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WaterWalk hotel gets council's OK

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The Wichita City Council on Tuesday approved a set of financial incentives to jump-start commercial development at WaterWalk.

Council members voted 6-0, with Paul Gray abstaining, to support a letter of intent to contribute \$2.5 million to developer Jim Korroch's \$12 million, 130-room Fairfield Inn and Suites Hotel.

The \$2.5 million will be repaid through user-generated bed taxes over the next 20 years.

Gray abstained because his fiancée works at a Korroch hotel.

The vote clears the way for construction to begin on the hotel in June, Korroch said after the meeting. He said it should be complete in late spring 2011.

"We're real happy with the outcome," Korroch said. "Frankly, I was prepared to accept the outcome, whatever the council decided, but this morning we're excited to get the project going and get this hotel built."

The council vote came after seven people spoke against the hotel plan, invoking similar complaints against what they maintain are the misuse of taxpayer-funded business subsidies.

Council members Jeff Longwell and Janet Miller objected to the characterization, telling opponents that the city's \$2.5 million contribution will be funded by bed tax revenue over the next 20 years — taxes largely paid by out-of-town visitors.

The \$2.5 million will initially be raised through general obligation bonds slated for purchase by Korroch's company.

"It's appropriate that this comes up on Bob Layton's first anniversary here because we've been making a concerted effort to look at the way we do business in the city, to make it less of a burden on the taxpayers," Longwell said.

"Staff has crafted a plan... that takes the burden off local taxpayers. We're leveraging out-of-area visitors, we're putting in a quarter of a million dollars in property taxes, and this meets the needs of WaterWalk. I think this is a great thing."

Council members said that adding hotel rooms to help recruit downtown convention business was the driver behind their decision.

Downtown is about 400 rooms short of the 1,000-room block it needs to lure conventions and major sporting events, according to city and tourism officials.

"We don't have enough rooms," Mayor Carl Brewer said.

"They (convention planners) definitely have the power. They're the ones who tell us where they want the rooms.... We have to create that kind of environment."

The plan drew many of the same opponents as the January council discussion, with Brewer asking speakers to limit their comments to new issues.

The complaints were broad, ranging from demands for a less pricey hotel to Wichitan Craig Gabel's desire for a Great Wolf Lodge on the river.

Some of the issues raised by opponents were new, including a suggestion that WaterWalk developer Jack DeBoer waive the \$760,000 he's collecting from Korroch for land development rights.

"The \$760,000 would go a long way toward closing this funding gap," said John Todd, an opponent of the hotel project.

Layton revealed publicly for the first time the amount of private investment in WaterWalk — \$23 million. The city has \$41 million tied up in infrastructure in the development.

Allen Bell, the city's urban development director, defended DeBoer's price tag, which hotel development experts told The Eagle last week is about a third of a normal land fee for a similar project.

"Land is what they have of value to gain compensation for their efforts in the development of the area," he said.

Doug Rupe, who manages the WaterWalk project for DeBoer, confirmed the \$23 million figure cited by Layton. DeBoer owns WaterWalk land development rights through a \$1 annual lease for 99 years.

He said after the meeting that the Korroch payment is "what we needed to do to get a deal done."

"The return so far has been very small," Rupe said. "\$725,000 sounds like a big number, but \$23 million is a very big number.

"Jack felt like since we didn't have other hotels coming to the table, he needed to open it up. Jim Korroch approached us... and we got a deal done."

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