

Many Questions, No Answers

An unanswered letter sent March 15, 2019,
to the Mayor and Wichita City Council members

March 15, 2019

The Honorable Mayor Jeff Longwell and
Members of the Wichita City Council
455 North Main
Wichita, Kansas 67202

Subject: **West Bank Redevelopment**

Mr. Scot Rigby on March 5th presented a very complex development proposal at the City Council meeting. This was evidently the first time it has been formally presented to the public as well? Mr. Rigby reported this project has been under consideration since 2017, and is now obviously quite far along in its development. The presentation was a lengthy overview of the project but lacking in supporting information for specifics about the project.

This caused several citizens to publicly request more details and adequate time to review and become comfortable with what will be a very costly commitment for the people of Wichita. The public deserves to know how decisions were being made over the past two years that have now culminated in a commitment to a large, \$75 million dollar plus project, that to date, the public knows very little about. At the conclusion of the public comments the Council did invite questions to be submitted in writing and promised they would be addressed. The purpose of this letter is to request the following questions be addressed with substantive responses.

What are the details of the "independent analysis" the City reportedly completed which began sometime in 2017, with the goal of bringing baseball back to Wichita:

1. The existing stadium was razed prior to knowing if a new team could be brought to town, and purportedly because it would be too costly to renovate the older, existing structure – what study was done to determine an immediate destruction of the existing facility was the best course of action and in the best interest of the City?
2. From comments Mr. Rigby made in his presentation about the analysis, it appeared there was a foregone conclusion that baseball, vs other potential entertainment/sports options, was the most advantageous and cost effective use to pursue for the site? Was that addressed in the independent analysis? Were other public use venues and uses considered? Was a copy of this analysis previously made available to the public?
3. Were any other uses for the site, considered, e.g., soccer complex, other types of entertainment venues, etc? Baseball attendance numbers have recently been on a downward trend.
4. How was the stated annual impact of 888,400 visitors number arrived at, i.e., what substantiates this number? Are these visitors that are also counted in other venue numbers or are they additional, unique visitors as a result of the new stadium and associated development?
5. Were historic attendance numbers in Wichita for baseball analyzed and considered in making the decision to incentivize a baseball team to re turn to Wichita, i.e., does the demand and actual usage numbers support a substantial investment of at least \$75 Million Dollars?
6. Mention of feedback from various businesses was obtained during the study process – are those comments available to the public? How many and who are these businesses?
7. It was stated that a new stadium and baseball will enhance recruitment of talent to the city – is this statement supported by facts that may or may not be included in the independent study, i.e., what validates this number? It was stated that the expectation is many other events, other than baseball, are expected to occur at the stadium? Has the impact on Intrust Arena been considered should those events, or some of them, be competitive with the arena?
8. What assurances are there that the claimed income stream, as now forecasted, will be available to service the debt for many years to come? What risks are the city/citizens assuming that the income stream is reliable for many years to come? Has an analysis of the assessment of risks involved in this transaction and a cost/benefit analysis been accomplished? Also, how will the addition of these new businesses that generate this revenue impact other businesses in Wichita? Is the additional revenue a case of "robbing peter to pay paul" as the old adage goes? The public should be comfortable the city has sufficiently analyzed this aspect of the project to ensure that is not the case.
9. With such little, or virtually no public discussion about this project until now, why is it now to be completed and opened in a "compressed time frame?"
10. Financing was evidently put in place in 2017 and 2018 in anticipation of moving forward with the project, as well as a construction contract now "is out" to contractors on the project already? Is the project being competitively bid by local contractors? Was the purpose and intent of this financing previously disclosed to the public some time ago?
11. Regarding "providing adjacent development opportunities to the ownership group" and the Private Development Agreement, was the sole purpose of this bargain sale of land at below appraised value to incentivize the team ownership to relocate to Wichita?
12. If the team owners complete one phase of the 3 phase development of retail space, but chose not to proceed with the additional 35,000 sf of development, what is the consequence to the city? To the team owners?
13. Are their architectural controls and approvals for the new retail development, or can the developers put up sub-standard buildings and claim they have met their commitment under the agreement?
14. The team is to pay \$350,000 a year to the City, and to pay all utilities and maintenance costs. Has the City investigated the experience New Orleans has had with the team? Can the City be confident the team will perform as agreed under the proposed 20 year lease to the team? Did the Wingnuts perform on their agreement with the City?
15. There is evidently an "Emergency Air Travel Fund" of \$200,000 that the City will be expected to participate in. Was that explained at the Council presentation? Has this additional obligation been considered in the cash flow forecasts?
16. The team is to provide "\$5 to 7.5M" for furniture, fixtures and equipment for the project – what assurance does the City have that they are financially capable of performing on this obligation? Will they be required to put their money in to assure compliance prior to the City expending its funds on the project?
17. What does the City base the expectation of \$250,000 a year in revenue from naming rights? Is this a market-based sum that is realistic based on comparable situations?
18. To what extent has the City done due diligence on the team ownership and their character and credit worthiness? Evidently they have declined to disclose who is involved in their entire ownership group?
19. The New Orleans team group evidently recently signed a longer term lease on their current facility in New Orleans – do they intend to honor that lease obligation if they are moving to Wichita?
20. Is the private development site on Waco being sold at fair market value? Has an appraisal been done? Should the team not perform all of their obligations under their agreement with the City is this option to purchase to be rescinded?
21. A 9-year Option for a property is quite long? It basically takes that property out of consideration for many years. Other developers may want to invest in downtown, but will be unable to consider that site.
22. Has the City rescinded, or does it intend to, the restriction of no hotels on the site?
23. The total revenue the City is forecasted to receive does not appear to adequately cover debt service over the repayment period for the bonds? The stated debt service ramps up considerable in future years. Has the City done a more comprehensive projection of cash flows, other than the one presented to the Council, for the project?

The City may well have carefully considered many if not all of these issues in arriving at this decision? However, since such details have not yet been shared with the public to our knowledge, understandably there is considerable discomfort by the citizenry.

The project is obviously very complicated, and in many ways, a convoluted business arrangement that obligates the city to invest millions of dollars in hopes numerous forecasted benefits will be realized as anticipated. It's generally acknowledged that any forward-looking projection has elements of risk involved. Have those risks been adequately assessed and considered in the decision to move forward with this project, and disclosed to the public, is the overarching question?

It seems obvious from the initial public comments, that they feel there has not been adequate transparency in the way this project has been handled, and sufficient time has not been allowed to understand and comment on many complex aspects of the transaction. Prior to making a firm commitment to move forward with this project, there should be no doubt the public feels adequately informed and confident city leaders have been good stewards of city resources.

Thank you in advance for your written response to my questions so I may become more familiar with the project.

Respectfully,

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