TABLE OF CONTENTS

Rudy Bruner Award Applications .................................. Appendix 1
Photographic Images of Old Town Prior to Development ............... Appendix 2
Current Photographic Images of Old Town .................................. Appendix 3
Newspaper Articles
   Tax Increment Financing, Environmental Magazine
   "Old Town Residential Project Goes to Council," Wichita Eagle
   "City Takes Charge of Cleanup Pollution of Downtown Groundwater is Target," Wichita Eagle
   "A Hot Time in Old Town," Wichita Eagle
   "Take a Stroll," Wichita Eagle Editorial
   "Larkspur Old Town Project May Trigger Revitalization of Downtown," Wichita Eagle
   "UNB Lends Financial Backing to Old Town Marketplace," Wichita Eagle
   "Ban on Loans to End for Polluted Area," Wichita Eagle
   "Boom Town Dreams," Wichita Eagle
   "Old Town Inn Nears Reality," Wichita Eagle

City of Wichita
City Manager's Office
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Please answer questions in space provided. Applicants should feel free to use photocopies of the application forms if needed. Answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the question to which it responds, and the length of each answer should be limited to the area provided.

Project Name: Wichita Old Town District

Location: Downtown Wichita, KS

Owner: Various

Project Use(s): Entertainment and Retail District

Project Size: 40 Acres

Total Development Cost: Over $60 Million

Annual Operating Budget (if appropriate): N/A

Date Initiated: 1987

Percent Completed: December 1, 2001

Project Completion Date (if appropriate): N/A

Attach, if you wish, a list of relevant project dates

Application submitted by:

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Weekend Contact Number (for notification):

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Developer:

Market Place Properties

Key Participant: Dave Burk

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Community Group: Cole Consulting

Joan Cole

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Other: Jack Brown

brown j@ci.wichita.ks.us

Wichita/Sedgwick County Community Health Dept.

Please indicate how you learned of the Rudy Bruner Award for Urban Excellence. (Check all that apply).

☐ Direct Mailing

☐ Magazine Advertisement

☐ Previous RBA entrant

☐ Professional Newsletter

☐ Previous Selection Committee member

☐ Other (please specify)

☐ Organization Magazine Calendar

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Signature: [Signature]
ABSTRACT

Please answer questions in the space provided. Applicants should feel free to use photocopies of the application forms if needed. If possible, answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the questions to which it responds, and the length of each answer should be limited to the area provided.

Project Name: Wichita Old Town District
Location: Downtown Wichita, Kansas

1. Give a brief overview of the project, including major project goals.

The Wichita Old Town District is a unique public/private project with a primary goal of converting the decayed and dormant turn-of-the-century historic warehouse district into a vibrant new mixed-use development. It took forward-thinking community leaders to take an enormous leap of faith to make this project a success. This included cooperative efforts between businesses, government and the citizenry to turn the dream into a reality. Creative financing options brought this idea to life. The project was on track until the tragedy of contaminated groundwater was discovered. This could have killed this project, as well as other downtown development projects, all together. Luckily, resourceful community leaders continued to work together to turn this negative into a positive. The result of this unique partnership brought new life to Wichita’s downtown and has continued to do so.

Old Town is now a unique aspect of this city. The streets are continually bustling. Fun and festivities have a home at Old Town. Shopping continues to be a top draw in this downtown area. The project has revitalized our downtown district. It has helped us retain people working in the core area and brings others back downtown after work and on weekends. It has breathed new life into our core area and has made Wichita an even better city for all ages to live, work, play and visit.

2. Why does the project merit the Rudy Bruner Award for Urban Excellence?

This prestigious award has a history of honoring the nation's best community partnership developments. The Wichita Old Town District is a perfect fit for such an honor. This project has all of the key elements that Rudy Bruner celebrates. These aspects include:

- **Community Partnership.** It was the partnerships created that made this project a success. Committed community leaders spearheaded this cooperative effort. A forward-thinking governing body was needed as well to make tough decisions when necessary. Another key element was Wichita’s business community for working and understanding the importance of this project to Wichita, and rallying behind it. Also the citizenry of Wichita was key in being supportive of elected leaders in making it a reality.

- **Revitalization.** What was once a lifeless, run-down warehouse district is now the community’s destination for entertainment. This project breathed new life into Wichita’s downtown. It is a destination for citizens and visitors alike all year long.

- **Diversity of an Urban Experience.** There are many activities in the Old Town district that can lead to diverse opportunities of enjoyment. Some of the Wichita’s best restaurants are located there, along with sports bars and nightclubs. The Farm & Art Market hosts a variety of shopping opportunities and unique stand-along shops are located there as well. The Farm & Art Market Plaza is the home of Wichita’s Outdoor Market, but also works as the community’s meeting point for fun activities including festivals, concerts, traveling entertainment and much more. Plus, offices and a beautiful hotel (featured on the cover of this application) complete the mix. With the addition of fantastic places to live in the Old Town area, it has truly completed Wichita’s urban experience.

- **Historic Value.** Careful consideration has been made in development of the district to maintain the area’s historic architecture and charm. Much of the expense in developing this district was due to the extraordinary efforts made to keep the historic element intact. A special design review committee was established to review all projects to assure the community that this element would be kept.

- **Challenges Overcome.** The discovery of the groundwater contamination put this project in jeopardy. Luckily, through creative leadership, a solution was found to make this negative a positive. This development actually helped improve financing options. The City of Wichita took big risks in relieving all new property owners and lenders of any part of the responsibility for clean up of the contamination, which freed development. Now, the project is a shining example of how extreme challenges can be overcome.

- **Excellence.** All things considered, the Wichita Old Town District is a fine example of excellence in what can be accomplished through partnerships and creativity. This project is a model of excellence that has made this city proud.
PROJECT DESCRIPTION

Please answer questions in the space provided. Applicants should feel free to use photocopies of the application forms if needed. If possible, answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the questions to which it responds, and the length of each answer should be limited to the area provided.

1. What local issues did this project address? How has it affected the local community?

It was discovered that many of Wichita’s young people were moving to larger cities such as Kansas City, Chicago or Dallas because of the “lack of things to do” in Wichita. A dynamic urban experience was needed. This project provided new entertainment and living choices for Wichitans. It helps attract and retain employees in Wichita. This unique development keeps our economy vibrant and growing. The Old Town entertainment district has also added to the attractiveness of the city as a convention and tourist destination. This community asset has reversed a declining tax base in this part of Wichita’s core area.

The Wichita of today is now considerably more enjoyable due to this valuable resource. There is an element of excitement in this district during all hours of the day. A surge of life happens after work, where many of the downtown workers flock to enjoy dinner, drinks, live music and a variety of entertainment options. An amazing element is that a waiting list for living downtown has been created. Luckily, future developments such as in the mixed-use redevelopment of the historic Eaton Hotel a block away, are helping to fill this void which will continue to breathe life into Wichita’s core area.

2. Describe the underlying values of the project. What, if any, significant tradeoffs were required to implement the project?

A primary value was to preserve and enhance the historic/architectural character of this old warehouse district, with its brick streets and turn-of-the-century buildings. All of the redevelopment and improvements such as new buildings and additions, streetscape improvements, the deck-high sidewalks, construction of a new public parking garage to minimize the impact of additional surface parking were focused on the preservation of this historic amenity. The result of this was a higher cost in the project due to the well-kept detail of the beautiful bricked district. However, this cost was well worth the investment because the end result is much more beautiful than many anticipated.
3. Describe the key elements of the development process, including community participation where appropriate.

There were several key elements of the development process. The first and most important ingredient was identifying a "champion" with a "vision" for the area. That individual was David Burk. Burk brought unique professional talents to the area, as he became both the developer and the architect to complete his vision. He has not compromised his architectural principles for the "bottom line." Other key essentials were strategic city investments:

1) Acquisition and development of the Farm and Art Market and Plaza early in the process as an anchor and catalyst for other development.
2) Acquisition and relocation of Southwest Paper Company from this area to an industrial park.
3) The decision to provide free public parking and to establish a parking district by which property owners pay fees in lieu of meeting their individual parking needs.
4) The use of development incentives (tax increment financing, sharing in special assessments, historic revolving loan funds and others) to encourage development.
5) The creation of a special zoning overlay that promotes mixed use, reduces parking requirements, and sets up an effective but streamlined design review process for new buildings and alterations to existing buildings.

4. Describe the financing of the project. Please include all funding sources and square costs where applicable.

Creative financing was used in both the public and private sectors. Question 3 in the Developer's Perspective addresses what was done in the private side. The following chart indicates the investment made by the City of Wichita:

<table>
<thead>
<tr>
<th>OLD TOWN REDEVELOPMENT DISTRICT</th>
<th>PUBLIC IMPROVEMENT PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCES OF FUNDS</td>
<td>TOTAL COST</td>
</tr>
<tr>
<td></td>
<td>COUNTY GRANT</td>
</tr>
<tr>
<td>Old Town Streets &amp; Sidewalks</td>
<td>$4,133,500</td>
</tr>
<tr>
<td>11 Surface Parking Lots (1,000 spaces)</td>
<td>3,702,358</td>
</tr>
<tr>
<td>Old Town Parking Garage (350 spaces)</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Old Town Farm &amp; Art Market and Plaza</td>
<td>1,610,195</td>
</tr>
<tr>
<td>Hotel at Old Town</td>
<td>3,300,000</td>
</tr>
<tr>
<td><strong>TOTAL OLD TOWN PROJECTS</strong></td>
<td><strong>$16,434,653</strong></td>
</tr>
</tbody>
</table>

5. Is the project unique? If so, how is the model adaptable to other urban settings?

Many cities have similar districts of turn of the century buildings with character in and around their downtown that no longer serve their original intended purpose (in Wichita's case, wholesaling/warehousing centered around the railroad tracks) but have possibilities for adaptive reuse. The uniqueness of Wichita's success story lies in the variety of tools and incentives that were utilized to help make things happen. Persistence from leadership on both the public and private sides to carry on the development have made Old Town a unique success that continues to grow. The components outlined below were used to overcome environmental impediments to the development of the Old Town District. The Gilbert and Mosley Environmental Cleanup and Redevelopment project was one of the first in the United States in terms of developing an overall approach to stabilize and enhance property values, minimize innocent property owner and lender environmental liability, provide secondary financing for the investigation, clean-up and allow for development, and revitalization. It included:

- An agreement with the State of Kansas to investigate and cleanup the site, which included most of the Old Town District.
- An agreement with an environmental consulting firm to perform investigative work with an option to perform the cleanup, including identifying the facilities responsible for the contamination and determining their contribution of the cost.
- Establishment of two citizens groups to provide technical and non-technical input into the process.
- The creation of a City and State supported "Certificate and Release of Environmental Liability" program to release innocent property owners, banks, and parties with interest in property from the Environmental Liability associated with investigation and cleanup of the site.
- An agreement with local lending agencies to accept the "Certificate and Release of Environmental Liability" for loans in the project area.
- Agreement with Coleman Incorporated to provide initial funding for the environmental investigation of the site and to pay their share of the contamination cleanup caused by their company.
- Establishment of an Environmental Tax Increment Financing District using a portion of local property taxes as a secondary funding source for the investigation and cleanup of the site.
- Cooperation from the taxing entities; the City of Wichita, Sedgwick County and the local School District USD 259 to accept the creation of the TIF allow a portion of no more than 20% annually of the general local property tax revenues to be used for the project.
PUBLIC AGENCY PERSPECTIVE

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This sheet is to be filled out by staff representative(s) of public agency(ies) who were directly involved in the financing, design review, or public approvals that affected this project.

<table>
<thead>
<tr>
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<th>Monty Robson</th>
<th>Title</th>
<th>Downtown Development Coordinator</th>
</tr>
</thead>
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<td></td>
</tr>
</tbody>
</table>

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Signature

1. What role did your agency play in the development of the project? Describe any requirements made of this project by your agency (e.g., zoning, public participation, public benefits, impact statements).

The City of Wichita agreed to participate in a public/private partnership with a local developer for Old Town, a mixed-use redevelopment project in an existing brick warehouse area. The City agreed to:

1) Acquire a building in the area and remodel it as a permanent home for the Farm & Art Market.
2) Create a parking district, acquire property, and construct public parking.
3) Reconstruct the streets and pedestrian areas, and replace utilities as necessary.

In exchange for these improvements, the developer agreed to acquire and renovate specific buildings with private funds. The City also agreed to:

1) The establishment of an overlay zoning district with goals of modifying the existing "light industrial" zoning to allow residential occupancies.
2) Development of a parking district with free parking, businesses could meet off-street parking required by the zoning ordinance by paying fees, and required parking would be reduced approximately 25%-30% based on the concept of shared parking.
3) The establishment of design standards and a design review/approval process for all exterior renovations and new construction to preserve the special historic and architectural character as well as to protect private property values and public investments.

The Planning Department coordinated the overlay zoning. Public Works coordinated design and construction of the projects. The Water Department made water/sewer infrastructure improvements. The Finance Department developed a Tax Increment Financing (TIF) district. The balance of the public costs were funded through GO bonds, special assessments to the businesses for 50% of the street improvement costs, and parking fees.

2. How was this project intended to benefit your city? What tradeoffs and compromises were required to implement the project? How did your agency participate in making them?

The project was intended to benefit the City several ways including:

- Stabilizing or increasing property values and the tax base.
- Saving the area from further decay and loss the special historic and architectural character, providing a mixed-use entertainment, retail, office and residential project to help activate the downtown area.
- Providing a permanent home for the Farm & Art Market, a local landmark.
- Establishing a unique "destination" area for the City to facilitate regional tourism and marketing/promotion efforts.
- Creating new opportunities for downtown businesses and housing.
- Also, the City's plan for addressing the Gilbert-Mosley contamination problem removed the cloud of being potentially responsible for cleanup costs from new property owners and lenders, thereby allowing private investment and lending to resume.

In order to implement the Old Town project, the City had to commit to significant public improvements, dedicate substantial staff time and resources to coordinating the public projects, and risk up-front public investments prior to knowing if this project would succeed. As Old Town has grown, the City has expanded initial commitments by adding new public projects and easing the burden on the area's businesses. The City has developed plans for businesses in existence prior to redevelopment to escape some special assessments. Other City departments have played key roles that were highlighted in question 1.
3. Describe the project's impact on the neighborhood and the city. Please attach relevant data where available.

At the outset, the City committed to designing the public improvements to a higher aesthetic standard, to set an example for public and private projects throughout the city and to go beyond merely meeting minimum requirements. The goal was enhancing the visual environment and instilling pride in the community. This commitment is evident in the use of materials that are in character with the architecture of the existing brick warehouses, placing overhead utilities underground, utilizing historic lighting, including public art and giving the area identity through the use of perimeter brick piers with wrought iron fencing and archways at entrances to the area. Attention to detail was emphasized in every aspect of the design and construction of the public improvements. The example set by the City in Old Town has become the standard by which public and private projects throughout the City are judged. Also, Old Town has provided the community with a unique entertainment, retail, office, and residential area that has greatly helped to activate the downtown and extend the life of the inner city. Opportunities have been created for local start-up businesses. In addition, many businesses have moved to the area, or stayed downtown versus fleeing to the suburbs, because of Old Town.

4. Did this project result in new models of public/private partnerships? Are there aspects of this project that would be instructive to agencies like yours in other cities?

Yes, since the Old Town project, there have been several spin-off examples of public/private partnerships initiated or completed near the current Old Town district. To the benefit of future projects, Old Town demonstrated that in many cases, these types of redevelopments would not happen without public sector commitment. As these projects age and mature, it is often necessary to remain flexible and responsive to changing development conditions. When dealing with a district-wide project, it must be realized that it will take some time to determine the components of the project and how the final development will form. Often the public commitment must go beyond the initial improvements, and beyond the initial public support provided, in order to assure success of the overall redevelopment project. It is also essential that the public sector be willing to try to find ways to make the projects become reality. There will be plenty of hurdles, which could easily be used as an excuse to withdraw. If this occurs, it may kill the project or at least curtail its continued development and its ability to reach its full potential. We believe there are many aspects of this project that would be instructive to similar agencies in other cities.

5. What do you consider to be the most and least successful aspects of this project?

The most successful aspects of the project are that this unique area of the City was not only preserved but has been given new life. An important segment of Wichita's downtown area has been transformed into a successful mixed-use development with new opportunities for downtown entertainment, retail, office and residential venues. The improvements made have been done with an emphasis on quality and aesthetic values thereby establishing new standards for public and private projects. It has helped activate the downtown area and has become a “destination” development attracting businesses, residents, and visitors to the area. And most importantly, real estate development downtown was saved through the City's plan for removing the cloud of possible responsibility for groundwater contamination clean up from new property owners and lenders.

The least successful aspects of the project are that some of the start up businesses (particularly small local retail businesses) have not been financially stable enough to survive or be viable if they have survived. Unfortunately, the City has not been able to implement planned increases in parking fees charged to area businesses due to the financial burden on area businesses. In some cases, the appraised value of properties for tax purposes has not been as high as the investments made, which has reduced anticipated tax revenues from the TIF district used to help the City fund public improvements. Lastly, the failure of businesses and property owners in the area to agree to create a "business improvement district" to tax themselves to fund activities (increased security, landscaping, marketing, maintenance and clean up) that is beyond the ability of the City to provide at the level needed to keep the area in "showcase" condition. Fortunately, however, there is a renewed movement underway currently to establish such an improvement district.
COMMUNITY REPRESENTATIVE PERSPECTIVE

Please answer questions in the space provided. Applicants should feel free to use photocopies of the application forms if needed. If possible, answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the questions to which it responds, and the length of each answer should be limited to the area provided.

This sheet is to be filled out by staff representative(s) of public agency(ies) who were directly involved in the financing, design review, or public approvals that affected this project.

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Address 323 N. Market Street City/State/ZIP Wichita, KS 67202
FAX (316) 264-2788 E-mail colecon@mplex.net

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1. How did you, or the organization you represent, become involved in this project? What role did you play?

In 1988, I first became aware of the exciting development in Old Town as a long-time downtown business owner who frequented restaurants in the center city. At that time, the partnership between David Burk and the City of Wichita had already been initialized when Burk, an architect and developer, approached the city and proposed turning the old and deteriorating downtown warehouse district into a mixed-use area. I was elected president of the Downtown Business Association (DBA) in 1991 and invited Burk to a planning session to discuss the viability of the center city. Moreover, as an advisor for the National Trust for Historic Preservation and president of Historic Midtown Citizens Association, I was supportive of restoration efforts throughout Wichita. In 1993, I was elected to the Wichita City Council and since the Old Town area was located in my district, I offered to assist Burk in this public/private partnership with the City. As City Council Representative for District VI, my role was to work with Dave Burk, property owners, merchants, investors and other developers, as they became part of the project. City Hall had developed a core of very competent staff people who met to discuss, evaluate and advise us on City participation, financially or otherwise. It was often my role to take the proposals, along with the appropriate city staff members, to the Mayor and full Council for their opinions, suggestions and, ultimately, support.

2. From the community's point of view, what were the major issues concerning this project?

There were members of the community that questioned the wisdom of investing in the downtown core area, which by 1988, had fallen upon hard times. In addition to many deteriorating and vacant buildings, a major groundwater pollution problem had been identified and lenders were reluctant to provide financing for any redevelopment in the area. This was balanced by those who believed in maintaining and improving the vitality of a center city and was supportive of offering incentives to a preferred developer.

3. What tradeoffs and compromises were required during the development of the project? How did your organization participate in making them?

Other entertainment and restaurant business owners challenged this investment in the core area and deemed it unfair for the city to subsidize their competition. It has always required a balancing act between providing meaningful incentives to attract private investors and limiting the city's contribution to appropriate projects. Naming one developer as "preferred" was a new concept for the City of Wichita and it was difficult for some to accept. However, Burk presented his vision as an entire area, not a single block or building. A master plan was developed by the partners along with design guidelines and it was determined there would be consistency in outdoor lighting, landscaping, trash containers, benches, parking lots, building materials and design elements and parking assessments. Working with the same architect/developer on the entire project allowed innovative approaches, creative solutions and flexibility in the application of some of the governmental regulations that stand-alone projects would not have allowed. The entire Old Town development lies within one city district, which often made it difficult for other City Council members to be supportive. Political compromises often occurred. Fortunately, in 1992 the Council made a commitment of almost $75 million to the City's core area and the Old Town district was included in this commitment. In addition, City officials developed a project to deal with the groundwater pollution problem locally. The City indemnified properties and lenders began to finance downtown projects once again. The Old Town development was able to acquire financing because of this groundwater pollution resolution.
4. Has this project made the community a better place to live or work? If so, how?

Yes, absolutely. Wichita has struggled to overcome the “brain drain” as its brightest and best young people left the community because, “there was nothing exciting and entertaining for young people to do in Wichita.” While we see many middle-aged and older citizens in attendance at events and activities in Old Town, the preponderance of frequenters are young people as Old Town has become “THE place to go for entertainment.” It also helps keep downtown employers and employees working downtown.

Another asset is that it has also attracted visitors throughout the region. Prior to recent developments, tourism has not been perceived as important to the State of Kansas nor the City of Wichita. It was also not viewed as an economic development source to elected officials on the state and local level. Thankfully, this has changed. Moreover, surveys taken by the Wichita Convention and Visitors Bureau indicate that Old Town is a favorite destination for our convention and leisure travelers. Overall, it has added to our quality of life by providing a place where citizens and visitors can go for fun and entertainment that is uniquely Wichita.

5. What would you change about this project, or the process you went through?

Public/private partnerships are difficult, no matter how dedicated the partners are. Due to the process required by cities, many things must be made public before negotiations are complete. Often, the result of the goal to be fair and open is to increase property prices far beyond that which would occur in a totally private endeavor, as information would not appear in newspaper headlines while a private project was in the formative stages. The preferred developer arrangement does provide some advantage in the negotiating process.

While negotiating in private probably would have accelerated the process and might have even resulted in lower property and development costs, it is my job, as an elected official, to assure that local government proceeds in a manner which is fair to all parties and, to the degree possible, provides information to the general public. Therefore, these comments are not advocating change, merely citing one of the challenges of public/private partnerships that I believe to be the manner in which all cities must carry out inner-city development projects today and in the future.
DEVELOPER PERSPECTIVE

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This sheet is to be filled out by staff representative(s) of public agency(ies) who were directly involved in the financing, design review, or public approvals that affected this project.

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Signature

1. What role did you or your organization play in the development of this project? Describe the scope of involvement.

MarketPlace Properties was selected by the City of Wichita as the preferred developer for a public/private, mixed-use redevelopment of a turn-of-the-century warehouse area with 60 historic buildings, containing over 40 acres in the downtown area. The scope of the firm's involvement started with a phased master plan of the area. It included a survey of the existing inventory of buildings; assistance in the establishment of Wichita's first and the State of Kansas' second tax increment district; facilitation of the first parking district in the City as well as decisive plans for the district's size and location. We also determined design guidelines for structure rehabilitation and established a review committee with the coordination of a zoning overlay district that allowed new uses such as residential while still allowing existing light industrial businesses to remain though the transition time.

2. What, if any, modifications were made to the original proposal as the project was developed? What tradeoffs or compromises were required during the development of the project?

The original project was set up as a four-phased redevelopment project. A successful first phase included rehabilitation of 5 buildings, installation of 5 surface parking lots and street modifications. It was then that various building owners chose to develop their buildings in lieu of selling them to the developer. This caused redevelopment in a scattered pattern, rather than the phased plan. Also, due to the phasing and the beginning successes property values began to increase. Because of the additional cost, less surface parking could be financed which meant the development of more costly multilevel parking garages. The last modification was the revision of the sound ordinance. As more people were living in the area, nighttime outdoor music had to be lowered.

3. How was the project financed? What, if any, innovative means of financing were used?

The financing of Old Town was the cornerstone of the cooperative public/private effort. The public sector used special assessments of the street improvements, monthly fees from the property and business owners for the parking district, tax-increment financing and general fund dollars. At the time the project was developed, tax-increment financing was unique for the Midwest. The most innovative concept of the project was the parking district, which has not been matched in any other city. The public sector also purchased property and developed free surface or structured parking. The business and property owners pay a monthly fee based on the parking requirements for their business through the zoning overlay ordinance. The private sector used a variety of financing options including low-interest historic loans, equity dollars from partners, historic tax credits, income restricted tax credits, conventional financial institutional loans, HOME funds, state income tax credits and Industrial Revenue Bonds (IRBs).
4. How did the financial benefits and economic impacts of this project compare with or differ from other projects you have been involved in?

In the beginning, the area had gone through a long period of continued decline, both in terms of occupancy and the actual physical shape of the buildings. At that time, properties were relatively inexpensive and MarketPlace Properties was able to purchase and rehabilitate the buildings for much less than the cost of development in the suburbs. This made our lease rates more inviting to potential leasees and the rate of returns were higher than with suburban development. However, as the area has matured, prices for the remaining undeveloped warehouses has increased to over 5,000% while the rental fees in the area have only increased by about 30% for new leases. Also, many tenants are still under original leases, which means a lower return rate. As decline in the rate of return continues, development has become more challenging. Old Town has had a tremendous economic and visual impact on Wichita's downtown area. The visitor count in the Old Town area has exceeded 2.5 million per year since 1998. There have been 82 new businesses located here, which employs over 900 people. The area had over $12.4 million per year in taxable sales.

5. What about this project would be instructive to other developers?

A forward-thinking City governing body is needed to accomplish a lofty goal such as in Wichita’s Old Town District. Agreements, infrastructure and land assemblage are all time consuming considerations that must be planned for in cooperation with the understanding of the governing body. The desire to develop infrastructure in a downtown that is in need of replacement is key. The support of the City Council to develop these all-important changes is vital to projects of this caliber. It is considerably more costly to develop in a downtown area such as Old Town rather than installing new utilities in undeveloped areas, such as farmland. To assemble contiguous properties for a large project in downtown, the City’s governing body must be willing to condemn property, if necessary. However, condemning property may create a problem if, after the condemnation, the property is priced so high that the economics of the project no longer work. Therefore, before beginning a project assemble as much of the property as possible. Lastly, the parking district has been a great asset to the development. Much of downtown parking is metered but Old Town has the added incentive of free parking for visitors and patrons. Progressive planning for the development’s parking helped make this area a success. It also kept the private sector from tearing down historic buildings to develop parking lots and thus kept this unique district intact. Most of these efforts can be attributed to partnership and a cohesive vision with the public and private sectors.

6. What are the most and least successful aspects of this project?

The most successful aspect of this project is giving the old warehouse district a new vibrant use that will maintain the character of the turn-of-the-century era for years to come. Old Town was the original warehouse district in Wichita. Because of the redevelopment, the area gives our downtown new vitality and a place for citizens and visitors to see an area that is uniquely Wichita. Like most cities, Wichita has gone through the same problems with urban flight from the downtown to the suburbs. This project has breathed new life into our downtown. It has helped us retain people working in the core area and brings others back downtown after work and on weekends.

The least successful aspect of the project is the lack of an organized group effort to promote the entire district. It is difficult to get an organized marketing effort from the different tenants and owners in the area on a volunteer basis. Luckily, downtown Wichita is currently in the process of developing a Self-Supporting Municipal Improvement District (SSMID). This will bring a pool of money to fund marketing efforts, additional security, recruiting and retaining businesses and the development of special community events.
The design concept for this project is to maintain the historic fabric and character of the existing warehouse district while converting the use of it from warehousing to a mixed-use environment that contains office, retail, entertainment, restaurants, drinking establishments, hotels and living accommodations. In the center of the project is a centrally located, year-round open plaza. The plaza is a gathering place of the community and hosts several special events every year. Vendors sell their wares, people have lunch, read a book or just rest. It also serves as an area for public events such as Oktoberfest, St. Patrick’s Day festivities, Scoops (ice cream) Festival, Friday Night Blues and the Mexican Fiesta as well as private events such as class reunions, weddings and private parties.

Another important design consideration was the conversion of the truck and railroad-friendly environment of its original use into a pedestrian-friendly environment for the mixed-use area. The 70-foot wide brick streets were reworked to bury the utilities and provide a narrow 2-way vehicular way down the middle of the right-of-way with beautiful brick sidewalks on each side. The division between the walks and the street was a concrete header, flush with both surfaces to be more pedestrian friendly. The walk areas also contain the elevated boardwalks, which help get the guest up to the first level in the dock high buildings and at the same time provide ADA accessibility. Elevated boardwalks also created two levels of pedestrian excitement on the street while the narrower streets provide slow moving vehicular traffic that again adds movement to the area. Brick was used to maintain the street design and ambiance of the old-fashioned brick streets with the continuity of the brick buildings while providing parking spaces for the visitors and guests to the rear of the buildings. The choice of materials for both the site work and the buildings included materials used in that time period: concrete, brick, steel, wrought iron, and wood with heavy timber.

2. Describe the most important social and programmatic functions of the design.

The most important social functions of the design included a people-friendly design that stimulates the senses and conveys a feeling of safety both day and night whether circulating by trolley, horse carriage, automobile or on foot. This was accomplished by the design of the streets and public areas described in the first question. This gives people a variety of things to observe such as artwork, banners and interesting signs. Benches allow for places to wait for trolleys or horse-drawn carriages, to rest or to listen to street musicians.

Security is important and the area is well lit at night with street, building and parking lot lighting. Police walking the boardwalks, conversing with pedestrians and riding bicycles through the parking areas and streets help add to the feeling of security. People also normally feel more secure around other people, which the walking district helps promote. Having people live in the area also adds to the security of the area by having residents coming and going 24 hours a day.

There were several programmatic functions in the design. The most important was maintaining streets for vehicles as well as the original straight grid; saving historic buildings; developing a wide range of uses and activities that is conducive to each; and providing adequate public parking for all of the above. Many areas across the country have made the mistake of closing off streets to vehicles and allowing only pedestrians. In Old Town, that would have eliminated excitement and activity at the street level and eliminated the notion that the visitors could park at the front door of the businesses. Maintaining the streets in a rigid grid was a necessity because of the desire to save or salvage the buildings along the street edge. Providing parking in various locations throughout the project that may be shared but still accommodates office, retail and restaurants during the day and entertainment, bars, restaurants and housing at night was key to a successful project in Wichita.
3. Describe the major challenges of designing this project and any design tradeoffs or compromises required to complete the project.

Several of the major design challenges were to provide ADA accessibility to many of the dock-high buildings while still providing interest as the guests moved though the walking area from building to building. Both of these challenges were accomplished by taking advantage of the existing oversized width in the streets, reducing that width to slow the traffic and using the remaining area for development of decks with accessibility, landscaped areas, historic lighting, artwork, and other interesting highlights further detailed in the first question.

The major design compromise was to complete the project with concrete brick in the walking surface area of the streetscape in lieu of the original historic clay brick. This was purely a cost consideration. When the existing historic brick was taken up, about 50% was useable, which meant that we needed substantially more brick to complete the project. Therefore the original brick was used in the traffic areas, and new concrete "brick" pavers were used for the sidewalks.

4. Describe the way in which the project relates to its urban context.

The project relates to its urban context by maintaining the continuous buildings fronting the streets, all the streets maintaining their rigid perpendicular grid, and providing small parking areas in a wide variety of various locations. Currently, there are several areas where there are missing buildings and the area has surface parking lots next to the historic streets. Over time as the area continues to develop those areas will be filled in by parking structures with commercial space at the street level.

5. Describe the strengths and weaknesses of the project's design and architecture.

The main strengths of this project were the number of existing historic buildings that were retained in the area, the mix of uses that occupied the rehabilitated buildings, the availability of parking along with conversion of surface lots into parking structures, and the interest in the street and environs surrounding the buildings. In the beginning, a historic inventory was made of all buildings in the area. This inventory helped determine which buildings were non-historic and could be demolished for parking areas. This allowed building owners to keep their buildings because they had parking provided in the district, thus we were able to maintain what makes an area like this appealing -- the continuous row of buildings fronting the streets. Old Town's large number of uses helps provide for its longevity and stability.

The main weakness of the project's design is the lack of commercial space at the grade level in the first parking structure. This space was used for additional parking on the first garage, but future garages are being planned that will have commercial lease space at grade for the continuation of activity at the street level.
**OTHER PERSPECTIVE**

Please answer questions in the space provided. Applicants should feel free to use photocopies of the application forms if needed. If possible, answers to all questions should be typed or written directly on the forms. If the forms are not used and answers are typed on a separate page, each answer must be preceded by the questions to which it responds, and the length of each answer should be limited to the area provided.

<table>
<thead>
<tr>
<th>Name</th>
<th>Jack Brown</th>
<th>Title</th>
<th>Environmental Health Director</th>
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</thead>
<tbody>
<tr>
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<td>Address</td>
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**Signature**

1. **What role did you play in the development of this project?**

As Environmental Health Director and Project Manager of the Gilbert and Mosley (GM) Environmental Cleanup and Economic Redevelopment Program, I worked with regulatory agencies, developers, real estate firms and lending institutions to address environmental contamination and liability concerns that faced Old Town. Our office provided environmental information in the form of identification of environmental ground water contamination area, asbestos control and removal, historical property uses, releases of environmental contaminates, underground storage tank and other potential environmental hazard locations, status of active environmental investigations, environmental site assessment guidance, sampling, testing and analysis, interpretation of data, inspection of properties, and overall technical and regulatory assistance. As part of this environmental activity, our office was given authority by the City Council and the State of Kansas to issue “Certificates and Release of Environmental Liability” to innocent property owners, lending institutions and other parties with a substantial interest in property in order to facilitate real estate transactions to remove the threat of environmental liability and potential CERCLA single, joint and several liability. In addition, our office participated in the development and implementation of a City Council ordinance that provided special assessment for asbestos removal and management during building demolition or renovation of the older buildings found in the Old Town District.

2. **Describe the impact that this project has had on the neighborhood and the city. Include any data or supplementary materials support your conclusions.**

The Old Town Redevelopment Project benefited greatly from this program by resolving environmental issues relating to investigation and cleanup of ground water contamination and other environmental concerns in the Old Town District. Old Town was negatively impacted by environmental contamination from past industrial and commercial practices in the area. As a result of this contamination, banks and other lending institutions were reluctant to lend money for purchasing, expanding or renovating Old Town properties because of the possibility of environmental liability associated with investigation and cleanup costs. Due to the contamination issues in the Old Town area associated with the Gilbert and Mosley site, real estate transactions were at a standstill. The impact of the Gilbert and Mosley program on the Old Town redevelopment project was significant in that the GM project allowed the environmental issues associated with liability and other transaction costs to be avoided by lending agencies, innocent purchasers and others. As a result of the GM program “Certificates and Release of Environmental Liability” were issued to hundreds of parties within the Old Town area, thus protecting lending institutions and their clients from investigative and future cleanup costs. This contrasts to the typical site with “Superfund” liability where the EPA has authority to recover costs singly, jointly and severally from parties who merely own contaminated property including banks and lending institutions. Developers of Old Town were originally trying to be excluded from the GM site but the environmental evidence was clear that Old Town were underlain with contaminated ground water. Once the program was fully implemented, property owners reversed their position and were willing participants in the program taking full advantage of the environmental liability protection provisions of the GM program. A decaying warehouse district with virtually no positive value to the community became “developable” resulting in millions of dollars in investment in the area as a thriving entertainment and retail district. The result was enhanced property values and property tax revenues.
3. What tradeoffs and compromises were required during the development of the project? Did you participate in making them?

One major trade-off was the City of Wichita's commitment to accept the burden of investigating and cleaning up the Gilbert and Mosley site, which includes Old Town, this effort in return, resulted in saving the Old Town District from further deterioration and stabilized property values. In addition this action prevented the area from EPA "Superfund" designation. This approach was, perhaps, the first of its kind in the United States and a model for future Brownfields programs. However, there was some initial hesitation to have the Old Town District identified as part of the GM contamination area, once the development community realized the benefits of the GM program, participation was overwhelming. There were some legislative hurdles to implement the program as well. In order to implement the GM program for the project to work over time, the State of Kansas' "cash basis" law needed be amended to allow for the project to continue on a yearly basis allowing the City of Wichita to budget beyond a one-year period. In addition, the legislature was asked to amend the definition of the Kansas Tax Increment Financing law to allow it to be applied to environmental conditions such as ground water contamination. There was some opposition to these changes but it was not contentious and ultimately these legislative changes were adopted amicably.

4. What are the most successful aspects of the project?

The use of the model GM environmental cleanup and redevelopment program in the Old Town District resulted in millions of dollars of property transactions and revitalization. The implementation of the Certificate and Release of Environmental Liability program and the other components of the GM project reversed the trend of real estate stagnation, vacant and dilapidated buildings, deteriorating infrastructure and goal of redevelopment of the area from a non-conforming warehouse and industrial area to a vibrant entertainment and retail district. Correspondently, real estate values stabilized and increased within the area.
The former Keen Kutter warehouse is now the Historic Hotel at Old Town in the heart of the Old Town District. This project was an $11 million revitalization project and a cornerstone of the development.
Wichita's Old Town District provides nightlife and entertainment in a fun, festive and in this case, outdoor, setting. Here, the crowd enjoys a live band at Mort's Cigar Bar.
The Farm & Art Market Plaza hosts a festive Outdoor Farmer's Market where people can buy fresh fruit and vegetables, along with crafts and notions. This view of the market looks over the plaza at the Historic Hotel at Old Town located across the street.
The bricked streets and wide sidewalks lend themselves to easy pedestrian use. This view is looking down from the Farm & Art Market down Mosley Street.
Current view down Mosley Street at Douglas Avenue. This is the gateway into the Old Town District.
CITY TAKES CHARGE OF CLEANUP
POLLUTION OF DOWNTOWN GROUNDWATER IS TARGET

Wednesday, March 27, 1991
Section: MAIN NEWS
Page: 1A

By Jim Cross, The Wichita Eagle

The Wichita City Council forged into new political territory Tuesday, voting to add pollution control to the traditional list of its tax-supported duties such as enforcing the law and building new roads.

When cities around the country have faced environmental problems, they have turned to state and federal government to take the lead: Wade through the engineers' reports and drag the polluters into court if necessary to force them to pay the costs of cleanups.

But in a 5-0 vote Tuesday, the council broke that mold. The council voted to sign an agreement with the Kansas Department of Health and Environment, putting the city and local taxpayers in charge of cleaning up pollution downtown Wichita.

Only a handful of people showed up at City Hall to comment on City Manager Chris Cherches' unprecedented proposal to clean up groundwater in an area 4 miles long and more than a mile wide, covering much of the city's downtown business district and the neighborhoods as far south as 31st Street. But even in a group that small, the philosophical differences were miles wide.

David Burk, a Wichita developer whose plans to rebuild the Old Town warehouse district are being blocked by pollution problems, urged the council to take control.

"Everything has ground to a halt," he said. "Financial institutions will not lend in the area. We can't get people to lease in the area, especially national franchise operations. Investors will not invest. Property cannot change hands. Everything is basically shut down."

Louis Earle, a former Sedgwick County assessor, questioned whether spending $20 million on removing solvents and petroleum products from groundwater that no one is known to be drinking makes financial sense. Wouldn't the money be better spent on other things instead of this "bunch of foolishness," he asked. What do the Environmental Protection Agency's complex environmental standards full of measurements made in parts per million have to do with real life, wanted to know.

"Why must we spend that type of money just to satisfy some federal agency somewhere?" Earle said. "That's all in the world this is."

And outside the council chambers following the vote, Wichita attorney Randy Rathbun was fuming at the council decision and the fact he arrived too late to testify.

"I think the city has no idea what they're getting into," said Rathbun, who has filed several lawsuits on behalf of downtown businesses who say they have been damaged by pollution caused by other companies. "This won't keep us off Superfund. And, when the banks realize that, I can't imagine that they are going start making loans again. We
could end up losing a lot of time on this thing." Like many key city council votes, Tuesday's decision was made with little or no comment from most of the council members. Council member Sheldon Kamen abstained because he owns property in the polluted area. Council member Frank Ojile was absent during the vote. And the other council members left most of the talking to staff members and the public.

City Attorney Tom Powell outlined the plan, explaining the intricate connections between the pollution problem, the city's hopes of rebuilding the downtown business district and the threat of property taxes rising all across the county: the polluted area falls deeper into economic troubles because of the pollution.

The bottom line, Powell said: "It is cheaper to go forward with the cleanup than to do nothing.

If the city does nothing, Powell said, downtown property about 18 percent of the local tax base could lose 40 percent of its value. That would translate first into city tax revenues dropping by millions and then into an estimated tax increase of 3 mills, roughly $21.60 a year on a $60,000 home, to make up the difference.

Under the city's plan, up to 20 percent of the taxes paid on downtown properties will be set aside for cleaning up the pollution over 20 years. The city will attempt to collect more than 90 percent of the estimated $20 million in cleanup costs from the companies that caused the pollution. But even if the city can't collect any money from polluters, Powell said, the largest possible impact on local taxpayers would be 1.6 mills, roughly $11.52 a year on a $60,000 home.

The agreement that the council approved Tuesday between the city and the KDHE says:

Landowners who did not cause pollution problems will be granted certificates releasing them from being responsible for cleanup costs.

Consultants already hired by the city will spend at least the next year analyzing the downtown water problem and devising a method to reverse the damage.

The city will set up a special tax district downtown, diverting up to 20 percent of the property taxes in that area to pay for cleanup operations.

The city will negotiate with local banks in an effort to get a written agreement that the banks will not deny loans downtown properties solely because the area is polluted.

The city will negotiate with The Coleman Co., the largest company suspected of having contributed to the groundwater problem, in an effort to determine how much of the cleanup costs the company will pay.

The state will oversee the cleanup operations and communicate to the federal Environmental Protection Agency that the problem can be solved without invoking the federal government's powers under the Superfund program.

The agreement with the state includes a number of safeguards allowing the city to withdraw from the deal, Powell said. The conditions include the state Legislature's approving the special tax district, local banks' agreeing to lift their loan embargo on downtown properties, and the city's reaching an agreement with Coleman.

The downtown cleanup plan might be just the beginning for the city's new environmental policy direction.

Charles Landrum, president of Thermal Products Inc., was at the meeting Tuesday. His is one of about 160 businesses in a separate polluted area near 29th and Mead, which already is designated as a Superfund site.

"I'm not opposed to what you're proposing," he said. "I just wonder why our area isn't included. I feel like we've been neglected by the city."

Cherches replied: "We are looking at that area as to what the involvement of the city should be. There is a study underway. Once that information is known it is our intent to examine the options and bring something back to the council for consideration."

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Hennessy is scheduled to speak at the City Council meeting Tuesday, which begins at 9 a.m. at City Hall, 455 N Main. It is possible, he said, that he will withdraw from the agenda before then.

"Timing is everything," he said. "I'm prepared to go up there Tuesday. But, if I do, I want to have all my ducks in a row."

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A teenager dives from the stage where the rock group A Room Full of Walters was performing.

A hot time in Old Town

Neighborhood on the rebound plays host to festival revelry

By Bud Norman
The Wichita Eagle

The 1992 edition of the River Festival's Old Town Block Party on Wednesday featured something conspicuously new: an Old Town district that actually shows signs of life the rest of the year.

Several restaurants, bars and shops have been built in the area east of downtown since last year's party, and they seemed to help draw an even larger-than-usual crowd to the traditionally popular event. River Festival officials estimated that 50,000 people dropped in on the newly booming neighborhood, and owners of the fledgling businesses didn't seem to mind a bit.

"Business has been good, and we're having a good time," said Pat Henry, owner of the Santa Fe Country gift shop within a business called Mrs. O'Leary's Mercantile, at Douglas and Mosley. "We've been open three weeks now, and business has kept improving every day."

The closest thing to a complaint came from Joanie Russell, owner of another gift shop in Mrs. O'Leary's. "Don't want to hear Nirvana at River Festival ever again," said Greg Wright, complaining out a band's cover version of the rock 'n' roll roll of the Oaklawn High Choir to the amateur efforts TalentFest entrants. First place the TalentFest went to Twice as nice, second place to the Epic ass Quartet and third place to Twinda Hill. There was something for most everyone, at least.

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River Festival officials say Wednesday night's Old Town Block Party drew 50,000 revelers to the reviving neighborhood east of downtown.
Take a stroll

Entertainment district transformation rolling

Just a few months ago, it was the dying remnants of a century-old warehouse district. A few solid businesses, a lot of vacant buildings. Crumbling brick streets, home to trucks and transients.

And so it had been for decades in Old Town. But that was before the vision of folks such as developer David Burk and entrepreneur Gary Streepy came into play.

Today the warehouse district is becoming an entertainment district. Things are happening so fast, it's hard to keep up.

This week, an Omaha company announced it's planning to open a Spaghetti Warehouse by the end of the year. An Italian restaurant with the "warehouse" tag would seem to be a perfect fit. Certainly its style will be Old Town all the way: nostalgic and casual.

It's not yet certain where the Spaghetti Warehouse will land, but it is certain the building will be big. The restaurant will seat 300-400 customers.

Just last week, the River City Brewery was announced as another new tenant, and it has a home: a Southwest Paper building in the 100 block of North Mosley.

The brewery, also aiming for a 1992 opening, is really a "brewpub," where several flavors of beer are brewed for on-site consumption only.

OK, shelve the new plans. Take a stroll. See what's happening now.

Mr. Streepy's Pasta Mill and Heroes Sports Bar & Deli are the prime nighttime attractions for the moment.

Music & Cards — the new shop across from Heroes that features a quirky combination of old pianos, sheet music, baseball cards and other sports memorabilia opened a couple of weeks ago.

Vincent Dunn's Old Town Barbecue and Chili Factory will have entrances off both Washington and Mosley. It's so close to opening that Mr. Dunn invited denizens of Old Town into the kitchen this week to sample his prize-winning chicken wings, beef, hot links, ribs and chilli.

Over at the Larkspur at Douglas and Mosley, the power saws are humming as Rich Vliet and crew finish the trim work on his California-style restaurant set to open next month. The Larkspur is a two-fer. It'll also feature downtown's only sidewalk cafe.

And the list of projects goes on.

Old Town was born in the late 1880s. It flourished around the railroads from the turn of the century until the 1920s. Then much of the growth stopped.

That's ancient history now.
LARKSPUR
OLD TOWN PROJECT MAY TRIGGER REVITALIZATION OF DOWNTOWN

Monday, June 3, 1991
Section: EDITORIAL
Page: 10A

Want to mull over good news about downtown? There is some, even considering last week's depressing word on the closings of Brick's and Tierney's Tavern.

The loss of Brick's is especially painful, because the clothing store was founded downtown in 1916 and had been an anchor of support for revitalization while other stores had fled in recent years.

But over on the far east side of downtown, in the historic warehouse district now called the Old Town Marketplace, things are beginning to happen. Union National Bank has become the first financial institution to shake off the chill of underground water pollution and provide a loan to the area's developers, Rich Vliet and David Burk. The loan is for a new restaurant called Larkspur in the old Modern Cleaners building on east Douglas.

Larkspur, named after the Kansas wildflower, will not be just another place for lunch. It'll have an upscale bistro atmosphere designed to lure people back downtown after dark.

And that restaurant, which is projected to open Oct. 1, could trigger two more projects in Old Town in the next couple of months: a microbrewery that offers food along with its own brands of beer, and yet another restaurant. That, in turn, should encourage the city to get started on the Old Town Market that's designed to be the centerpiece for the area.

There's more. With the city taking charge of the cleanup effort, the unofficial embargo on financing of downtown projects is over. Union National is one of six downtown banks that have pledged not to deny loans solely because of downtown pollution.

The focus is on Old Town. An outbreak of development there could be the spark that ignites the entire revitalization effort.
By Jim Lynn, The Wichita Eagle

Old Town  Marketplace developers said Thursday that they have financing for at least a portion of the long-delayed project.

David Burk and Richard Vliet said a $200,000 loan from United National Bank would help them begin development of a restaurant, tentatively named Lakespur, in the former Modern Cleaners building at Douglas and Mosley.

"I really believe this start will drive private investment in this area," said Union National Bank president Bill Watson, in announcing that his bank will back the development.

Burk and Watson said the restaurant, which represents a small part of what is described broadly as a $3 million-to-$35 million project, is designed to get the development off to a high-visibility start.

It represents a change in their original plan to begin the project with redevelopment of the old Keen Kutter warehouse on First between Rock Island and Mosley. That complex, to be named Soho Station, is still part of the plan, which includes shops, apartments, a farmers market and offices.

Although some bankers remain nervous about the soundness of the Old Town project and groundwater pollution in the area, Watson said it was time for someone to express support for downtown development. "Somebody has to believe in this and start," he said.

The $200,000 loan will be part of a $400,000 investment in the restaurant development, which Burk and Vliet expect to spark other restaurant deals. The balance of the initial investment will include $100,000 in a loan from a city historic preservation fund and $100,000 from private investors Burk would not name.

The City Council is expected next month to consider renewing an agreement pledging $799,500 in tax money for improving streets, lighting and other facilities in the area at Douglas, Mosley and Rock Island. A similar agreement was struck last August but expired because of delays in making plans to clean up the pollution.

I am real excited about this project," council member Stan Reeser said. "This is a wonderful idea." Council members greed they expect to approve the city's participation pending scrutiny of the new document.
BAN ON LOANS TO END FOR POLLUTED AREA
REDEVELOPMENT EFFORTS EXPECTED TO REGAIN SPEED

Saturday, May 11, 1991
Section: MAIN NEWS
Page: 1A

By Jim Cross and Jim Lynn/ The Wichita Eagle

Six big Wichita banks have agreed to lift an economic embargo that has threatened to stifle development in the downtown business district where industrial chemicals pollute groundwater.

City Manager Chris Cherches said Friday that the agreement is a milestone in the city's drive to keep the downtown core off the national Superfund list and revive the financial momentum lost when lenders began avoiding downtown investments for fear they would be sued to pay cleanup costs.

It also brings Wichita closer to becoming the first city in the country to put local taxpayers in charge of solving an environmental problem that other communities have turned to state and federal governments to solve. The last step will come later this year when the city creates a downtown property tax district to pay for a cleanup that could cost $20 million and take 20 years to complete. "This is a giant step," Cherches said. "It ties the whole thing together. The next step is setting up the tax district. And then, all the mountains have been climbed."

The agreement also sets the stage for a soul-searching session among City Council members. The council has been criticized recently by leaders of a $375 million drive to rebuild the downtown core. They say the council is sending mixed signals about its commitment to spending more than $100 million in tax money on downtown revitalization. Cherches wants the council to meet in a workshop later this month to decide whether city staff should proceed with a schedule for building public improvements downtown.

"Right now I don't know if that's what they want us to do," Cherches said. "It is a political issue for the council to decide what it is willing to do." The council will vote Tuesday on the agreement with Bank IV, First National Bank of Wichita, Emprise Bank, Union National Bank, Southwest National Bank and Kansas State Bank & Trust. Before long, other city lenders will follow suit, Cherches predicted.

"We've been dealing with the top six, but what's good for them, I would think, would be adequate protection for the rest," Cherches said.

Paul Stephenson, a vice president of Bank IV, headed a committee of bankers during negotiations with the city.

"This signals the banks' spirit of wanting to be involved in getting this problem solved," Stephenson said.

In the agreement, bank officers pledge not to deny downtown real estate loans solely on the grounds that water beneath the properties is polluted. In return, the city pledges to take over the cleanup operation and absolve landowners who did not cause the pollution from liability for the cleanup costs.

That will lift an economic cloud over property owners in the polluted area, such as Mike Lindsey. Lindsey owns Mike's Steak House on South Broadway. He wants to sell the restaurant. But until now no deal was possible, he said, because banks feared that holding a mortgage in polluted areas could make them responsible for cleanup costs.

http://www.newslibrary.com/deliverppdoc.asp?SMH=135214
"It's not fair that we build down here and then can't sell," Lindsey said. "I'm hoping this will get things going."

To take advantage of the city's taking over the liability for cleanup, property owners in the polluted area will have to apply to the city for certification that they are not responsible for cleanup costs. To receive a certificate, property owners will have to swear they did not cause the pollution.

According to a report issued last year by the Kansas Department of Health and Environment, the polluted area covers four square miles roughly from Second on the north to 31st on the south and from Main on the west to Hydraulic on the east. Industrial solvents and petroleum products were found in the groundwater, the report said.

The banks' agreements do not guarantee loans for any downtown property owners, Cherches said. The banks are not waiving their normal standards for determining whether borrowers are creditworthy.

"Just because we're going to get this part of the puzzle done doesn't mean everyone is going to loan every dime on urban real estate," said Bill Watson, president of Union National Bank.

Wichita developers Richard Vliet and David Burk have a lot riding on Cherches' efforts to rekindle the downtown economy. The two propose several projects in the Old Town warehouse district near Douglas and Rock Island.

Their plans include a fresh produce market in the old Johnson-Frazier building between Rock Island and Mosley; a group of shops called Soho Station in the old Keen Kutter building on First; a restaurant in the Modern Cleaners building on Douglas, to be financed partly by a loan from the city's revolving loan fund for historic properties; and shops, restaurants and apartments in the same area. They also are talking to a group of investors interested in opening a microbrewery in the old Town area. Microbreweries, such as the Free State Brewery in Lawrence, brew and sell beer on the same premises.

The pollution problem has blocked financing for some of the projects, Burk said. But the city's agreement with banks probably will not immediately free financing for Old Town projects, he said. That will have to wait until the city officially creates the downtown tax district for cleanup operations.

'I think some of these things will take place after the city has all the contingencies put to bed," Burk said. "I think it will be August before that is done."

Cherches predicted that it would take about 90 days to set up the tax increment financing district. A portion of the property taxes paid by property owners in the district will be set aside to buy equipment and pay operating costs for the cleanup.

The loss of that revenue from tax bases of the city, county and school district will tend to raise property taxes countywide slightly. But the alternative, city officials said, is allowing the downtown area to decline until property values there fall. That would raise taxes in the rest of city and county just as much or more, Cherches said.

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The Farm & Art Market Plaza hosts a festive Outdoor Farmer's Market where people can buy fresh fruit and vegetables, along with crafts and notions. This view of the market looks over the plaza at the Historic Hotel at Old Town located across the street.
Local Bank Participation Hurdle

One of the main keys to successfully avoiding property devaluations due to contamination was to obtain cooperation of local banks to assure that local banks would make loans to property owners in the area. In early meetings with bank representatives, there was general agreement by the banks to enter into agreements with the city that would provide that loans would not be denied within the site due to groundwater contamination.

The banks required two conditions before they would enter into such an agreement:

1. The city would enter into an agreement with KDHE that provided for investigation and cleanup of the groundwater contamination with the Gilbert and Mosley site; and
2. The city would provide some mechanism for issuance of releases to property owners within the site.

Those conditions were satisfied on March 20th with the City-KDHE Agreement. On May 14, 1991, six of the largest banks in Wichita entered into an agreement with the city regarding the Gilbert and Mosley site. The agreement notes the impact on lending activities in the site area caused by the groundwater contamination documented by the

Conclusions

As of the close of 1993, the City of Wichita will have granted thousands of Certificates of Release to parties who hold interest in property located within the Gilbert and Mosley site.

The Old Town area development has become a reality. There are now many restaurants, clubs and other retail businesses located within the Old Town area.

The State of Kansas has signed a lease agreement with the Wichita Public Building Commission to consolidate all state agencies in the City of Wichita to one location in downtown Wichita that will bring in over 900 state employees to the downtown area.

There is serious talk of developing a multi-million dollar hotel on the east bank of the Arkansas River in downtown Wichita.

In short, the uncertainty that threatened to paralyze economic development in the downtown area has been removed. The city and business community have gained confidence that the future of the downtown area will not be affected by the sector of the downtown area becoming a Superfund Site. The fear that downtown Wichita will be a ghost town is no longer a concern.

Thomas R. Powell is a former Wichita City Attorney, and served as President for the City Attorneys Association for Kansas 1991-1992. He is a partner in the law firm of Hinkle, Eberhart & Elkouri, L.L.C. and practices in the areas of governmental law, public finances, environmental law, among related matters.
Above is an architect's rendering of a $10 million private development underway in the Gilbert and Mosley Streets area in Wichita, Kansas. The renovated warehouses will include retail shops, restaurants, nightclubs, offices and loft apartments. At right, is the found to contain chlorinated solvents in amounts of concentration that, under environmental standpoint, the problems resulting from the groundwater located near the intersection was taken, as a routine matter, from Kansas . The groundwater was tested and contamination conducted to document information necessary for evaluation of the several investigations of the area surrounding the intersection. The final investigation was a Listing Site Investigation Report. KDHE had commenced negotiations with a major PRP, the Coleman Company, whose property was at the apparent upgradient end of the site. It became clear that any KDHE settlement with Coleman was likely to result only in a commitment to cleanup the contamination on the property of that party. This would do nothing to relieve finding liability concerns in the Gilbert and Mosley area. Local perception and the simple need for help in funding the cleanup activities led the city to conclude that the city's commitment to the City-KDHE settlement should be contingent on significant participation by private parties. Negotiations were commenced with the Coleman Company and settlement was reached. The settlement provides that the Coleman Company will pay "RDIFs", which is estimated to cost approximately $1 million. The cost is subject to a late-time allocation based upon a percentage formula that takes into account the area of contamination caused by Coleman that requires cleanup under Kansas action levels, and

Contingency Plan (NCP). A demonstration of substantial compliance with EPA's NCP may be necessary for the city to recover response costs from potential responsible parties at the site. The agreement between the City and KDHE, following a city council meeting, was finalized on March 26, 1991. The agreement by the city to be responsible for remedial activities was the key to obtaining the agreement from KDHE that allowed the City to issue certificates of release.

This article describes a solution that was developed by government officials, bankers and citizens of Wichita, Kansas to solve, from an economic and environmental standpoint, the problems resulting from the discovery of a six-square-mile contaminated area within the city's corporate limits.

Introduction

Sometime in the late 1980s, a sample was taken, as a routine matter, from groundwater located near the intersection of Gilbert and Mosley Streets in Wichita, Kansas. The groundwater was tested and found to contain chlorinated solvents in amounts of concentration that, under Environmental Response, Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA). The Listing Site Investigation Report was completed in August, 1990. It expanded the Gilbert and Mosley intersection findings to a site that consisted of approximately

Another hurdle was the Cash Basis and Budget Laws. The Cash Basis Law provides that cities in Kansas cannot commit to spend funds on hand in the city treasury. The Kansas Budget Law provided that a city cannot contractually commit to spend funds beyond its current budget year. Laws similar to the Kansas Cash Basis Law and Kansas Budget Law exist in one form or another in most states.

KDHE wanted the city to commit contractually to spend the equalized area, expend money, and to do so over a 20-year period. Again, it would not have been possible to get authority to issue certificates unless, the city agreed to cleanup contamination. The amount of money the cleanup would cost was unknown. An exception was needed to the Cash Basis and the Kansas Budget Law that would allow the city to make a contractual commitment to KDHE that the city would be monetarily responsible for the cleanup. The bill was thought the property has sustained and did not reflect the loss that would be sustained in the future if something was not done.

This meant that a traditional tax increment finance approach as provided for under state law would not work. Thus, a second matter to be addressed by legislation was a change in the Tax Increment Law to accommodate the proposed Gilbey and Mosley cleanup project.

After several revisions to reflect input from state legislators and others that addressed ensuring increment funds would be available, the bill became law and was signed by the Governor in May, 1991. As passed, House Bill 2124 provides for a narrow exception from the Kansas Cash Basis Law and the Kansas Budget Law. The bill provides that cities in Kansas can enter into contracts with KDHE or the EPA and can pledge tax increment funds receivable in future years to pay costs directly relating to the investigation and remediation of environmentally contaminated areas. In so doing, cities are not subject to the Cash Basis Law and the Kansas Budget Law. The bill also allows cities to commit to pay costs connected to a contamination cleanup with tax increment funds for a period of up to 20 years.

In addition, the bill provides that the increment to cleanup contaminated areas is to be set on a yearly basis and each year's increment shall be an amount sufficient to pay the direct costs of investigation and remediation of the contaminated condition anticipated to be incurred that year, including but not limited to interest due on any bonds that may be issued in connection with a new construction. This change equals the difference between the value of the property before the tax increment district is established and the value after the tax district is established. The theory is that the public project to be built with tax increment funds will induce private development which will cause the overall property value of the area to increase. The appraised value of the property in the contaminated area had not decreased by the County Appraiser to reflect the loss in value it was thought the property has sustained and did not reflect the loss that would be sustained in the future if something was not done.
six square miles and 8,000 separate parcels of land, which included the central downtown business area of Wichita, Kansas. Again, the primary contamination found was chlorinated solvents.

A surplus of space in office buildings, a declining retail base, and state mandated reclassification and reappraisal of real property had, prior to August, 1990, a negative effect on the value of property in downtown Wichita and the downtown area was viewed as declining. After the Listing Site Investigation Report was made public, major banks in the community quickly discontinued real estate loans within the boundaries of the Gilbert and Mosley site due to their concern for lender liability under the then recently issued Fleet Factors decision.

The impact of Fleet Factors was immediately felt in Wichita when owners and operators of businesses were unable to expand, refurbish, or even maintain properties in the Central Business District because of the threat that the site might become a Superfund site. KDHE’s Listing Site Investigation report and concern by local banks that they might become liable for cleanup costs resulting from the contamination led to a near complete discontinuance of lending within the Gilbert and Mosley area. In one instance, the owner of an otherwise healthy 80-year-old business, could not rebuild after a fire because he could not find a lender willing to assist in financing the reconstruction.

In another instance, redevelopment of the Old Town area was placed on hold because developers could not obtain bank financing for projects. Other businesses suffered from the loss of credit for new business activities, loss of credit for expansions and loss of the renewal of long-term loans.

The City of Wichita, soon after the report was made public, became concerned as to the affect the placement of the Gilbert and Mosley site on the EPA Superfund site list would have on the city. The city was involved in the planning of revitalizing its downtown area. It was clear that redevelopment projects the City Council was considering in connection with the revitalization plan for the downtown area would be stopped completely. It was also clear that the tax base of the area and thus the tax bases of the city, county and local school district would decline. It was also clear that economic conditions due to declining values of real property in the downtown area would worsen.

City officials soon learned that once an area is listed by the EPA as a Superfund site, cleanup can and usually does, take more than 10 years. This meant that property values in the Gilbert and Mosley area would be affected for 10 or more years. There was a justified fear that in that 10- or more-year period, the downtown area would become a ghost town.

The affected contaminated area represented approximately 6.6% of the total assessed valuation of the city, 6.5% of the local school district and 5.5% of the county. It was estimated by local officials that property in the area could, if something was not done, face a 40% or more reduction in market value. If this reduction occurred, the reduction in assessed valuation (tax base) for the city would have been 2.6%, for the school district 2.5%, and for the county 2.1%. With these factors in mind, a decision was made by city officials that something must be done to prevent the site from becoming an EPA Superfund site.

The solution soon became obvious. Something needed to be done to address the concerns of the lenders.

It was decided that lender liability concerns could most quickly be addressed by the city assuming an active role in cleaning up the site. Estimates for cleanup costs ranged from $10 million to $20 million over a 20-year period. An expenditure of this amount from the city’s general fund budget would have severely strained the overall budget. City officials began to look at other means of funding the cleanup. The focus soon centered and settled on funding the cost through a tax increment finance project.

Financial Analysis

The City’s Finance Director prepared a report that indicated that the tax increment financing alternative was the most...
Solution To Superfund

desirable. Using several assumptions, the city developed four scenarios as shown in the following table:

Based on this analysis, it was apparent that it was cheaper for the city to become involved to keep the site from being listed.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Tax impact for City, County &amp; School District for the Gilbert &amp; Mosley Area Combined per year</th>
<th>Mill Levy Equivalent</th>
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</tr>
<tr>
<td>50% Publicly Funded Clean Up, TIF</td>
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<tr>
<td>50% Privately Funded</td>
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</tbody>
</table>

Summary of Hurdles

Once the focus settled on tax increment finances, the city determined there were several matters to be addressed if the city was to use tax increment finance funds to finance a cleanup:

1. The city would have to enter into a Settlement Agreement with KDHE that addressed cleanup of the contaminants and removed the threat of Superfund Listing.
2. The tax increment finance law would have to be amended.
3. The city needed to obtain assistance in paying for the cleanup from other property owners in the area who were major potential responsible parties and who had the financial ability to become involved in the cleanup from a financial standpoint.
4. The city would have to obtain a commitment from the largest local banks that loans would not be withheld in the area due to contamination.

The Agreement Hurdle

Negotiations were opened with KDHE, utilizing a "model" EPA Superfund Administrative Consent Order format. Even though EPA would not become a party to the KDHE settlement agreement, Superfund offered several significant benefits, including the potential solution to the lender liability issues. The city could use the contribution rights under Superfund to negotiate with other potential responsible parties, and if necessary, initiate judicial proceedings to recover costs, including attorney fees, which the city might incur in performing the activities under the anticipated city KDHE Agreement.

Contribution protection would insulate the city against actions by third parties relating to any response cost within the scope of the settlement agreement.

The lender liability issues were addressed in the City-KDHE Agreement through both Kansas hazardous waste statutes and the Superfund Law.

The final City-KDHE Agreement specifically acknowledged the affect of CERCLA's contribution rights and contribution protection provisions, assuring the city that it could take advantage of those provisions to the extent appropriate. Moreover, to extend the contribution protection of CERCLA 113 (f)(2) to individual property owners, operators and lenders, a "Certificate of Release for Environmental Conditions" mechanism was devised.

Certificate of Release Under Agreement

The city may, under the Settlement Agreement, issue a certificate of release to any property owner, operator or lender whose property is located within the site, and who makes satisfactory application to the city regarding the environmental conditions of the property. By the terms of the Release and Covenant Not to Sue provisions of the City-KDHE Agreement, upon issuance of a certificate of release by the city, both the city and KDHE release the recipient from claims arising from groundwater contamination at the site. Through this mechanism, the contribution protection provision of CERCLA 113 (f)(1) applies to bar further claims against the settling party for matters covered in the City-KDHE settlement. The issuance of certificates of release to involved property owners within the area was the key to bringing economic recovery to the area. Most of the property owners in the area are landowners who did not contribute to the pollution problem. All landowners and other holders of interest in real property who did not contribute to the pollution problem are eligible to receive a certificate of release.

Once a certificate of release is obtained by a landowner, the landowner may go to a bank and the bank may make a loan against the property without fear of the effect of the Fleet Factors case.

The certificate issuance process distinguished between residential and industrial-commercial zoned properties located within the site. Residential properties are required only to certify that the property was currently being used for residential purposes and had been used only for similar purposes in the past. Commercial and industrial property owners are required to complete a questionnaire containing information similar to a typical environmental audit and to certify as to their personal knowledge regarding the history of usage, chemical storage or other environmentally significant matters relating to the property.

A opener is included in the certificates issued to each property owner that provides that the certification is void if the recipient of a certificate falsified the information upon which its issuance was based or if newly discovered information indicates that the certificate should not have been issued. Any party who holds an interest in property may obtain a release, including banks that hold a mortgage.

The release assures banks that they will not be pursued if they foreclose on the property. The release procedure also assures banks that if the property is foreclosed, it can be resold to others on the basis that a new buyer and a new bank can obtain a certificate of release in the new buyers name.

Remedial Activities Under The Agreement

In addition to the landowner and lender certification provisions, the City-KDHE Settlement Agreement incorporates both Remedial Investigation/Feasibility Studies ("RI/FS") and remedial activities. The remedial activities will be determined following the study and evaluation of feasible options for cleanup and will be subjected to a public participation process to assure that the city can demonstrate substantial compliance with the public participation requirements of the EPA's National...
A view into the Kutter building in the heart of Old Town. Workers are transforming it into a 115-room hotel.

David Burk stands inside an apartment under construction in the former Station building.

Inside

- Being artsy, eclectic and way cool is the key to survival of the businesses on the periphery of Old Town. 10A
- Denver, Fort Worth and Omaha offer examples of how downtown revitalization should work. 10A

### Boomtown Dreams

Wichita’s Old Town will soon see an influx of apartments, condominiums and a 115-room hotel. Once people live there, will more businesses follow?

Old Town is at a crossroads. Work is under way on an ambitious mix of loft apartments, upscale condominiums and an extended-stay hotel that promises to bring hundreds of new residents to the once-blighted warehouse district.

In several other cities — including Fort Worth and Denver — similar renovation projects have served as a powerful catalyst for growth, transforming downtown districts into commercial hot spots teeming with people and prosperity.

One of the fun things about living in Old Town is being able to walk out the door on Saturday mornings to shop at the Farm and Art Market, said Slacey Funderburg. She and her boyfriend, Brent Shiner, live in the Mosley Street Apartments.

See OLD TOWN, Page 10A

By Molly McMillin
The Wichita Eagle

Brent Shiner/The Wichita Eagle

One of the fun things about living in Old Town is being able to walk out the door on Saturday mornings to shop at the Farm and Art Market, said Slacey Funderburg. She and her boyfriend, Brent Shiner, live in the Mosley Street Apartments.

See OLD TOWN, Page 10A

By Molly McMillin
The Wichita Eagle

David Burk stands inside an apartment under construction in the former Station building.

See OLD TOWN, Page 10A

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See OLD TOWN, Page 10A

By Molly McMillin
The Wichita Eagle
The city of Wichita signs a preliminary deal with an Old Town developer and a lodging magnate to turn the historic Keen Kutter building into a hotel.

**Old Town Inn nears reality**

**By Jim Cross**

The Wichita Eagle

The city of Wichita, forging a unique partnership with a young architect and a well-known millionaire, has come up with a deal downtown planners say could turn a decrepit warehouse — vacant more than 15 years — into a historic hotel in the center of the city's hottest entertainment district.

The complicated plan — which includes terms like gap financing, triple-net lease, furniture financing and a profit-sharing agreement — is to turn the hopes of Old Keen Kutter warehouse into a 107-room hotel, not a day-in and day-out economics.

"It's not all that simple," Mayor Bob Knight said Tuesday, when the City Council tentatively approved the city's $3.5 million share of the $10 million project with David DeBoer. "But it's going to work."

If the city, as expected, executes out a final contract with the developers next month, construction could begin immediately and the door of The Hotel at Old Town that the official name — could open in fall 1998.

A letter of intent the City Council approved Tuesday outlines a deal that brings together partners with sharply different backgrounds.

**In other action:**

- Wichita City Council delays action on a proposal that would crack down on underage drinking, 13A
- Mayor Bob Knight and Jack Decker, "But it's going to work."

**Building is a tower of distinction — for an old hardware warehouse**

**By Beccy Tanner**

The Wichita Eagle

With its distinctive 40-foot cupola, round window and massive presence, the Keen Kutter building has been a major part of Wichita's skyline for more than nine decades.

From the beginning, the four-story brick building, completed in 1906 on the north side of First Street between Rock Island and Mosley, was an ornamental piece in a sea of boxy buildings.

It was the pride and joy of the Morton-Simmons Co., which marketed goods under the Keen Kutter name, and it was built to warehouse the company's supplies for the southwestern part of the nation.

"When that building was first built, the whole district in that area was what they used to call the jobbing district," said Bill Ellington, former historian with the Wichita Public Library and who now is retired.

The area was bustling with activity.

"You would have seen horse-drawn commercial buggies pulling up to the Keen Kutter building," Ellington said. "You would see a lot of trains coming through, some dropping off supplies at the building and picking up and carrying supplies on farther."

**Wichitans’ art lost in New York**

Eight pieces by six young artists never made it home from national Scholastic Art Awards competition.

**By Rhonda Holman**

The Wichita Eagle

Six young Wichita artists who won a state contest and the right to enter a national competition will have to go back to the drawing board if they ever want to see their art again.

The originals were lost in New York City. Now all the teens have to show for their work is a note of apology and a check for $100 or less from the Scholastic Art and Writing Awards, sponsor of the national exhibition.

"I was just really angry, because I really wanted my art to be shown in New York," said Jeff Crum, art awards coordinator for the Alliance for Young Artists and Writers, who attended Tuesday that the loss of artworks in the "50-year-old competition is a "extreme rarity," and that the fact that two Wichita schools were affected is coincidental.

"It was those two schools that had the misfortune and it warrants an apology, which is all that's left," Crum said.

**INDEX**

- Business & Farm 14A
- CALL US 2A
- Classifieds 6C-14C
- Comics 6B, 7B
- Editorials 6A, 7A
- Entertainment 6A, 7A
- Features 6A, 7A
- Local & State 9A-13A
- Magazines 15A-17A
- Movies 4B
- Obituaries 10A
- People 2A
- Sports 1C-5C
- TV 58
- Weather 10A
- WASHINGTS

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Check out the Wichita Eagle’s Scholastic Art Awards at http://www.eagleonline.com.

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Creating places to live in Old Town
Once completed, three residential developments and an extended-stay hotel in the heart of Old Town will offer a total of 219 living units.

New additions
OId Town developer Barky Davis stands on top of the 175-foot crane being used to renovate the Keen Kutter building into an extended-stay hotel. Barky, hotel developer Jack DeBoer and the city are working together on the project.

The area now known as Old Town consisted of many vacant buildings and vacant lots. Public investment in the area, including projects currently under construction, has totaled $12.5 million, while private investment has totaled $41 million. The city's apartment occupancy rate for July averaged 94.6 percent in addition, while number of hotel rooms in the city swelled by nearly 1,400 in the past two years, occupancy rates have averaged more than 63 percent.

At Innes Station, 38 people have signed up to live in a waiting list for the new apartments. "We don't think we're going to over-run the market with these units," said Rob Stewart, a Wichita commercial real estate broker.

A new shine on downtown
Like Old Town, downtown Wichita is slowly coming back. The $30 million Regency Hotel opened late last year. Construction of Exploration Place, a $60 million science center and children's museum, is under way. The city has built a new downtown transit center and has made improvements in Lawrence-Douglas County. Ryan International Airlines and Premier Open MRI recently opened offices downtown. "Why are they doing this?" asked Stewart. "They're doing it because downtown is a viable place to be," he said.

Ron Ryan, founder of Ryan International, said downtown offers space and "a better price," a feeling of security and convenience.

Stewart also said one important thing is that downtown is "a great place to be," Ryan said.

Mike Relihan, president of Relihan and Co investment group, said a key to buildings is not only the city’s economic vitality, but also the number of people who are interested in moving downtown. "It's nonstop activity," Fundaburk said.

"I don't know of very many that haven't succeeded," said Robinson. "You see a real city." When Morris Sheets opened Mort's Clear Bar in a former gas station, the city was divided by the Milwaukee River. The formerly industrial west side, with its influx of apartment dwellers complementing the existing Grand Avenue Mall, is thriving, he said.

Joe Votava, general manager of Larnier Square in Denver's Lower Downtown area, knew firsthand the changes that occur when residences are added to a downtown area. "There's enough there and a desire for convenience," he said.

Crime tends to decline. Neighbors meet to discuss common interests.

"This is just fun," said Sheets. "It's almost like a real city." When Morris Sheets opened Mort's Clear Bar in a former gas station, the city was divided by the Milwaukee River. The formerly industrial west side, with its influx of apartment dwellers complementing the existing Grand Avenue Mall, is thriving, he said.

"Now you have a neighborhood," said Barney Robinson, a professor of architecture and urban planning at the University of Wisconsin-Milwaukee. Projects such as these "are clearly a trend," he said, even in the smaller cities.

"I don't know of very many that haven't succeeded," said Robinson. "There are more that want to move downtown. As long as we can provide parking, access, we're going to keep growing."
OLD TOWN

Creating places to live in Old Town

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Hoteland residential projects

1. Innes Station (apartments, under construction)
2. Grant Telegraph Building (proposed condos)
3. The Hotel at Old Town (under construction)
4. Mosley Street apartments, row being leased

The Wichita Eagle

Old Town developer David Burk stands on top of the 175-foot crane being used to renovate the Keen Kutter building into an extended-stay hotel. Burk, hotel developer Jack DeBoer and the city are working together on the project.

The area now known as Old Town consisted of many vacant warehouses and a few industrial buildings. Public investment in the area, including projects currently under construction, has totaled $15.7 million, while private investment has totaled $41 million.

the street from Old Town — co-owner Mark Steiner says all 23 apartments are leased. His tenants are young and single. "Two are students; the rest are professionals," Steiner says.

Steiner does not think the competition in Old Town will hurt his business. "Our prices are low enough," he said. Rents range from $275 to $425.

But is there enough demand in Wichita to fill all the new multi-family units?

"I'm not sure what to think," Steiner said. "It will be interesting to see." Real estate brokers are optimistic, pointing to Wichita's strong apartment market and vibrant hotel business.

The city's apartment occupancy rate for July averaged 84.4 percent. In addition, while number of hotel rooms in the city swelled by nearly 1,400 in the past two years, occupancy rates have averaged more than 53 percent — an increase over 1997.

At Innes Station, 58 people have placed their names on a waiting list for the new apartments.

"I don't think we're going to overbuild the market with these units," said Rod Stewart, a Wichita commercial real estate broker.

A new shine on downtown

Like Old Town, downtown Wichita is slowly coming back.

The $30 million Hyatt Regency hotel opened last year. First-and

Planning for the future

Private and public investment in the downtown area has totaled $350 million since revitalization efforts began, Mayor Knight said. In the next 10 years, the city plans to spend $352 million more in the downtown area, including Town.

City officials gave the job of planning out how to renovate the 91,000-square-foot bulk building on the south side of Douglas, now blocks west of Old Town renovation.

First-and

Revitalizing Old Town

Once nearly deserted, the Old Town area has been transformed into an entertainment district with offices, bars, a melodrama theater and an outdoor market. It is expected to open early next year.

First-and

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Old Town developer David Burk has traveled to several cities across the country with highly successful warehouse districts that have prospered residential projects. The concept is a proven one, he said.

He has taken elements of districts he's visited to assemble an area that he says makes sense for Wichita. "This one is in a central, historic fabric already here," he said.

Their current projects include:

1. The Innes Station (apartments, under construction)
2. Grant Telegraph Building (proposed condos)
3. The Hotel at Old Town (under construction)
4. Mosley Street apartments, row being leased

Source: Marketplace Properties

First-and

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**HOTEL**

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Finally, there is David Burk, a soft-spoken architect-turned-developer whose friends keep threatening to put up a statue of him in Old Town.

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When construction began, Wichita's city manager Allen Bell, the city's historic preservation director, said, "It's going to take the city..." The city is expected to contribute up to $8.5 million, most of which will be spent on the hotel's reconstruction.

The preservation loan, which would come from the city's revolving trust fund for historic properties, was contingent on the Keen Kutter being maintained in its original condition.

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Old Town residential project goes to council

City would use federal money as loan for renovating old Innes warehouse building.

By Anita Schrodt
The Wichita Eagle

Architect David Burk's newest Old Town project — converting the old Innes department store warehouse into apartments and condominiums — goes before the Wichita City Council on Tuesday.

Burk and his partners are asking for a low-interest $500,000 loan, using federal funds, to help with the $4.7 million project.

The project would take the four-story, 110,000-square-foot warehouse at 701 E. First, just east of the railroad tracks, and create 37 market-rate rental apartments, 13 condominiums and nine affordable rental units available for restricted-income tenants.

Burk would name the building Innes Station, after its original owner, the Innes department store, which built it in 1919. Later, it was a warehouse and showroom for L.C. Jackson furniture. A couple of years ago, it became home to an antiques mall, which has since closed.

"It's basically a sound shell, with eight-inch concrete floors. It's going to be a great living area — high ceilings, gigantic windows and no squeaky floors," Burk said.

This is the second time that Burk and his partners, Phil Perry and Sandy Rathe of Lincoln, have submitted a proposal to use Home Investment Partnership Program money allocated to Wichita by the U.S. Department of Housing and Urban Development.

Last year, the city provided Burk with $195,000 of the program's funds on a loan to renovate the building at 230 N. Mosley. That project, which has been completed, created what is the South Beach building, across from Rowdy Joe's restaurant. It has 13 affordable-housing apartments and 12 market-rate apartments. Mega Corp. of Lincoln, of which Rathe and Perry are principals, manages that building and has leased all but two of the affordable-housing apartments.

For the new project, apartments would range in size from 750 square feet to 2,000 square feet. Burk said Friday. Market-rate rents would be $550 and $675; affordable-housing units would rent at $329 and $386 for people with incomes ranging from $18,720 for a single person to $35,220 for a family of eight.

The Innes Station proposal includes condominiums priced between $92,000 and $125,000.

If the council approves the project, Burk hopes renovation can begin in late summer and the building can begin leasing in early 1998.

The city solicited proposals from 40 different firms and organizations for this year's allocation of Home Investment Partnership Program money from HUD. It received only one other proposal — from HOPE Inc.

HOPE, which stands for Helping Our People Economically, proposed to repair 74 apartments at 450 to 452 N. Topeka and 401 to 405 E. Third. It did not submit a project budget and a city review found that the units, which receive Section 8 rental assistance, need a lot of repairs. City staff does not recommend that the council approve that proposal.

On Tuesday's agenda, the council will consider using the HUD money to give Burk and his partners a $500,000 loan, to be repaid over 20 years at 3 percent interest.

Anita Schrodt can be reached at 268-6290.