



*Best Buy opened in October 2006 and
McAlister's Deli opened in July 2007*

Downtown Redevelopment News

Manhattan, Kansas

September 2007

Volume 5, Edition 1

***This newsletter is a way for the City to keep community members updated
on the latest information regarding Downtown Redevelopment.***



City of Manhattan

1101 Poyntz Avenue

Manhattan, KS 66502

www.ci.manhattan.ks.us

Downtown - South End (Birds Eye View)

Hilton Garden Inn and Convention Center
Manhattan, KS



Colorado Street & 3rd Street - Looking SW

Hilton Garden Inn and Convention Center
Manhattan, KS



Fort Riley Blvd & 3rd Street - Looking NW

Open for Business



Announced Tenants



Spec Building Under Construction



Stone House 326 Laramie



Timeline for Downtown Redevelopment

- **January 2008** - South End Land Acquisition Option Contracts (\$10 M) are due to close by Dial Realty
- **November 2007** - City of Manhattan to consider issuing TIF and STAR Bonds - allowing Dial Realty and City to move forward with North and South Projects (Dial to be 70% leased on North End to secure financing - \$50 M from State for STAR Bonds; \$85 M from Dial for North and South Construction; \$25 M issued by City in TIF bonds)
- **October 2007** - Manhattan Urban Area Planning Board and City Commission consider North PUD amendment
- **June 2007** - City purchased 4 of 23 total tracts by eminent domain for \$5 M - holding parcels for South Project
- **March 2007** - South Plan and South Development Agreement adopted
- **November 2006** - City received STAR Bond designation
- **July 2006** - Kansas Legislature took action eliminating use of eminent domain for economic development purposes, effective July 2007 (in order to secure property for North & South Project Areas - all land unable to reach negotiated settlement with Dial needed to be acquired by City)
- **June 2006** - North Plan adopted (began the 20 year clock to capture revenues - these revenues generated within the district will finance public improvements and land acquisition)
- **February 2006** - City Entered into Final Development Agreement with Dial (North Project)

Rezoning Requested by Dial Realty

The City of Manhattan will consider a rezoning request from Dial Realty for the North Planned Unit Development (PUD) in October 2007. The Planning Board is scheduled to review and consider the request on October 1, 2007, and the City Commission is scheduled to consider the request on October 16, 2007.

The request consists of an amendment to the Manhattan Marketplace PUD originally approved in June 2006 (see images on the back side of the newsletter). The amendment consists of the retail space located along 3rd Street Place from Osage Street on the south, to Moro Street on the north. There are a total of 7 store fronts associated with this amendment, including Office Max, Bed Bath & Beyond, Petco, Hy-Vee, and three retail buildings to be leased.

The amendment to the original PUD is a necessary step both the City Commission and Planning Board must consider due to the change in retail and residential layout as originally submitted and approved in January of 2006. The Hy-Vee grocery store at 80,000 sq. ft. is an increase in density above the 60,000 sq. ft. store originally submitted. The amendment also includes the elimination of approximately 26 residential units (a total of 207 units approved in the original PUD) directly to the west of the Hy-Vee store along 4th Street from Retail Place Drive to Moro Street. The addition of the 80,000 sq. ft. grocery store also impacts the stone house at 326 Laramie. Dial has proposed to move the structure a few hundred feet to the corner of Retail Place Drive and 4th Street. Moving the structure may have an impact on the potential historical designation by the National and State Registers currently being sought by the City.

Although this is a rezoning, there are other important factors and issues to consider regarding this entire downtown redevelopment project. The next page in the newsletter sets forth scenarios that (depending on actions taken by the Planning Board and City Commission) will be available for the City Commission and community to consider.

Important Meeting Dates: North PUD Amendment

Planning Board - 7:00 PM, Monday, October 1, 2007 - City Hall, 1101 Poyntz Avenue
 City Commission - 7:00 PM, Tuesday, October 16, 2007 - City Hall, 1101 Poyntz Avenue

Scenario #1

Planning Board and the City Commission approve the rezoning submittal by Dial Realty.

- Dial will be able to start construction in 2007 on the proposed North end tenants (total of \$50 million investment by Dial on the North end).
- Dial will be over 70% leased and revenues may be considered secure enough to issue \$50 million in the South from the State (STAR Bonds).
- \$50 million in STAR Bonds will finance the South land acquisition*, Discovery Center, public infrastructure and a portion of the parking garage.
- Dial will be able to begin the process to invest \$35 million for the redevelopment of the South End – hotel, theater, restaurants, residential and retail. The City will be able to market and sell the North TIF bonds (approximately \$25 million – currently held by Dial).

* Dial has contracts with the remaining property owners on the South that are to be fulfilled by the end of January 2008. This would also buy out the \$5 million short term financing by the City associated with the eminent domain acquisitions.

Scenario #2

Planning Board and City Commission deny the rezoning due to the modification contrary to original PUD.

- Dial would lose Hy-Vee as an anchor to the redevelopment.
- Dial would not reach the recommended 70% leased in order to issue STAR and TIF bonds.
- If South End and STAR bonds are to be pursued, the City must come up with \$10 million to purchase remaining land on the South, and wait for Dial to reach 70% leased on North to issue bonds. City will incur significant financing costs associated with this \$10 million, and the \$5 million recently financed for the eminent domain purchases.
- Dial continues to recruit retailers to designated retail space. If they find a 60,000 sq. ft. retailer of their choice or break up the space into smaller stores and maintain housing on 4th Street, the PUD can move forward without an amendment.
- Dial continues to hold the North TIF bond (\$20 million) until it is marketable.
- City would hold the South bond (\$15 million) for property acquisition with substantial risk.
- Time will become critical to the financing. The longer it takes to recruit and construct retailers, the longer the City holds financing and increases the risk financially. This also impacts the time allotted to capture TIF revenues since the clock has already started for both North and South projects.

Scenario #3

Planning Board and City Commission deny the rezoning due to the modification contrary to original PUD.

- Dial would lose Hy-Vee as an anchor to the redevelopment.
- City foregoes the South End and releases the STAR bonds – this results in a loss of an investment of \$50 million from the State and \$35 million from Dial in the South End.
- City will continue to finance \$5 million in land already purchased on the South End, and question surfaces of what to do with this property, and how to accommodate other owners and tenants who have moved on and made other plans. Dial continues to be the developer at risk on the North only until they reach a point where bonds can be marketable without City moral obligation.
- Ability to assemble land for a future redevelopment effort is likely unattainable.

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Questions?

Contact Jason Hilgers, Assistant City Manager/Redevelopment Coordinator, 785/587-2404 or
hilgers@ci.manhattan.ks.us.



North Redevelopment Area Preliminary PUD - June 2006



North Redevelopment Area PUD Amendment - September 2007

