has is our high quality local companies and industries. It's well known that much convention business is generated from within by local groups inviting their national affiliates to meet in Wichita. The meeting planners from Cessna, Beech, and Gates Learjet have all indicated the need for additional exhibit space and also indicated that they would use the space for at least one month out of each year. Mr. John Frank, Jr., Executive Director of the American Bonanza Society, reported that he would love nothing better than to bring their several thousand members to Wichita, but at present, adequate space simply does not exist.

It would seem that Wichita has many advantages with which to compete in the convention industry market.

Question: Century II has been in operation over thirteen years and has annually had an operating deficit which has been subsidized by the general fund. Why should we build another facility which may require subsidization?

Answer: Following a high opening year deficit at Century II, the deficit decreased each year 1970 through 1974, as bookings and occupancy increased. By 1974, the annual deficit was down to \$21,853. At this point costs began to rise significantly, due to inflation and energy costs, but revenues could not keep pace. In 1977 and again in 1980, the rates were raised in an effort to help defray the operating deficit. A better solution would appear to be the addition of new space which would produce a much more cost effective economy of scale.

According to the Gladstone Report, "Our analysis of Century II's operating experience, giving attention to both revenue and costs, indicates that little if any operating deficit might be realized for the expansion area. This would be true, especially if the building's existing heating, ventilating, and air conditioning plant can be used for the expansion space." It has been verified that the power facilities may be used for the new space with very little adaptation necessary.

Mr. Clancy has outlined a plan for the new space whereby additional sources of revenue may be generated which would not only allow the new space to be self supporting, but would generate surplus income to offset part of Century II's operating deficit. The plan involves entering into a contract with a national firm who would be the exclusive caterer for the expanded facilities. In so doing, the

City could realize 15 percent of the gross or approximately \$123,000 annually. Due to current practices, the City does not get any percentage of the meals currently being served at Century II.

Also, if the space were expanded, the increased volume would justify contracting with a decorator for the exclusive decorating privilege. Once again, this would generate income of approximately \$50,000 annually. Mr. Clancy estimates the total revenues of the new facility to be \$340,000 (1981 prices) and the expenses at \$263,500 thus creating an operating surplus of \$76,500 which could be applied to Century II's operating deficit.

Question: There seems to be a consensus that additional space is needed, but discrepancies as to how much is needed. If a new facility is built, what size should it be?

Answer: The most salient discrepancy which exists is the amount of exhibit space said to be needed in the Gladstone Report (40,000 sq. ft.) and the amount said to be needed by the Wichita Convention and Visitors Bureau (100,000 minimum).

When Gladstone conducted their study in 1979, there were two primary factors on which they based their limited exhibit space recommendations:

While there is some justification for considering the expansion of Century II's "flat floor" to accommodate increased convention-type user activity, we would suggest that such expansion be second in priority to increased meeting room accommodation within the building. This recommendation is made for two reasons: first, a number of the local consumer

show and other types of similar events which have historically been held in Century II may shift to the new Kansas Coliseum in suburban Wichita. While it is not possible at this time to relate to the booking policies and actual event-promoter practices to which both buildings would cater, some transfer of activities along these lines could be anticipated.

Second, expansion of the exhibit space beyond the approximately 62,000 square feet that is now contained within Century II's Exhibit Hall would appeal, dominantly, to larger groups -- particularly the larger national conventions which have major exhibit space requirements. In order for such groups to be attracted to Wichita, as has been seen above, a larger number of sleeping rooms in the downtown area would have to be available to such groups. Therefore, until a significant expansion of Wichita's downtown lodging inventory base is realized, there is likely little justification for significantly increasing the size of Century II's exhibit floor -- at least for the present time.

We now know that very little transfer has occurred in clients moving from Century II to the Kansas Coliseum. This simply has not proven to be a legitimate reason for limiting the expansion of Century II.

There are already two announced hotel projects which will add over 400 first-class hotel rooms to the downtown inventory. Once again the Gladstone prediction that few new rooms were on the horizon has not held true.

It appears that both reasons given by Gladstone for the limited amount of exhibit space they recommended have been eliminated and this should be taken into consideration in evaluating their study.

Mr. Clancy agrees that 100,000 sq. ft. of exhibit space is needed and is definitely in favor of that amount. He earlier agreed that 50,000 sq. ft. would be better than nothing and if financing limitations only permitted that amount then he would rather see that amount than nothing built at all.

Question: What impact might the new space have on Century II?

Answer: Mr. Clancy sees the impact as being positive rather than negative. In addition to revenues produced from new services which were outlined in another answer, Mr. Clancy identifies four types of new revenue producers involving use of the space:

1. Existing clients of Century II who may be better served in the new space, renting the new facility at a higher rate.
2. New clients attracted to vacated Century II space.
3. New clients attracted to the new facility.
4. Existing clients who would continue to use Century II as well as expand into the new space.

In short, Mr. Clancy sees no way the new space would compete with the established revenues at Century II, but rather feels that the new space would complement Century II's functions and both facilities would be enhanced.

Question: Where would the new facility be located?

Answer: Several months ago the Metropolitan Area Planning Department was asked to conduct a site analysis on possible sites for such a center. Seven location criteria were identified as being highly important to the location choice as follows: proximity to Century II, proximity to hotels, use and design compatibility, capability of site to accommodate facility, availability of support parking, truck access for loading/unloading and impact on traffic circulation. The above criteria were used as the basis for identifying and evaluating potential sites. Four sites were identified as capable of accommodating a facility with a minimum of 115,000 square feet, including a ground-level exhibition area of at least 50,000 square feet. The four sites evaluated were:

1. Century II expansion (SW side)
2. Parking lot at Main & William
3. City parking lot south of Library.
4. Ark River property south of Century II (Southwest Grease)

After a careful analysis of all of the sites, it was concluded that site #4 is the preferred location. The Planning Department review indicated that the placement of new convention facilities in this location not only complements the operational and physical integrity of Century II, but can be accomplished with the least negative consequences with regards to support parking, traffic circulation and urban design quality. The site also offers opportunity for future expansion. The Department of Housing and Economic Development concurs with this selection.

Question: How would the facility be funded?

Answer: Based on cost estimates obtained from local contractors it is estimated that a facility containing 100,000 square feet of clear span exhibit space and 49,000 sq. ft. of support space plus land costs and equipment, could be constructed for a total of \$13.0 million dollars.

The project could be structured as follows:

\$13,000,000 facility, land, equipment *as per item 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100*
less 1,000,000 cash from building fund*
\$12,000,000 Bond Issue

*Building fund for 1981	\$303,547
1982	324,000
(estimated) 1983	<u>812,500</u>
Total	\$1,441,047
Less	<u>1,000,000</u>

This amount available to offset shortfall in debt service for first few years \$ 441,047

The following financial sheet outlines sources of revenue which may be utilized to fund a new facility. It involves raising the transient guest tax by one percent to a total of five percent and requires no other increases in taxes.

The source of revenue listed as "support from debt service funds for Century II" is explained as follows:

Century II pays out in six more years. The debt service schedule is thus:

<u>1983</u>	Principal	\$510,970		
	Interest	<u>74,407</u>		
		\$585,377		It is proposed that this amount be frozen
<u>1984</u>	Principal	\$510,970	\$585,377	
	Interest	<u>55,516</u>	<u>566,486</u>	
		\$566,486	\$ 18,891	Available for debt service on new facility
<u>1985</u>	Principal	\$385,970	\$585,377	
	Interest	<u>36,373</u>	<u>422,343</u>	
		\$422,343	\$163,034	Available
<u>1986</u>	Principal	\$255,970	\$585,377	
	Interest	<u>21,183</u>	<u>277,153</u>	
		\$277,153	\$308,224	Available
<u>1987</u>	Principal	\$180,970	\$585,377	
	Interest	<u>10,367</u>	<u>191,337</u>	
		\$191,337	\$394,040	Available
<u>1988</u>	Principal	\$ 55,000	\$585,377	
	Interest	<u>2,475</u>	<u>57,475</u>	
		\$ 57,475	\$527,902	Available
<u>1989</u>	Principal	-0-	\$585,377	
	Interest	<u>-0-</u>	<u>-0-</u>	
		-0-	\$585,377	Available

Revenue	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Transient Guest Tax 4%	1,300,000	1,430,000	1,573,000	1,730,300	1,903,330	2,093,663	2,303,029	2,533,331	2,786,664	3,065,330	3,371,863	3,709,049	4,079,953	4,487,948	4,936,742	5,430,416
12% Increase in Guest Tax	325,000	357,500	393,250	432,575	475,832	523,415	575,757	633,332	696,666	766,332	842,965	927,262	1,019,988	1,121,987	1,234,185	1,357,604
Total Revenue from Guest Tax	1,625,000	1,787,500	1,966,250	2,162,875	2,379,162	2,617,078	2,878,786	3,166,663	3,483,330	3,831,662	4,214,828	4,636,311	5,099,941	5,609,935	6,170,927	6,788,020
Building Fund (50% of total Guest Tax)	812,500	893,750	983,125	1,081,437	1,189,581	1,308,539	1,439,393	1,583,331	1,741,665	1,915,831	2,107,414	2,318,155	2,549,970	2,804,967	3,085,463	3,394,010
Support from Century II for Debt Service	-0-	18,891	163,034	308,226	394,040	527,902	405,607	265,669	103,835	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenue for Debt Service	812,500*	912,641	1,146,159	1,389,661	1,583,621	1,836,441	1,845,000	1,849,000	1,845,500	1,915,831	2,107,414	2,318,155	2,549,970	2,804,967	3,085,463	3,394,010
Debt Service																
\$12.0 Million @ 10% for 15 Years	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Deficit (to be covered with funds from accumulated building fund)/ Surplus	(287,359)	(53,841)	189,661	383,621	(13,559)	-0-	-0-	-0-	66,331	257,914	473,155	704,470	955,467	1,239,963	1,546,010	
Building Fund Balance	441,047	153,688	99,847	289,508	673,129	659,570	659,570	659,570	659,570	725,901	983,815	1,456,970	2,161,440	3,116,907	4,356,870	5,902,880

* Total amount from 1983 will go into the Building Fund.

As can be seen on the financial sheet, support from the debt service funds of Century II would be necessary for an eight-year period although at no time would the full amount of \$585,377 be necessary and, in fact taxes could actually begin to be reduced in 1989 just six years into the new project. A total loan of \$2,187,202 would be necessary and it is proposed that this full amount would be repaid to the general fund over a ten-year period with equal payments beginning in 1992.

Recommendations

1. It is the recommendation of the Department of Housing and Economic Development that the Economic Development Commission recommend to the Board of City Commissioners the construction of a new convention/exhibition facility.
2. It is further recommended that the facility be located on the Ark River site just south of Century II and physically connected to Century II by walkway.
3. It is recommended that the structure contain approximately 149,000 square feet including 100,000 square feet of clear span exhibition space and that the total cost of the facility, land, and equipment not exceed \$13.0 million dollars.
4. It is recommended that the funding be obtained by raising the transient guest tax one percent (1%) to a total of five percent (5%) and then using 50 percent of the total revenue raised by the tax to service the debt on the new facility as well as using a supporting loan from the Century II debt service funds for eight years which will be paid back in full.

THE CITY OF WICHITA
OFFICE OF COMMUNITY FACILITIES

DATE April 12, 1982 (Rev.)

TO Don E. Anderson, Director of Housing & Economic Development
FROM James F. Clancy, Director of Community Facilities

SUBJECT Proposed Exhibition - Meeting
Room Facility - Users, Revenues,
Expenses and Recommendations

In arriving at the subject estimates I have reviewed the history of Century II and made the following assumptions:

- | | |
|-----------------------|--------------------|
| 1. Exhibit Space | 100,000 |
| Meeting Rooms | 35,000 |
| Lobby | 12,000 |
| Kitchen | 3,000 |
| Maintenance & Storage | 15,000 |
| | <u>165,000</u> GSF |
- Exhibition space ceiling 38 feet plus 10 feet open structural; all other space 14 to 20 feet (as a requirement to estimate utility costs).
 - Facility to be available for convention bookings only except other events could be guaranteed space no more than fourteen (14) months in advance of their dates.
 - There would be adequate parking to accommodate the full utilization of both Century II and the new facility.
 - Four hundred (400) additional hotel rooms to be available.
 - The new facility would be connected to Century II. This is important not only for clients using both facilities at the same time but for Century II clients that only need the meeting rooms and for the mutual use of kitchen facilities. It should be noted that this physical connection is not described nor funded in your department's report.
 - Both facilities would be served by an exclusive caterer/concessionaire/decorator in the interest of uniform quality and additional revenue.



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8. All revenue projections are based on 1981 prices.

Listed below is a four year occupancy and revenue comparison of Exhibition and Convention Halls at Century II. This includes all times that the halls are not available for rental i.e. move-ins, client use, move-outs and cleanups. The Ex/Con Hall means the two halls considered as one area.

	1978		1979	
	Occupied Days	Occupancy Rate	Occupied Days	Occupancy Rate
Exhibition Hall	248	67.9%	216	59.2%
Convention Hall	286	78.4	280	76.7
Ex/Con Hall	323	88.5	298	81.6

	1980		1981	
	Occupied Days	Occupancy Rate	Occupied Days	Occupancy Rate
Exhibition Hall	221	60.4%	202	55.3%
Convention Hall	242	66.1	238	65.2
Ex/Con Hall	300	82.0	280	76.7

Revenues

1978

Exhibition Hall	\$ 83,454
Convention Hall	124,728
TOTAL	\$208,182

1980

Exhibition Hall	\$ 85,017
Convention Hall	120,839
TOTAL	\$205,856

1979

Exhibition Hall	\$ 84,914
Convention Hall	130,348
TOTAL	\$215,262

1981

Exhibition Hall	\$ 76,065
Convention Hall	119,422
TOTAL	\$195,487

The convention use of these halls is considered as a minimum of four days and in 1981 there were no four day periods available in Convention Hall which would mean no days for the Ex/Con combination and only nine four day periods in the Exhibition Hall; seven of which were in the summer months.

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USERS: Attached is a list of twenty-eight conventions that used Century II in 1981. The Ceramics Art Convention and the Society for Medical Technicians are the only two of the twenty-eight that is not of a local or statewide nature and almost all use Century II each year they meet. Some of these conventions could be better served in the proposed new facility.

Also better served in the new facility could be some of our larger trade shows or possibly both buildings could be used in such as an expanded Sport, Boat & Travel Show.

It should be understood that any user of Century II that would be better served in the new building would increase the overall revenue in two respects. If the client is better served it stands to reason the client can pay more for the space and secondly it allows other users the availability of the more flexible halls in Century II. In short, I see no way the new building would compete with the established revenues in Century II.

Our Convention and Visitors Bureau estimates that having the new facility would increase the potential users by some 1,500 groups that they currently can't solicit since we can't deliver the space.

Tulsa, Oklahoma will host the 1985 American Bowling Congress in an all clear-span 102,000 square foot exhibition hall that is scheduled for ground-breaking April 19, 1982. The 120-day event (30 days of set-up and 90 days of tournament) will use about 65,000 square feet of this space for forty bowling lanes and there will be 400 new teams bowling each day involving some 2,000 participants. The average attendance is 1000 per day. The Masters Tournament is held the last two weeks and will be nationally televised which is the kind of exposure that you just can't buy. The event means \$12 to 14 million dollars in income to Tulsa (at today's prices).

Because of scheduling difficulties in established buildings the N.B.C. generally find that their 120 day requirement can only be met in new buildings. Roy Saunders, Tulsa building manager, told me that the deciding factor in their favor over the other finalist was the all clear-span construction plan. This piece of business would be a great opener for the proposed Wichita building.

In addition to the exhibit hall construction the \$15.2 million project calls for 35,000 square feet of meeting rooms and some 15,000 square feet for lobby, registration, concessions, tickets, etc.

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Page Four

These new facilities are connected to the existing Tulsa Assembly Center located in downtown. They are to be funded by the transient guest tax. In addition, on the same grounds, construction is underway by the Tulsa Parking Authority for a 1400 car parking garage at a cost of \$7.3 million. (Some 500 parking spaces will be lost due to the \$15.2 million project.) I have discussed this matter in order to point out what the competition 182 miles away is doing.

REVENUES: Each year since 1969 revenues from the operation of Century II have increased at an average rate of 7.5%. Some of this is due to increased rental and concession rates but the greater influence is increased usage. It is reasonable to allow that such would be the case with the new facility but I can see a new source of revenue that has not been available before. The proposal calls for kitchen facilities and I think that is the best approach to our future food needs. At present the contract concessionaire and outside catering have satisfied Century II needs but with an attached new building our volume would justify either the city getting into the business or entering a contract with a national firm who would invest in the kitchen equipment for a long term contract. Another source of revenue would be, again, either the City or a private contractor having the exclusive decorating privilege.

Assuming that a national food service would invest some \$250,000 in kitchen equipment, anticipating a \$820,000 gross in meal not concession revenues, the City could realize about 15 percent or \$123,000. Increase in concessions are estimated at \$25,000. Decorating, i.e. set-up of exhibit booths principally, could bring in \$50,000 over operating expenses.

Following is my estimate of the revenue the new facility could generate at 1981 prices understanding that the above new revenue sources apply to both buildings while all other revenues are based in the new facility alone.

Food Service	\$123,000
Decorating	50,000
*Conventions (9)	36,000
Concessions	25,000
*Banquets	25,000
Meeting Rooms	17,000
*Trade Shows (4)	44,000
Equipment rental	<u>20,000</u>
TOTAL	\$340,000

*Hall rentals only

Don E. Anderson
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EXPENSES: Capacity is available at the Energy Conversion Plant that supplies hot and cold water to the Library and Century II. Since that cost of operation is known it is here assumed that the new facility will be on that hook-up. Such an arrangement should save in capital cost and in the space requirements for such mechanical equipment. Advertising is an investment in future revenues and for the first several years should not be overlooked.

MANPOWER

Custodial	\$123,000
Maintenance	19,000
Office Supervision	<u>21,000</u>
TOTAL	\$163,000

CONTRACTUAL SERVICES

Utilities	\$82,500
Communications	1,000
Insurance	<u>5,000</u>
TOTAL	\$88,500

COMMODITIES

Office Equip. & Supplies	\$ 1,000
Clothing	500
Opr. Sup. - Bldgs. & Imp.	4,000
Repair Pts. - Bldgs. & Imp.	4,000
Opr. Sup. - Equipment	1,000
Repair Pts. - Equipment	1,000
Minor Apparatus & Tools	<u>500</u>
TOTAL	\$12,000

TOTAL EXPENSES	\$263,500
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Don E. Anderson
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RECOMMENDATION: It is estimated that revenues will exceed expenditures by \$76,500. It is obvious that the financial success of this venture is dependent on a viable Century II and both buildings generating revenue from food and decorating services.

If the final configuration maintains the exhibition space at 50,000 square feet it should be built so future expansion is possible. At this point I would sacrifice some meeting room space in order to have more exhibition space but if this project meets with the decision makers approval I look forward to such further discussions.

It is my unqualified recommendation that the city should now move positively in order to provide this community with what I consider needed exhibition and meeting rooms.


James F. Ciancy
Director of Community Facilities

JFC:lc
Attachment

CENTURY II

1981

CONVENTIONS

American Society for Medical Technicians	Kansas Grain & Feed Dealers
Associated Milk Producers	Kansas Library Association
Beech Aircraft Dealers Meeting*	Kansas Livestock Association
Biomedical Synergistics	Kansas Motor Carriers
Ceramics Art Convention	Kansas Music Educators Association
Cessna Dealers Convention*	Kansas National Education Association
Distributive Education Clubs of America	Kansas Plumbing, Heating & Cooling Contractors
Federal Land Bank	Kansas Restaurant Association
Kansas Association of Realtors	Kansas State Conference (AA)
Kansas Bankers Association	Kansas Vocational Association
Kansas Business Exposition	Order of Rainbow Girls
Kansas Fertilizer & Chemical Institute	Society of Automotive Engineers - Business Aircraft
Kansas Food Dealers	TOPS (Take Off Pounds Sensibly), Inc.
Kansas Future Homemakers	United School Administrators

*Although technically a dealers trade show, here included due to the regularity of their meeting in Wichita and the high hotel-motel usage.

DEPT. OF COMMUNITY FACILITIES
April 1982

May 17, 1982

E. H. Denton, City Manager

Robert A. Lakin, Director of Planning

Convention Facility

The Chamber of Commerce has submitted its report on the convention facility to the Economic Development Commission, and Don Anderson has presented his report to that same board. I was briefed on the Chamber report by Langenwalter and Jerry Mallot prior to their presentation to the Economic Development board. At that particular informal session with Langenwalter and Mallot, and based on what they had told me a week previously over the telephone, and in looking at their site plan and listening to their discussion, I made some comments in the following areas: One, the report assumes that there will be no immediate need for off-street parking for a new facility of 150,000 square feet. They have suggested that the skywalk will connect enough areas in which parking would be available; that demand for new parking would not be a pressing issue. Similarly they have suggested that new hotel development and development around the new facility by the private sector would probably produce off-street parking which could be utilized by people attending the new convention facility.

I believe their first premise to be faulty basically because the parking areas through which the skywalk will be connected are tied to parking garages or structures which are largely fully utilized throughout the day. This is the same time frame that I believe most of the activity will be in the new convention facility. If there is parking available, it would be on a night time basis only. If it is to tie together parking which we have identified as there being a surplus, it is in an area beyond where the skywalk would be. The only effective way to tie these together is through some shuttle system which will be an operating expense for somebody's budget.

I also do not think new development south of Century II will provide any relief for off-street parking. The history of development by the private sector has been that they will make only that capital investment which is necessary to support their own projects. We have all seen studies for independent parking garages before but as yet nothing has ever materialized. The development pattern in the CBD area, particularly in the core, is such that off-street parking is not a zoning requirement, and therefore is simply a function of the market as perceived by that given developer or their financing agent.

E. H. Denton, City Manager
May 17, 1982
Page 2

In relation to parking, I suggested that it was a significant element, and I believe should be dealt with at the present time and not wait several years to see if we need it. I have not talked to Clancy on this subject, but Clancy, in the past, has been adamant about the burdensome problem of operating existing facilities with the parking that is on hand.

I did suggest to Langenwalter other parking options. One would be to acquire land south of the Maple Street area and convert it to off-street parking for the new facility. This of course will require an increase in dollars and additional financing for the project. Secondly, we can utilize existing parking that is under-utilized. That would include Lawrence Stadium and other fringe area parking. The only way to effectively do this will be through a shuttle bus system and its attendant operating cost. Lastly, I indicated there might be a shifting of demand through pricing techniques on existing city lots near Century II and/or the new convention facility. It is my belief that much of the parking there is occupied by long term parkers working in nearby areas. By increasing the rate over what it was recently increased to, we would probably still find it being utilized by convention facility people who would be willing to pay, in my judgment, higher rates; which would in turn encourage, through the higher prices, long term day parkers to use Lawrence Stadium or other further outlying areas. In summary, I think parking a significant problem and should be dealt with now and not brushed under the rug.

I also indicated my concern for the skywalk system. I remain fully and totally committed to a pedestrian all-weather walkway system. Whether or not it should be down the middle of Douglas, I think is subject to a lot of discussion and would certainly be controversial. What I am afraid of is that it will be sufficiently controversial that it will take on the aspects of another Keeler curb, and I don't think that we need that if we are to successfully build a skywalk system.

I think that we should continue to explore the connections between buildings and down alleyways, and if we have to approach Century II with a skywalk, that we do it around the horn from the east, and if we have to cross Douglas in the Broadview and Holiday Inn area, that we should perhaps look to a tunneling procedure. I know we have many utilities in Douglas and the cost would be high, but we have a significant investment in Century II, as well as the value of other facilities such as the Garvey centers. Any use of the space in Douglas, the vistas that exist, the park systems adjacent thereto and the landscaping, and the architecture of our own Century II, may all be impaired with a skywalk down the center of Douglas. I am not saying that it can't be done, but nothing that I have seen to date would lead me to believe that it would be an acceptable solution.

E. H. Dentan, City Manager
May 17, 1982
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If we pursue this very far, maybe we should go ahead and hire two or three architects independent of each other to make sketches and show us approaches to design for that particular facility and see if we believe it can be adequately integrated into the system. The obvious problem is one of assessing quality of design and I am fearful at the moment that the short range economic benefits to the adjacent hotels may override what I consider to be equally valid and important aesthetic and livability conditions of a permanent nature.

Also relative to the skywalk, I raised the question with Langenwalter as to who is going to finance its continued O&M. It obviously has to have, first of all, cleaning and care, as well as security plus energy cost. There is also the issue of liability for the facility, although I assume that all of these can be resolved. My first impression would be that if it is to be built, that it be done only if the area served is willing to pick up its annual O&M cost, such as through the downtown improvement district, which went on hold for another whole year. Mallot indicated that the energy requirements would be minimal because they wouldn't really try to keep it extremely cool or extremely warm, but just at the edge of comfort during summer and winter. Even so, it is still going to take energy in order to achieve even those moderate goals.

Although not directly one of the areas that I have been involved in, I listened to some of the comments at the hearing Thursday concerning financing. The Economic Commission personally believes this to be a policy issue of the governing body, and if the City Commission feels strongly enough for the project to provide the financing, I would much prefer to see us absorb an additional half mill to carry and continue a financing level for the addition, rather than delete other projects. Nearly all of the other projects, in my judgment, that we are going to be doing have a significant impact on the community and many in the economic area.

I am also concerned that the financing schedules have not accurately reflected inflation factors, because it would be at least two, if not three years before we would be under construction with the project. Thus, the cost should be adjusted accordingly, particularly if we get into buying land for parking, etc. It was also mentioned that the project would pay money back to the City for its debt and interest fund at some date in the future, and that this amount would be equal to the amount that was "borrowed" at the front of the project. I am not sure how to equate the value of such a proposition, but we have seen the difficulty recently when we sold land to Garvey, using future worth of money concepts.

E. H. Denton, City Manager
May 17, 1982
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One final thought concerning the presentation. There still seems to be much concern about the utilization of the facility and the demand. I am in no position nor have attempted to do studies to assess demand of this project. It is not clear to me why Wichita will be able to compete satisfactorily and take market away from cities who are also centrally located, have similarly priced rooms, and also have new facilities, and oftentimes better liquor laws and other amenities and arrangements. We are still a fine city, but I think the competition is pretty stiff in this area, and it looks to me like most of the information is generally a strong desire and belief in our capacity to out market other similarly located communities. That may well be sufficient. What I think perhaps would help clarify the utilization of the existing facility would be to take a year's calendar by day that is on a sheet like 8-1/2 x 11 and mark out all of the 3, 4 day blocks that were utilized for 1981 and committed for 1982. This would verify the booking date information that Clancy has given the Commission. It seems to me that some still have questions in this area.

Part of the purpose of writing this memo is that I will be out of town and wanted to make you aware of my concerns, not knowing how this project will proceed, and in what fashion during my absence. I have checked Thursday evening with the Chairman of the Planning Commission, and he will be out of town during part of the same time that I am going to be gone. Therefore, he has suggested, and I have agreed, that the Planning Commission request a presentation by the Chamber and Don Anderson as to their proposals in approximately three weeks. This would be a week after the Economic Development Commission is scheduled to act on this issue. The Planning Commission does desire to hear the presentation and to make specific recommendations to the City Commission prior to the recommendations from the Economic Development Commission being submitted to the City Commission for final action.

If there are any questions concerning any of the above material, please feel free to contact Bill Stockwell.

Robert A. Lakin
Director of Planning

RAL:rme

cc: Robert Finch, Deputy City Manager
Don Anderson, Director, Housing & Economic Development

REPORT ON STUDY
OF
EXHIBITION CENTER FOR WICHITA, KANSAS

CONDUCTED BY
WICHITA AREA CHAMBER OF COMMERCE

MAY 1982

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REPORT ON STUDY OF EXHIBITION CENTER FOR WICHITA, KANSAS

Conducted by:

Ad Hoc Committee of the Wichita Area Chamber of Commerce
Robert Langenwalter, Chairman

BACKGROUND

The Wichita Area Chamber of Commerce has expressed significant interest in a potential new exhibition facility during the past three years. As the organization housing the Convention and Visitors Bureau, our interest included a responsibility to ensure that convention business could grow for Wichita. With the development of an independent Convention and Visitors Bureau, the Chamber has been able to take a more independent and broader approach in examining this need. We find two major objectives inherent in the potential for physical expansion:

- a. Meet a need for exhibition space which will enlarge the convention business for Wichita.
- b. Enhance downtown development by making this project a part of a larger concept for the downtown area.

As this issue rose to the forefront, the City Commission asked their Economic Development Committee to examine the issue. At the same time, the Chamber was asked to provide input in the form of an independent study whose results could be provided to this committee.

The Chamber's Executive Committee appointed Robert G. Langenwalter to chair a committee of eight past Chamber Presidents and the Vice Chairman of Economic Development, who would be familiar with the issues involved. This committee operated with four sub-groups studying:

1. Facility needs and user requirements - Marvin Bastian, Tonk Mills
2. Developer and hotel proposals and relationships - Charles Harris, Keith Anderson
3. Future of the convention industry - John Bell, Kenneth Brasted
4. Financing alternatives - Frank Ross, Jack DeBoer

Scores of meetings were held with virtually all groups having experience or involvement with the Convention and Visitor industry. These meetings provided the key insights used to develop our basic conclusions.

SUMMARY OF CONCLUSIONS

1. The need does exist for a new exhibition hall and meeting rooms and the City should proceed to construct an approximately 100,000 square foot exhibition hall and approximately 50,000 square feet of meeting rooms and common space connected to Century II. Size of the center was determined from convention industry and major users requirements. This facility should provide state of the art equipment and technology to offer unique options for events, especially in the telecommunications area.
2. The exhibition hall should be built south of Century II. This area is the only reasonable site which offers the necessary space to:
 - a. build a facility of this size
 - b. provide alternatives for parking
 - c. provide for future expansion.

The specific site for the exhibition hall could be on one of two parcels:

- a. The most desirable site combines property which could be purchased from the former Southwest Grease land, combined with City property near Century II.
 - b. Another alternative is to utilize City property currently used for parking south of the main library. This approach would necessitate a concurrent expansion of parking facilities.
3. The construction of a new exhibition center should be part of a larger project to tie together hotels and other downtown facilities and businesses, allowing for continuity in the convention business, while creating an exciting new approach which will attract national attention for Wichita. A skywalk system extending along the center of Douglas Avenue from Waco near Market would connect to the balcony level of Century II, which would be enclosed on the east side by glass and provide an extension to the new exhibition hall. Hotels and other businesses and facilities would tie in to this skywalk at their option.
 4. The estimated total project cost of \$15.5 million should be financed from two basic sources:
 - a. The Transient Guest Tax would provide the primary financing for the project. A 2½% tax will be needed to finance the project, necessitating a 1% increase in the tax, bringing the total to 5%.
 - b. The existing debt service dedicated to Century II would be extended at its current level to provide additional support as the debt service on Century II declines. It is estimated that this extension would be needed for approximately 10 years and could be paid back to the City of Wichita during the last four or five years of the financing.

These conclusions represent a very positive result of our efforts to examine this issue in detail and have the full backing of the Board of Directors of the Wichita Area Chamber of Commerce. The opportunity and the challenge to move forward for our city is facing us and the Chamber urges the City of Wichita to move forward and take advantage of this unique circumstance.

RATIONALE AND DISCUSSION

1. Need and Comparison of Facilities

The first major task of the committee was to examine the existing facilities and establish the need for any new facilities. Our principal objective was to determine the need for an exhibition hall and meeting space and it became immediately apparent that Wichita does not now have the kind of facility which we are proposing.

Century II is an outstanding community facility, or civic center, which serves effectively the population of Wichita and the region and, to a degree, meets needs for convention and visitor business for Wichita. Unfortunately, its size limits maximum single floor exhibition space to 67,000 square feet. Its shape, circular with connecting rooms, and other restrictive characteristics prevent its use as a major exhibition center which the state's largest city should be able to provide and, in fact, has a responsibility to provide. Facilities of the type which are proposed would allow Wichita to maintain our position in the convention industry, particularly with significantly increased competition in this field.

The Kansas Coliseum has been an excellent addition as a facility for the Wichita area and has added a new dimension to meet various needs. Its records of use show this facility to be a success but in areas separate and apart from the proposed exhibition hall. Events including major sports programs, agricultural related uses, and concerts are not the type of use anticipated in an exhibition hall. The Kansas Coliseum has not been a duplication of Century II and is certainly not a duplication for an exhibition center.

Records indicate that Century II is being used at the equivalent of full capacity and through its scheduling procedures has many commitments, particularly for local events, many years into the future. Because Century II is booked almost 100% of the time, many groups are turned away or do not approach the facility for its use. Marketing activity of the Convention and Visitors Bureau must be limited by the size, configuration, and scheduling procedures as well. A new exhibition hall would allow some events that currently take place at Century II to take place in the new center, freeing up space for use by area residents and other conventions and meetings that, at the current time, have been unable to meet in Century II. This process would release pent-up demand and allow us to increase convention business by having more space available and the kind of space that expands the market significantly.

We have an excellent Convention and Visitors Bureau which has a solid organization that is doing a good job for the hotel/motel industry. However, the Bureau lacks the facilities to market Wichita properly on a regional and national basis. We need to provide the facilities that will allow them to represent our city and, at the same time, recognize the tremendous potential gain this could bring to Wichita. A new

center would have a significant positive impact upon our economy. New income growth from the convention and visitor industry is obvious but additional effects upon the image of Wichita, job creation, economic and commercial development opportunities, etc., would also be realized.

The competition for convention and visitors business in Kansas has grown substantially. There are now five to seven competitors in the marketplace vying particularly for state business. Century II has been in place for at least 12 years and has been used by most of the state groups that exist. With competition that is new, state of the art, and exciting, the lure of Wichita for continued state business is less than before. A new exhibition hall offers Wichita the opportunity to maintain its position as the dominant convention destination in Kansas. The total project, including the skywalk system, would provide the exciting environment necessary to create a surge of increased business. Without a new facility, we can only hope to maintain the current situation of having to spread the state business among too many locations. With the new center our market expands to regional and national scope.

Two other aspects are important. Increased regional and national convention business will help build other aspects of our community, notably our air transportation system which requires a volume of passenger traffic to ensure the maintenance and growth of flights. Secondly, it was the observation of the committee that those cities that are dynamic and growing seem to all have dynamic convention business and new centers to attract them.

2. The Project - A New Exhibition Center

In examining our various needs, the Ad Hoc Committee met with groups including: the Convention and Visitors Bureau; Community Facilities staff of the City; industry users including major Wichita companies, trade shows, and hotel operators. Contacts were made with other centers and an examination of the competition throughout the state was made.

The results indicated several key items:

- a. A facility was needed to provide additional space for convention and exhibition events.
- b. The most commonly quoted size on the part of users from industry and trade shows was 100,000 square feet of exhibition space and approximately 50,000 square feet of ancillary space for meeting rooms, common areas, etc. This level of space appears to open up markets that simply do not exist for lesser contiguous space.
- c. A new exhibition center should be attached to Century II and major hotel properties by a proper skywalk system to allow multiple use of community facilities.
- d. The load capacities, entry doors, partitions, and other equipment and facilities should be the latest state of the art, able to handle the needs of the unique trade shows held in Wichita and provide good flexibility in the use of the center.

Many areas were examined for a potential exhibition facility, although only two areas had the potential to meet the objectives of the committee and only one was large enough to actually handle the proposed project. The area is south of Century II. Property exists that is owned by the City and is currently used for parking facilities. Additional property has recently come on the market which has been offered as a potential site for a new exhibition hall. This would allow the City to maintain its parking facilities, build the hall in proximity to Century II, utilize the existing power plant, and make other savings as well.

The preferred site would be approximately 2½ acres of privately owned land combined with city land immediately south of Century II. This site provides the best direct relationship to Century II while maintaining most existing parking. Future expansion from the site could also be accommodated.

A second site of city owned property includes the parking lots south of the Wichita Public Library. Additional parking would be necessitated through land acquisition or multi-level construction. The access to Century II would be reduced but available.

Available parking is a key consideration with greater traffic being generated by a new facility. The skywalk system becomes very important since it expands the distance people will be willing to park from the new exhibition center.

The Metropolitan Area Planning Department studies on parking indicate over 6,000 parking spaces within two blocks of the proposed new center, or one block from the skywalk system. (Refer to site plan for major parking facilities). Five thousand of these spaces are for public use. Additional parking exists beyond these parameters. The skywalk systems would become a conduit for significantly more parking facilities than with only the exhibition hall.

Further, parking is expected to be available west and south of the new center as private development takes place in the next five years. It is not expected that additional parking will be needed at this time.

Another important element was the consideration of the future of the Convention industry. The results are that the future appears bright, nationally and for Wichita. Central business districts and airports appear to be the primary locations for projected new hotel rooms.

In meetings with Southwestern Bell and media representatives, as well as major convention groups and facilities around the country, it was determined that telecommunications is becoming an important element of meetings. With Wichita's unusually large number of corporate boards of directors and the potential for regional and national meetings, sophisticated telecommunications alternatives could provide Wichita a unique advantage for many groups. This ability could set Wichita apart from other Kansas communities in convention facilities.

3. Skywalk - A Total Concept

Our meetings with various groups, including developers, hotel owner/operators, and others found unanimous support for the concept to tie hotels and convention facilities in the downtown area together with skywalks, creating an exciting environment that would truly make the difference for Wichita while giving us national exposure. While building an exhibition hall would meet our space requirements, the total project of a skywalk system would make it unique and capture the imagination of all involved.

The Ad Hoc Committee proposes a skywalk to be constructed along, or above Douglas Avenue extending from Waco on the west to near Market on the east and tying in to Century II at the mezzanine level. The mezzanine of Century II would be glassed in on the east side, providing a weather-proof corridor around Century II and a walkway would extend directly into the new exhibition hall. The result would be energy savings for Century II, as well as making Century II the focal point for our community facilities in its connection to hotels and other buildings and businesses. Each firm would provide their own direct connection to the skywalk system along Douglas Avenue.

In summary, the committee is not proposing simply a new exhibition hall but a total project to expand our convention and visitor facilities while tying together the downtown area. This should be viewed as a single project.

4. Financing the Project

An analysis was made of financial methods used by many cities throughout the country. Many alternatives were considered for the potential financing of this total project. These alternatives included: the Transient Guest Tax, Tax Increment Financing, Benefit Districts, General Obligation financing, Industrial Revenue Bonds, dedication of the sale of specific assets to this center, and several others. The Ad Hoc Committee became convinced that the solution for financing must be straightforward and relatively simple to ensure that it is effective and can be implemented quickly. For this reason, the Transient Guest Tax was chosen as the primary vehicle to fund the total project. Income from this source would be appropriate as the primary beneficiary from this project would be the hotel/motel industry in Wichita. Currently approximately one-third of the tax is being set aside in a building fund. In order to finance the \$15.5 million total cost of the project, it would require two and one-half percent of the existing tax. In order to maintain promotional programs for convention and tourism, the tax would need to be increased by one percent.

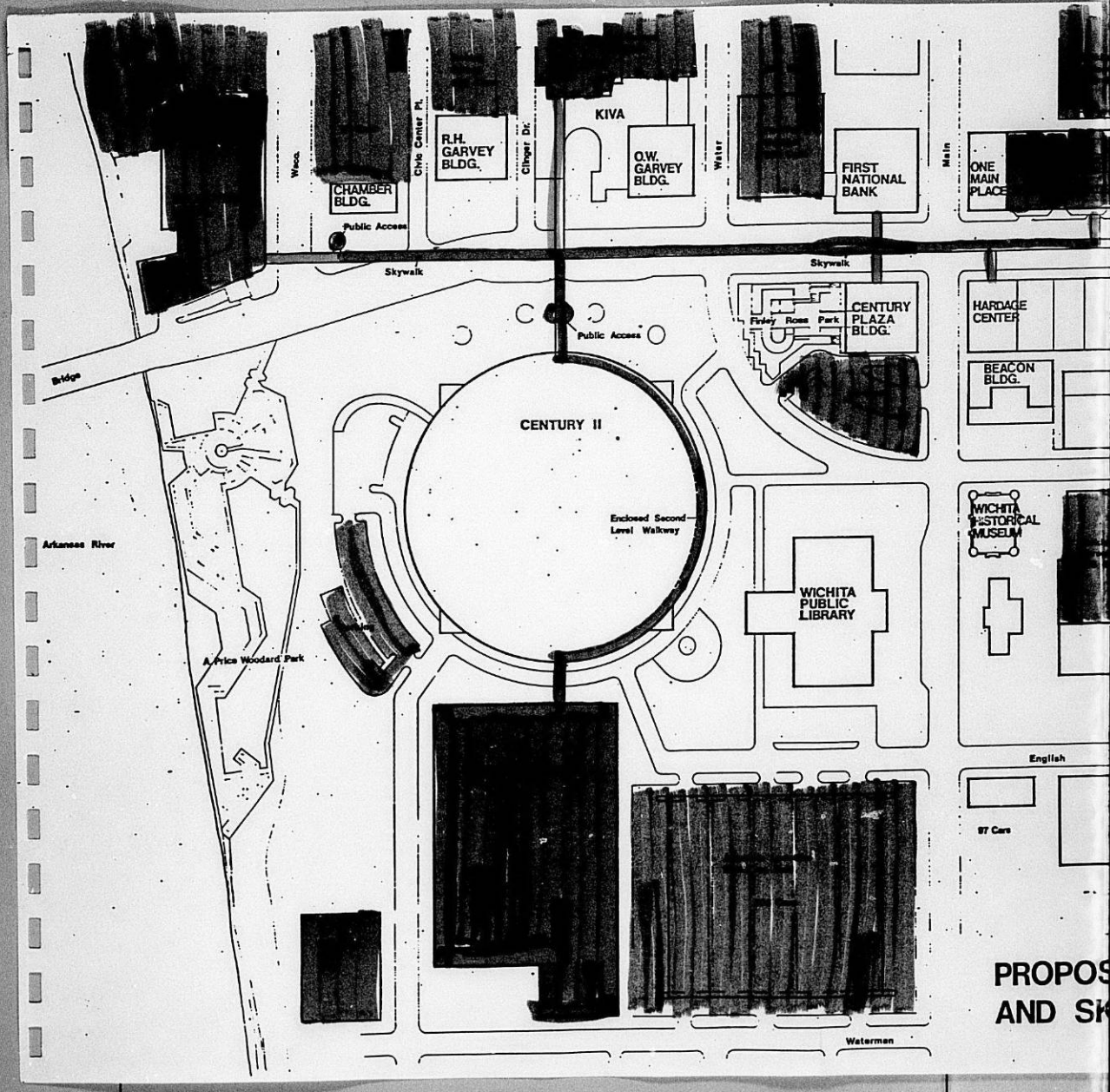
The debt service currently being paid by the City for Century II was considered as a secondary source of financing for a new facility. If the City will continue the debt service for Century II at its current level, allowing the excess amounts and future reductions to be applied to a new convention center, then the entire project can be financed between this source of funds and the Transient Guest Tax. Extension of the Century II debt service would need to take place for approximately 10 years or less with repayment possible during the last 4 years.

Total cost of the project is estimated to be approximately \$15.5 million, which includes \$12.5 million for the land, building and equipment, and \$3 million for the skywalk system and for enclosing Century II. Through a change in the structure of services provided by the convention facilities, enough additional income can be generated to prevent any operating loss in the new facility.

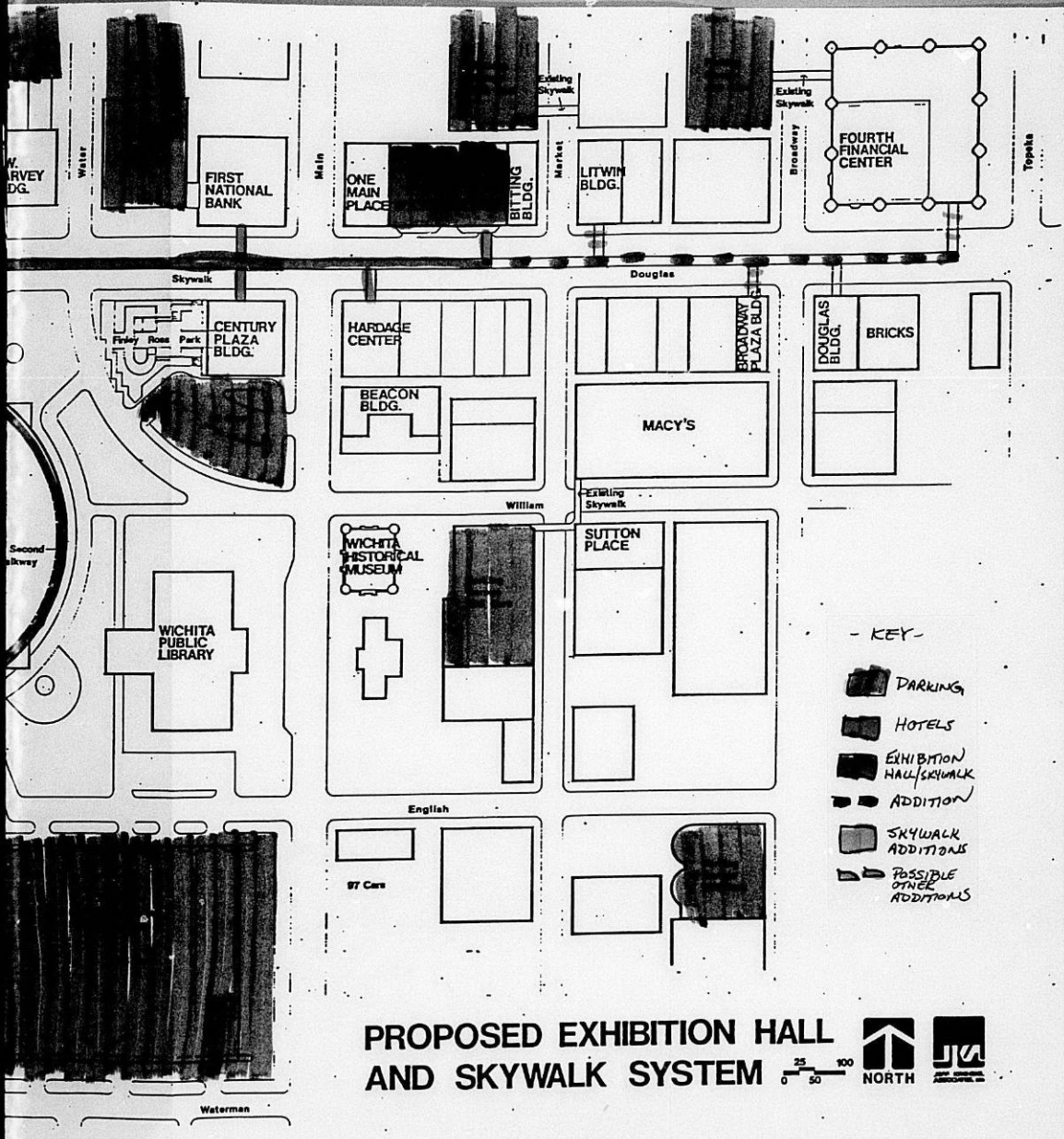
If future opportunities develop to provide Tax Increment Financing (which in Kansas today is an unknown) or other alternatives, these funds can be applied to the project to reduce the need for extension of the Century II debt service. However, to attempt to apply them initially will likely endanger the project as a whole.

In summary, the need exists and has been defined and it is feasible. We recommend that the City act expeditiously to approve and begin the project.

SUPPORT MATERIALS



PROPOS
AND SK



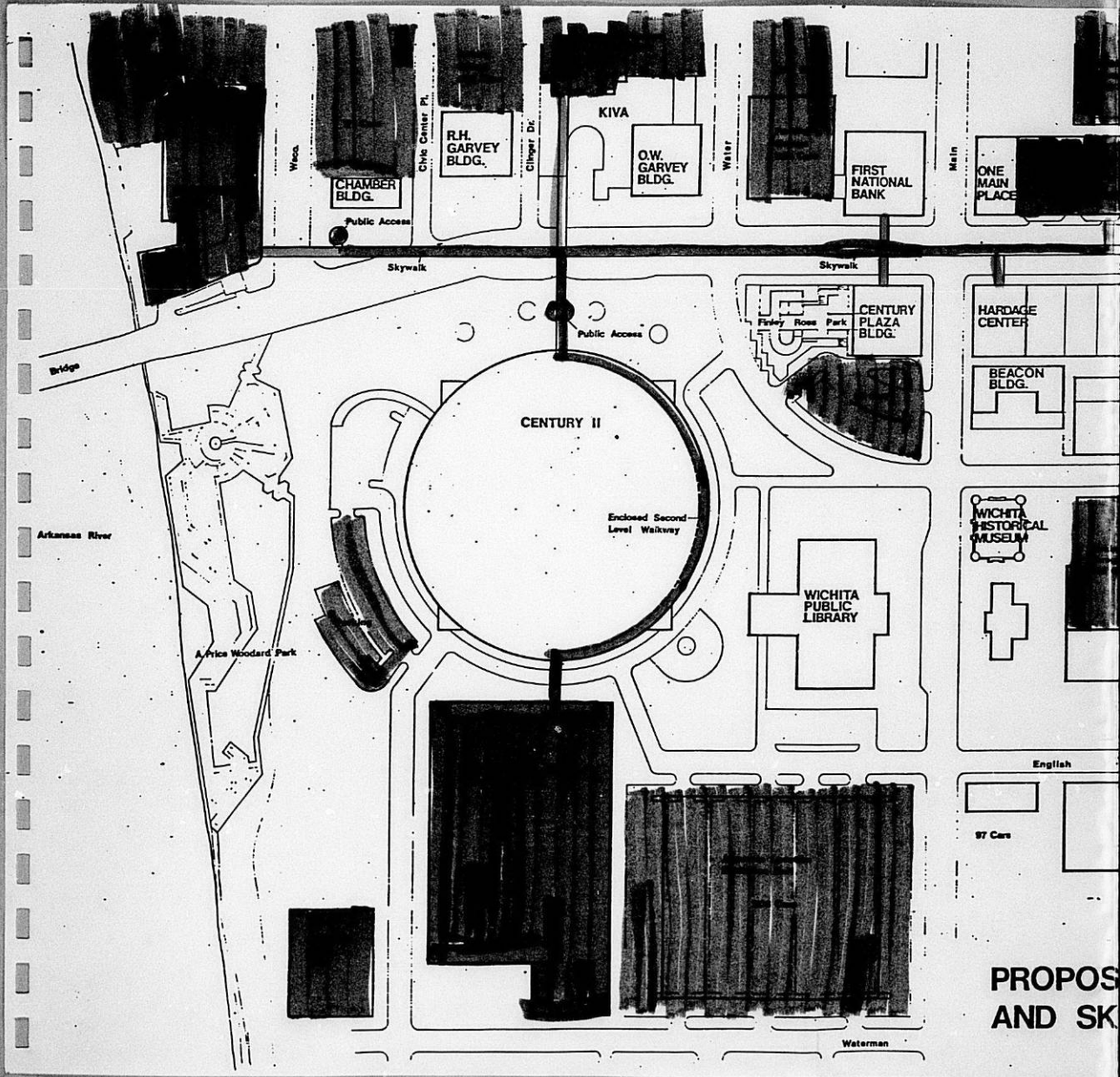
- KEY -

-  PARKING
-  HOTELS
-  EXHIBITION HALL/SKYWALK
-  ADDITION
-  SKYWALK ADDITIONS
-  POSSIBLE OTHER ADDITIONS

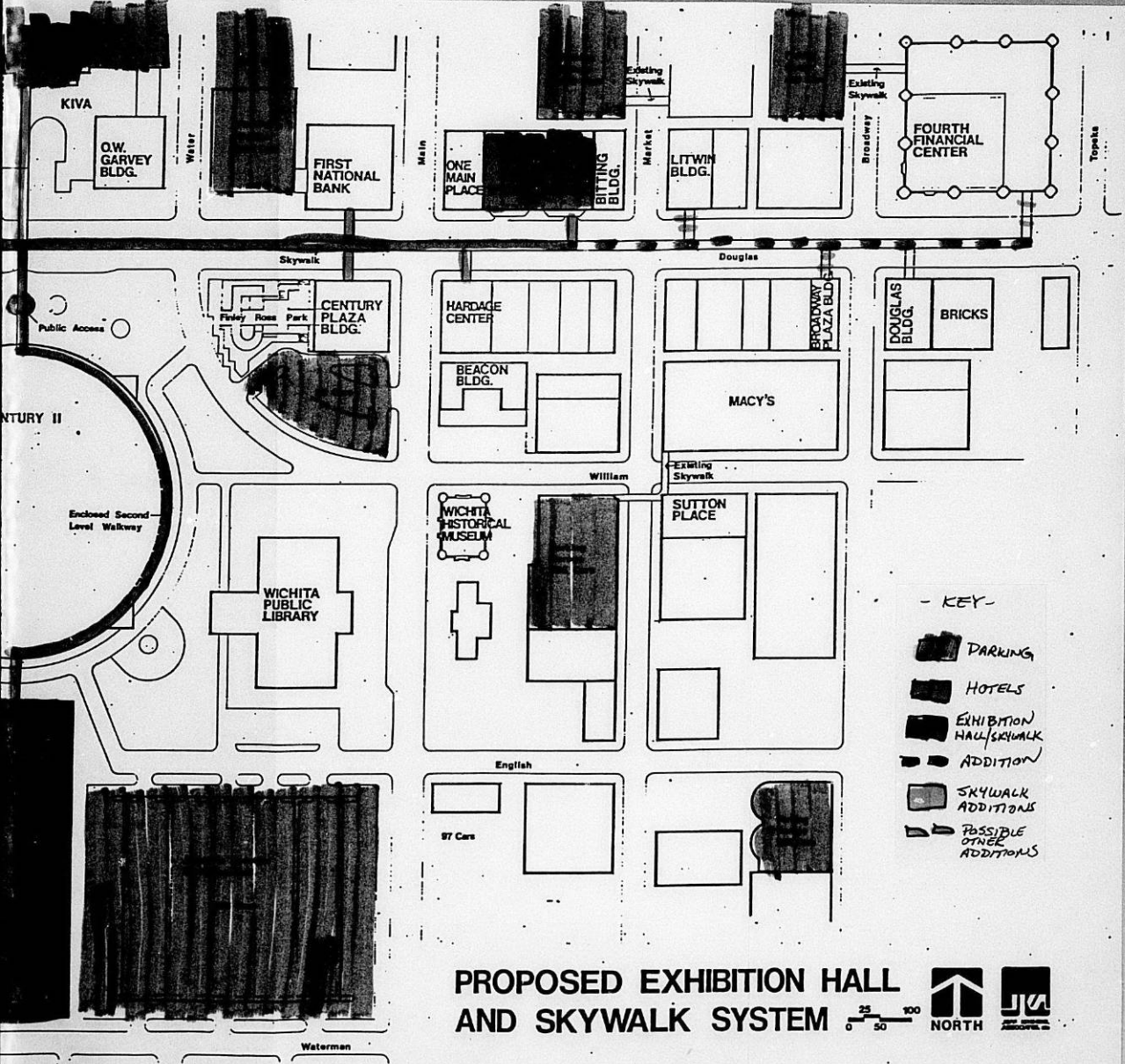
**PROPOSED EXHIBITION HALL
AND SKYWALK SYSTEM**



Waterman



PROPOS
AND SK



**PROPOSED EXHIBITION HALL
AND SKYWALK SYSTEM**

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BASIC ASSUMPTIONS FOR PROJECT FINANCING

1. G.O. Bond interest rate - 10%, 15 year bonds
2. Five (5) years of interest only
3. Transient Guest Tax will increase at 10% per year (rate has been 12%)
4. Building fund will accumulate \$1,450,000 before it is needed in 1984
5. \$16,500,000 in bonds will be issued in 1984 to cover \$15,000,000 cost with \$1,500,000 to be put into building fund to cover cash flow shortage in early years.
6. \$500,000 should remain in the building fund as a contingency for a flat year in tax income growth.
7. \$500,000 will be used as a down payment on the project in the first year.
8. Century II debt service of \$585,000 in 1983 will be frozen at that level and remain at that level as the actual Century II principal and interest amount declines to "0" in 1989. The balance from the \$585,000 each year would be used as necessary (or accumulated as necessary) to offset the principal and interest of the new center. It could be paid back in later years.
9. Interest shown is earned on previous year's building fund balance
10. The center will be managed by the Director of Community Facilities for the City and new policies on food service and rented services will produce enough income to break even on operating costs.
11. Current cost estimates are:
 - a. Building, land and equipment with connecting skywalk into Century II - \$12,500,000
 - b. Skywalk system from Waco to Market above Douglas - \$2,500,000
 - c. Glass in Century II - \$500,000
 - d. Total project cost \$15,500,000

Results

1. Two and one-half percent (2½%) Transient Guest Tax can support a \$15,500,000 facility in 15 years if the first ten years are supported by the City and the bond issue is front end loaded to cover cash flow needs.
2. The City can be repaid the \$4,053,222 from the Century II debt service which would be used the first 10 years. The repayment would occur in the 13th - 16th years (with interest if needed).

PROPOSED EXHIBITION CENTER AND SKYWALK PROJECT
PRO-FORMA STATEMENT

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
COST																	
Bond Issue:	1650000	1650000	1650000	1650000	1650000	2648000	2648000	2648000	2648000	2648000	2648000	2648000	2648000	2648000	2648000	2648000	0
Repayment \$16,500,000																	
810% Actual Cost:																	
\$15,500,000																	
INCOME																	
2-1/2 Transient	891750	933125	1008443	1189581	1368536	1438393	1583332	1741668	1915832	2107415	2318057	2549873	2804870	3085467	3394034	3733415	
Guest Tax																	
Contribution From Building Fund:	587236	567616	1110875			444451	344958	221120	69065	169766	270000	71784					0
\$2,450,000 Beg. Bal.																	
Interest Income From Previous Year	150000	186226	145464	159577	145577	178779	154533	94838	77726	74819							0
Support From CII Debt Service	18514	16304	30824	59400	52760	58537	58537	58337	58537	30000							0
Building Fund Bal.	1862264	1494649	1585774	1455772	1787790	1545339	998380	777261	708196	534410	262430	190646	66680	110815			1130620
Repayment To City													300000	400000	768637	2602205	4053222