Agenda Item #_________

City of Wichita
City Council Meeting
October 15, 1991

Agenda Report #_________

TO: Mayor and City Council

SUBJECT: Old Town Development Proposal (Phase I)

INITIATED BY: City Manager's Office

AGENDA: New Business

- -

RECOMMENDATION: Take appropriate action.

BACKGROUND: In August, 1990, the City Council approved a Developer Agreement with Marketplace Properties, Inc., for the development of the Old Town area. The initial agreement with Marketplace Properties provided for a commitment of $3.2 million of private development in the area before the City and County would initiate infrastructure assistance and development of the Farm and Art Market/Plaza.

In June, 1991, the Developer Agreement was extended and revised to initiate the Phase I development project. The amended Phase I proposal was somewhat different than the initial August, 1990, agreement in recognition of certain timetables and financial commitments.

During the Council Workshop on September 10, 1991, representatives of Marketplace Properties reviewed the status of the Phase I, private sector activities and outlined the public sector actions necessary to proceed with the Phase I Plan.

The public sector commitment requires action to: (1) establish a zoning overlay district; (2) establish a parking district; (3) proceed with infrastructure improvements; and (4) initiate plans for the Farm and Art Market/Plaza.

ANALYSIS: Private sector development commitments and a financial summary are provided (Attachment #1). Marketplace Properties is in the process of obtaining commitment letters from financial institutions and signed lease agreements in connection with the eight (8) projects proposed in Phase I.

The Developer Agreement provides that Marketplace Properties make a good faith effort to obtain the majority signatures of the resident owners of properties on improvement petitions. Majority petitions have not been obtained.

The original August, 1990, Agreement relative to the Farm and Art Market/Plaza required that the Developer acquire and sell (to the City) the Market and Plaza for $526,335; that private funds of $150,000 be available to apply to the acquisition of the Market; and that public funds in the amount of $3,724,400 be identified for the Market/Plaza with $799,500 to be provided by the County.

The Developer has proposed that the Agreement with Marketplace Properties be revised to incorporate new completion dates of Phase I activities and to delete references to use of eminent domain on property not planned for inclusion in Phase I. Provisions from the Old Town Development Agreement for the Farm and Art Market/Plaza will be included.

In order to proceed with the Phase I proposal, the following actions are proposed for approval by the City Council:

1. **Zoning Overlay District** -- The Zoning Overlay District recognizes that the current "E" Industrial zoning classification for the Old Town area inhibits the development of this area for the intended uses. The proposed Zoning Overlay District will:

(a) Reduce parking requirements, recognizing the proximity of this area to downtown and the intended mixed-use character of the district;

(b) Waive parking requirements for properties which are part of an established Parking District and paying assessments for public parking;~~to be~~; and

(c) Permit residential uses~~,~~ not otherwise allowed in Industrial Zones.

The proposed Zoning Overlay District will be considered in a public hearing by the Metropolitan Area Planning Commission (MAPC) within the next thirty (30) days. A recommendation from the MAPC will then be presented to the City Council.

2. Parking District -- The most important element to Old Town development is the establishment of a plan to provide adequate parking. This would allow businesses to meet their parking needs by participating in a parking district where public (or private) parking lots provide off-site parking.

A Charter Ordinance has been prepared which allows the establishment of Parking Districts. The Ordinance "charters the City out" of the Parking Stations Act and the Municipal Parking Authority Act. The provisions give the City the authority to establish parking districts, to finance parking facilities by general obligation special assessment bonds, to acquire parking facilities by eminent domain, and to operate or lease parking facilities.

Once a parking plan is developed, a Parking District would be established by Resolution of the Council (after hearing). After a Parking District is established, parking facilities could be authorized from time-to-time as the need arises (by Resolution or 51% petition). The location and number of parking spaces set forth in the plan could be amended as further development takes place.

The cost of acquisition (purchase or eminent domain) and construction is assessed to the Parking District. The costs are apportioned according to the number of off-street parking places a business needs to meet code requirements. Special assessments are spread over fifteen (15) years, but do not begin until the property owner needs the parking. A property owner obtains a waiver of off-street parking requirements by participating in this district and payment of special assessments.

The City also has the authority to lease parking spaces. A property owner could be required to enter into a non-exclusive lease with the City to rent the number of spaces needed. This rental could pay the on-going maintenance costs.

Another Charter Ordinance to allow deferral of special assessments will also be needed. This Ordinance will charter the City out of certain special assessment statutes and allow the City to defer special assessments for construction of parking facilities within Parking Districts. A property would not be required to participate in a Parking District and pay special assessments until the use is changed to a commercial or retail use that requires more off-street parking than the property can accommodate.

Because it is necessary and appropriate to include other special assessment deferral procedures that do not involve Old Town, Staff proposes to bring this Charter Ordinance to Council for consideration as a later agenda item.

3. <u>Tax Increment Financing District</u> -- A comprehensive plan will be developed for the use of Tax Increment Financing for certain costs associated with the Old Town project, including assistance for the Farm and Art Market/Plaza and to establish a redevelopment district.

4. <u>Municipal Improvement District</u> -- The purpose of a Municipal Improvement District is, among other things, to supervise and enforce the restrictive covenants (use and architectural compatitiblity) and to maintain the parking and common areas. Other areas benefits, such as added security, etc., can be included. ??

5. <u>Project Development Agreement</u> -- An agreement with Marketplace Properties will be prepared to revise completion dates of Phase I activities; delete references to use of eminent domain on property not planned for inclusion in Phase I; and include provisions for the Farm and Art Market/Plaza.

6. <u>Management Agreement</u> -- Staff will develop a Management Agreement for the operation of the Farm and Art Market/Plaza.

7. <u>Relocation of Utilities</u> -- A Resolution requiring all public utilities to be relocated underground has been prepared.

<u>FINANCIAL CONSIDERATIONS</u>: A total of $383,000 has been authorized in the 1991-92 Capital Improvement Program for Old Town improvements. The Core Area Initiative also included an allocation of $4.0 million.

<u>LEGAL CONSIDERATIONS</u>: Each of the documents prepared will require review and approval by the City Attorney.

<u>RECOMMENDATIONS/ACTIONS</u>: It is recommended that the City Council approve implementaion of Phase I and the following actions:

-- Direct Staff to prepare an amendment to the zoning ordinance establishing a zoning overlay district for the Old Town area and refer to the Planning Commission for hearing;

-- Approve first reading of Charter Ordinance establishing Parking Districts;

-- Approve first reading of the Charter Ordinance granting deferments of special assessments for the parking district;

-- Direct Staff to develop a comprehensive plan for use of Tax Increment Financing;

-- Direct Staff to develop a plan for the implementaion and use of a Municipal Improvement District to finance certain improvement costs and to prepare the necessary Resolution and Ordinance;

-- Direct Staff to negotiate amendments to the June 18, 1991, Project Development Agreement with Marketplace Properties; and

-- Direct Staff to negotiate a Management Agreement for operation of Farm and Art Market/Plaza.