

**STAR BOND FEASIBILITY & MARKET STUDY  
DOWNTOWN MANHATTAN REDEVELOPMENT DISTRICT  
MANHATTAN, KANSAS**

August 2006

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# **CANYON RESEARCH SOUTHWEST, INC.**

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**COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS**

## **STAR BOND FEASIBILITY & MARKET STUDY DOWNTOWN MANHATTAN REDEVELOPMENT DISTRICT MANHATTAN, KANSAS**

August 2006

Prepared for:

City of Manhattan, Kansas  
1101 Poyntz Avenue  
Manhattan, KS 66502

Prepared by:

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PR# 06-02-07

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# CANYON RESEARCH SOUTHWEST, INC.

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COMMERCIAL REAL ESTATE RESEARCH AND ANALYSIS

August 7, 2006

Ron Fehr  
City Manager  
City of Manhattan, Kansas  
1101 Poyntz Avenue  
Manhattan, KS 66502

RE: STAR Bond Feasibility & Market Study  
Downtown Manhattan Redevelopment District

Dear Mr. Fehr:

Per our agreement and K.S.A. 12-1770a *et seq.*, attached are the findings from the *STAR Bond Feasibility and Market Study* conducted on the proposed Downtown Manhattan Redevelopment District encompassing a portion of downtown Manhattan, Kansas. The Downtown Manhattan Redevelopment District is planned to house the Flint Hills Discovery Center and a mix of retail, lodging and residential. The *Market Study* evaluated the market potential of supporting future development of destination retail and entertainment space within the Downtown Manhattan Redevelopment District; the impact of the project on surrounding businesses; and the potential impact of the project on other STAR bond financed developments.

The *Feasibility Study* section of the report provided a comparison of public-financing revenue vs. costs to determine the ability of the Downtown Manhattan Redevelopment District to cover projected debt service obligations. Sources of public financing evaluated included STAR bonds, Tax Increment Financing and Transportation Development District.

Finally, the *Economic Impact Analysis* section of the report evaluated the economic benefits of the project in terms of growth in employment, wages, and retail sales.

Upon review of the report, should any questions arise or additional information requested, contact me directly at (480) 227-4483.

Respectfully submitted,

**CANYON RESEARCH SOUTHWEST, INC.**

Eric S. Lander, Principal

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Canyon Research Southwest, Inc.		

# SUMMARY OF MAJOR FINDINGS

The City of Manhattan, Kansas has committed to redeveloping the eastern portion of downtown. The vision for the Downtown Manhattan Redevelopment District is to create a regional shopping and entertainment destination. The *Downtown Redevelopment Conceptual Plan* calls for a mix of civic, retail, hotel, and residential uses. To assist in funding redevelopment efforts the City of Manhattan, Kansas is seeking designation of the Downtown Manhattan Redevelopment District as a “major tourism area” eligible for STAR bond revenues.

As part of the STAR bonds application process Canyon Research Southwest, Inc. has prepared a *Feasibility and Market Study*. The study is designed to evaluate the marketability of the Downtown Manhattan Redevelopment District’s retail component; determine the project’s ability to cover projected STAR bond debt service obligations; and forecast the project’s economic impact on the community. The report’s major findings are summarized in the text below.

## **Retail Development Potential**

The enormous economic impact of the proposed Flint Hills Discovery Center, coupled with existing downtown merchants, Manhattan Town Center regional mall, Kansas State University, and central Kansas’ tourism market, will generate demand for ancillary and complementary businesses. To capture this forecast demand, the Downtown Manhattan Redevelopment District is designed to facilitate development of civic, retail, lodging, and residential uses.

The preliminary master plan for the Downtown Manhattan Redevelopment District includes 298,300 square feet of retail space. The retail component is designed to compliment the Flint Hills Discovery Center; cater to area tourists, visitors, and residents; and house destination entertainment venues and lifestyle soft goods retailers. The market positioning and tenant mix will create a vibrant entertainment and retail destination not current found within central Kansas.

Manhattan serves as a regional shopping destination. This is best measured by a retail performance study prepared by Kansas State University on all 25 first class cities in Kansas for fiscal year 2003. According to the study, Manhattan maintains a pull factor of 1.18 and captures 89.42 percent of Riley County’s taxable retail trade.

The Downtown Manhattan Redevelopment District is located within Manhattan’s largest commercial core, highlighted by Manhattan Town Center, downtown merchants, and two anchored shopping centers. Big-box retailers include Wal-Mart Supercenter, Big Kmart, Staples, Hastings Entertainment Superstore, and Hobby Lobby. Seth Child Road serves as west Manhattan’s primary retail corridor housing several anchored shopping centers and big-box retailers. Seth Child Commons is a newly developing shopping center anchored by Target.

The success of downtown districts in such comparable college towns as Lawrence Kansas (University of Kansas) and Columbia, Missouri (University of Missouri) provides evidence of the potential to support restaurants, nightclubs, clothing stores, and entertainment venues within the Downtown Manhattan Redevelopment District. Downtown Manhattan's retail base is highlighted by the Manhattan Town Center regional mall and a mix of restaurants and specialty stores located primarily along Poyntz Avenue. Entertainment and retail planned for the Downtown Manhattan Redevelopment District will serve to complement and elevate the existing merchant base.

The Downtown Manhattan Redevelopment District is designed to serve as central Kansas' premier tourism attraction, anchored by cultural and educational facilities and complemented by a mix of entertainment venues, dining, and specialty shopping. No other commercial district in the region compares. Given the unique market positioning; association with the Flint Hills Discovery Center; and the impact of the visitor and tourist markets, the Downtown Manhattan Redevelopment District's retail component is anticipated to serve as a regional and multi-state destination.

The Downtown Manhattan Redevelopment District is designed to capture retail sales now eluding the Manhattan area. At build-out and stabilized occupancy, the Downtown Manhattan Redevelopment District is forecast to general annual sales of approximately \$90 to \$100 million. New regional trade area retail sales and out-of-town visitors are forecast to account for approximately \$81 to \$98 million, or 90 to 98 percent of total annual sales within the of the Downtown Manhattan Redevelopment District. Given the high level of retail sales leakage with the primary, secondary and tertiary trade area as well as the forecast growth in out-of-town visitors the majority of captured retail sales will represent new spending rather than the cannibalization of current retail sales within the Manhattan area.

## **Public Financing Revenue Estimates**

The City of Manhattan, Kansas is seeking to fund the Downtown Manhattan Redevelopment District through the use of several public financing mechanisms, including STAR bonds, Transportation Development District (TDD); and Tax Increment Financing (TIF). An estimated \$55 to \$60 million in bond debt (STAR bond, TDD and TIF) is being sought to fund eligible project costs.

From October 1, 2006 through September 30, 2026, the Downtown Manhattan Redevelopment District is forecast to generate total tax revenues available to fund STAR bond debt service of approximately \$172 million. Sources of revenue include approximately \$141.1 million in STAR bonds; \$10.7 million in Transportation Development District Sales Tax; and \$20.7 million in Tax Increment Financing. At a debt coverage ratio of 1.35 these forecast tax revenue streams are sufficient to fully satisfy approximately \$63 million in bond debt amortized over a 20-year term at a 6.5 percent interest rate. Therefore, the *Feasibility Analysis* concluded that the Downtown Manhattan Redevelopment District is forecast to generate sufficient tax revenues to cover the anticipated debt service obligations for the requested STAR bond financing.

# **Economic Impact Assessment**

The *Economic Impact Assessment* examined the economic implications of the Downtown Manhattan Redevelopment District's retail, lodging, and residential components in terms of the direct and indirect growth in employment, income and retail sales.

## **Employment, Wages & Consumer Expenditures**

The construction contract for the retail, lodging, and residential space built at the Downtown Manhattan Redevelopment District is estimated at approximately \$100 million. During the construction phase direct on-site employment is estimated at 420 full-time equivalent jobs. Indirect job creation is forecast at 709 jobs, bringing the total construction-phase work force to 1,129 jobs. Total payroll originating from these construction-phase jobs is estimated at \$27.8 million, resulting in total consumer expenditures of \$22.5 million. Upon completion, total capital investment into the Downtown Redevelopment District is estimated at \$160 million.

At build-out, direct employment generated from operation of the retail, lodging, and residential space developed within the Downtown Manhattan Redevelopment District is forecast to total 722 full-time equivalent jobs. Total annual payroll for these direct jobs is estimated \$11.9 million, resulting in total annual direct consumer expenditures of \$9.6 million. Direct and indirect employment is forecast at 1,085 full-time equivalent jobs, with a total annual payroll of \$21.2 million.

The Downtown Manhattan Redevelopment District's construction phase total payroll is estimated at \$27.8 million, generating approximately \$780,000 in income tax revenues for the State of Kansas. Upon completion, direct and indirect employment from operation of the Downtown Manhattan Redevelopment District is estimated to generate a total direct and indirect payroll of \$21.2 million annually. The State of Kansas is estimated to collect approximately \$600,000 in annual state income tax revenues resulting from operational-phase payroll.

## **Forecast Retail Sales Revenues**

The Downtown Manhattan Redevelopment District is designed as a destination lifestyle and entertainment district. The mix of retail uses includes 256,800 square feet of shops and 31,800 square feet of freestanding restaurant space. A 120-room hotel is also planned for the Downtown Manhattan Redevelopment District.

The Downtown Manhattan Redevelopment District is forecast to retail sales volumes of approximately \$4.9 million during the first year of occupancy in 2006, increasing to \$97.0 million at build-out and stabilized occupancy in 2009.

## **Forecast Visitation Counts**

The Flint Hills Discovery Center as well as the unique mix of destination lifestyle and entertainment retailers within the Downtown Manhattan Redevelopment District will serve as a multi-state destination. Therefore, out-of-town visitors to the Manhattan area represent the Downtown Manhattan Redevelopment District's primary trade area. The primary trade area includes the multi-state region of Kansas, Missouri, Iowa, Nebraska, and Oklahoma. According to Claritas, Inc. this 5-state region supports a current population of 16.7 million.

The Manhattan area hosts an estimated 1.0 million out-of-town visitors per year. Approximately 686,000 annual visitors to the Manhattan area travel from beyond 100 miles, of which an estimated 289,000 are out-of-state residents. These forecast out-of-town visitation trends meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state.

Together, the Flint Hills Discovery Center and the Downtown Manhattan Redevelopment District are forecast to increase annual out-of-town visitation to the Manhattan area by 120,000 to 380,000 people. The demand for overnight accommodations by these increased visitors is estimated at approximately 20,400 to 64,600 annual room nights.

Out-of-town visitors are forecast to account for approximately \$50 million of the Downtown Manhattan Redevelopment District's annual retail sales. Based on total forecast retail sales of approximately \$90 to \$100 million at project build-out, spending by out-of-town visitors is anticipated to account for 50 to 56 percent of total sales within the Downtown Manhattan Redevelopment District.

## **Conclusions**

The Downtown Manhattan Redevelopment District will have a positive impact on the local economy by filling current voids in the retail market; attracting additional visitation to the area; extending the average length of stay; and generating increased retail sales volumes. The Downtown Manhattan Redevelopment District is designed to serve as a regional tourism destination through operation of the Flint Hills Discovery Center as well as the entertainment and retail component. This critical mass of attractions will elevate Manhattan's status as a regional destination.

Development of the Downtown Manhattan Redevelopment District would increase visitation to the Manhattan area and assist in capturing trade area and visitor spending currently escaping the community. The elements of the plan are interconnected. The Flint Hills Discovery Center would serve as both a distinctive visitor attraction and a marketing and promotion outlet for central Kansas, driving increased visitor counts. The Downtown Manhattan Redevelopment District's planned retail would capture *new* visitor spending by serving as a major tourism destination through a tenant mix of destination entertainment and retail. Both downtown merchants and the balance of Manhattan's retail trade would benefit from the heightened visitor spending. The Flint Hills Discovery Center would in turn benefit from Manhattan's elevated visitor counts through increased attendance and revenues.

**STAR BOND FEASIBILITY & MARKET STUDY  
DOWNTOWN MANHATTAN REDEVELOPMENT DISTRICT  
MANHATTAN, KANSAS**

August 2006

# INTRODUCTION

## **Study Objective and Organization**

The City of Manhattan, Kansas is seeking STAR bond funding to assist in implementing the *Downtown Manhattan Redevelopment Conceptual Plan*. The Flint Hills Discovery Center will be a major component of the plan. All STAR bond projects are subject to approval by the Kansas Secretary of Commerce. The application must be accompanied by a Feasibility Study that demonstrates whether the proposed redevelopment project's tax increment revenue and other available revenues under K.S.A. 12-1774(a)(1), and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment project costs and the effect, if any, the redevelopment project will have on any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. In addition, the study must evaluate the effects, if any, the redevelopment project will have within the competitive market area.

Canyon Research Southwest, Inc. has prepared a *STAR Bond Feasibility and Market Study* for the Downtown Manhattan Redevelopment District designed for a mix of civic, retail, professional office, hotel, and residential uses. The study evaluated the market viability of developing the destination entertainment and retail space; determined the ability of the Downtown Manhattan Redevelopment District to cover projected STAR bond debt service obligations; and quantified the project's economic impact.

The study commenced with a brief description of the Downtown Manhattan Redevelopment District. Secondly, the *Market Study* evaluated the short-term development potential of retail uses within the Downtown Manhattan Redevelopment District, focusing on the competitive market area. The competitive market analysis provides a survey of competitive shopping centers and retail districts, quantifies the short-term need for additional retail space and retail categories within the Manhattan area, and a site specific evaluation designed to determine the ability of the Downtown Manhattan Redevelopment District to accommodate retail development. The competitive market analysis also provides a survey of comparable entertainment retail centers and districts.

Based on the study findings, the *Market Study* addressed the Downtown Manhattan Redevelopment District's project positioning, market demand, and development timing.

The *Feasibility Study* section of the report determined the ability of the Downtown Manhattan Redevelopment District to satisfy the bond obligations by comparing STAR bond, TDD, and TIF revenue forecasts with debt service estimates throughout the 20-year bond maturity period.

The *Economic Impact Assessment* examined the economic implications of the Downtown Manhattan Redevelopment District's retail, lodging, and residential components in terms of the direct and indirect growth in employment, income and retail sales.

## **Downtown Manhattan Redevelopment District**

The Downtown Manhattan Redevelopment District occupies the eastern portion of downtown Manhattan, Kansas and is generally bounded by Bluemont Avenue on the north; Ft. Riley Boulevard on the south; Tuttle Creek Boulevard on the east; and Fourth Street on the west. The vision for the Downtown Manhattan Redevelopment District is to create a regional shopping and entertainment destination centered on the Flint Hills Discovery Center.

The Downtown Manhattan Redevelopment District is positioned between downtown Manhattan's traditional downtown core centered on Poyntz Avenue and the Manhattan Town Center regional mall. Historic commercial buildings line Poyntz Avenue housing retail shops, restaurants, offices and a hotel. Manhattan Town Center serves as the Manhattan area's largest shopping destination, anchored by Dillards, JC Penney, and Sears. The regional mall also houses over 60 specialty shops and restaurants, including Applebee's, Chili's, Old Chicago, Aeropostale, American Eagle Outfitters, Buckle, Christopher & Banks, Gap, Hollister Co. and Maurices.

The *Downtown Redevelopment Conceptual Plan* provides a land use framework designating 288,600 square feet of retail space and out parcel space. The retail space is designed to complement the Flint Hills Discovery Center; cater to area tourists, visitors, and residents; and house destination entertainment venues and lifestyle soft goods retailers. The market positioning and tenant mix is designed to fill a void in Manhattan's retail market, greatly reducing any possible negative impact on the city's existing retail base. In fact, the primary objective of the *Downtown Redevelopment Conceptual Plan's* retail component is to attract additional spending into the community by creating a vibrant tourism, entertainment and retail destination not currently found in the Manhattan area.

The *Downtown Redevelopment Conceptual Plan* is divided into two districts. The South Area is designed for the Flint Hills Discovery Center, a 120-room hotel, 30,000 square foot conference center, a 40,000 square foot movie theatre, 18,000 square feet of restaurants, 19,000 square feet of retail shops, 24 residential units, and a 400-space parking structure.

Dial Realty Corporation is now under development on the North Area with a 163,000 square foot shopping center that will bring several new major retailers to central Kansas. The shopping center is designed to attract national category-specific junior anchors and specialty retailers. This cluster of national retailers will create a major shopping destination and heighten Manhattan's status as a regional retail center. Seven out parcels supporting 48,600 square feet of restaurants and shops will accompany the shopping center. A 30,000 square foot store is under construction and scheduled to open by October 2006. The balance of the North Area will open between fall 2007 and spring 2008. Consult the table on page 3 for individual project components to both the North and South Areas.

Development costs for implementing the South Area are estimated at approximately \$90 million, including approximately \$40.8 million in STAR bond proceeds and \$49.0 million in capital investment contributed by the Dial Realty Corporation and City of Manhattan, Kansas.

## Downtown Redevelopment Conceptual Plan Project Components for the North and South Areas

Project Component	Retail Space Sq. Ft.	Conference Space	Hotel Rooms	Parking Spaces	Housing Units
<b>North Area</b>					
Building A – Junior Anchor	30,000				
Building B – Out Parcel (Restaurant)	5,900				
Building C – Out Parcel (Restaurant)	6,500				
Building D – Small Shops	4,800				
Building E – Out Parcel (Restaurant)	6,400				
Building F – Junior Anchor	23,000				
Building G – Junior Anchor	12,000				
Building H – Junior Anchor	19,000				
Building I - Small Shops	9,000				
Building J – Junior Anchor	18,000				
Building K – Junior Anchor	18,000				
Building L - Junior Anchor	34,000				
Building M – Out Parcel (Restaurant)	7,000				
Building N - Small Shops	12,000				
Building O - Out Parcel (Restaurant)	6,000				
Residential					200
<b>North District Totals</b>	<b>211,600</b>				<b>200</b>
<b>South Area</b>					
Flint Hills Discovery Center					
Hotel	13,000		120		
Conference Center		30,000			
Movie Theatre	40,000				
Restaurants	12,000				
Retail Shops	12,000				
Parking Structure				400	
Residential					24
<b>South District Totals</b>	<b>77,000</b>	<b>30,000</b>	<b>120</b>	<b>400</b>	<b>24</b>
<b>Grand Totals</b>	<b>288,600</b>	<b>30,000</b>	<b>120</b>	<b>400</b>	<b>224</b>

## Manhattan Area Tourism Market

The Downtown Manhattan Redevelopment District is designed to serve as a major tourism destination for central Kansas, anchored by cultural and educational facilities and complemented by a mix of entertainment venues, dining, and specialty shopping. No other commercial district in the region compares. Kansas State University, Fort Riley, and the clustering of tourism sites in central Kansas now serve as major attractions for visitors to the Manhattan area. Annual out-of-town visitation to the Manhattan area is estimated at approximately 1.0 million.

The Downtown Manhattan Redevelopment District will add to the list of attractions and visitor draw to central Kansas. The multi-state region of Kansas, Missouri, Iowa, Nebraska, and Oklahoma is expected to be the source for most Manhattan area visitors. This 5-state region supports a current population of 16.7 million, with Kansas accounting for just 16.4 percent, or 2.7 million. From 2004 to 2009, the 5-state region's population is forecast to increase by 2.38 percent reaching 17.1 million.

People aged 21 to 54 represent the primary customer for the Downtown Manhattan Redevelopment District. This age group now accounts for approximately 46 percent of the 5-state population, or 7.7 million people. Income levels generally are consistent with national averages with 718,933 households, or approximately 11.0 percent of all households, possessing annual incomes of \$100,000 or more. The 5-state region's demographic characteristics bode well for the ability of the Downtown Manhattan Redevelopment District to support destination lifestyle and entertainment retail uses.

### 5-State Region Trade Area Demographics

	Kansas	Missouri	Iowa	Nebraska	Oklahoma	Totals
<b>Population</b>						
2004	2,731,719	5,729,634	2,948,982	1,746,803	3,526,503	16,683,641
2009	2,786,034	5,896,148	2,978,491	1,794,541	3,626,095	17,081,309
% Change	1.99%	2.91%	1.00%	2.73%	2.82%	2.38%
<b>Population by Age</b>						
21-24	147,680	288,314	156,478	94,263	192,411	879,146
25-34	348,853	738,733	363,060	223,273	451,647	2,125,566
35-44	420,351	887,569	445,199	263,834	523,522	2,540,475
45-54	354,147	742,462	392,794	225,754	453,761	2,168,918
Totals	1,271,031	2,657,078	1,357,531	807,124	1,621,341	7,714,105
% of Total	46.53%	46.37%	46.03%	46.21%	45.98%	46.24%
<b>Average Household Income</b>	\$58,295	\$55,670	\$54,968	\$55,655	\$49,822	\$54,738
<b>% Households \$100,000+</b>	12.54%	11.68%	10.36%	11.14%	9.20%	11.01%
<b>Per Capita Income</b>	\$22,912	\$22,221	\$22,067	\$22,039	\$19,754	\$21,766

Source: Claritas, Inc.

Central Kansas supports a large and diverse mix of attractions that draw visitors from outside of the state. Manhattan, Kansas serves as a major commerce and tourism center for central Kansas. Within a 50-mile radius of Manhattan are a large number of parks, lakes, agri-tourism sites, arts and cultural venues, and science and nature amenities. State parks offering camping, fishing and hiking include Tuttle Creek Lake (Kansas' second largest lake with nine state parks), Geary County State Lake, and Milford Lake. Several other lakes are also located in the region. Examples of agri-tourism sites include Britt's Garden Acres, Alpacas in Wildcat Hollow, dh Ranch, Wildcat Equestrian, and Wyldewood Cellars Winery. Science centers and museums include the Insect Zoo, Sunset Zoological Park, Konza Prairie Biological Station, Kansas Landscape Arboretum, and Kansas State University Gardens.

Out-of-town visitors already contribute significantly to Manhattan's retail sales. According to reported attraction visitor attendance for 2003 published by the Travel & Tourism Division of the Kansas Department of Commerce, the Manhattan area serves as a regional tourism destination. Major attractions include the Custer House at Fort Riley (2,935 visitors); U.S. Cavalry Museum at Fort Riley (28,304 visitors); Sunset Zoological Park (54,739 visitors); and Tuttle Creek State Park (605,290 visitors). Together with City of Manhattan Parks & Recreation programs; other area attractions; Fort Riley; and Kansas State University's student enrollment (23,182 for fall semester 2005), business activities, athletic events, and cultural venues, annual out-of-town visitation to the Manhattan area is estimated at approximately 1.0 million.

### **Annual Visitation Patterns to Manhattan, Kansas**

<i>Visitor Attraction</i>	<i>Total Attendance</i>	<i>Out-of-Town Visitors</i>
Tuttle Creek Lake	605,290	393,439
KSU Football	377,720	329,040
KSU - All Other*	100,000	100,000
Sunset Zoo	54,739	21,896
US Cavalry Museum at Fort Riley	28,304	18,398
Custer House at Fort Riley	2,935	1,908
Beach Museum	26,848	17,450
Riley County Museum	22,580	14,677
Konza Prairie Biological Station	9,500	6,175
Adult & Youth Sports/Recreation	51,330	5,000
Local Business & Conventions	50,000	50,000
Fort Riley – Reserve Component	45,000	45,000
<b>Totals</b>	<b>1,374,246</b>	<b>1,002,983</b>

Notes: \* Includes parents, friends, business, professors & cultural/sporting events.

Tuttle Creek Lake is the Manhattan area's largest tourism attraction with a reported 2003 attendance of 605,290 visitors. The Park has estimated that 393,439 visitors are from out-of-town, of which 98,360 are from out-of-state. The Downtown Manhattan Redevelopment District, and notably the Flint Hills Discover Center, would be a complementary attraction for visitors to Tuttle Creek Park.

Kansas State University athletic events are a major generator of visitors to the Manhattan area. Total 2004 season attendance for the seven Kansas State University home football games was reported by the KSU Athletic Department at 383,883, translating into an average of 48,405 per game. Out-of-state residents accounted for 26,120 season tickets. Another 32,000 tickets were allocated and sold to visiting out-of-state teams. In total, an estimated 58,120 out-of-state visitors attended the Kansas State University home football games during 2004 season. During the 2003-04 season, total attendance was reported at 117,552 for men's basketball (16 games @ 7,347 per game) and 121,745 for women's basketball (13 games @ 9,365 per game). Out-of-town visitors accounted for an estimated 25 percent of total attendance, or approximately 59,825. Spectators of athletic events are major consumers of food, beverage, and entertainment both before and after the games. Therefore, spectators of Kansas State University sporting events represent a primary source of patronage for tenants of the Downtown Manhattan Redevelopment District.

Fall 2005 enrollment at Kansas State University was reported at 23,182 students, of which approximately 16 percent were from out-of-state (all 50 states and over 90 countries). Family and friends that visit out-of-state students are estimated at approximately 10,000 per year (2.5 visitors annually per out-of-state student). This estimate is conservative given the large number of events held by the university each year, including athletic events, fall and spring enrollments and commencements, KSU Family Day, KSU Open House, and various lectures and educational events.

Manhattan hosts several conventions throughout the year. During 2003, an estimated 50,000 out-of-town visitors attended conventions in Manhattan, with 12,500 traveling from beyond 100 miles and another 10,000 from out-of-state. The Downtown Manhattan Redevelopment District would assist in attracting new convention business by providing additional conference space, hotel rooms, eating and drinking establishments, and entertainment venues.

The City of Manhattan Parks & Recreation Department hosts several annual youth and adult athletic and recreational events, attracting approximately 2,000 out-of-state participants. Private soccer, softball, baseball, golf, swimming and diving, gymnastics, track, football, triathlon, and wrestling clubs host events throughout the year that attract out-of-town participants. In total, annual youth and adult athletic and recreation programs attract an estimated 12,500 participants from beyond 100 miles, of which 5,000 are from out-of-state.

Fort Riley located 15 miles west of Manhattan has a profound impact on central Kansas' economy through its on-base personnel, contracts, construction and out-of-town visitors. The military installation covers approximately 101,000 acres supporting 10,060 military personnel, 12,714 family members and 5,805 civilian employees. Fort Riley provides training assistance to approximately 45,000 Reserve Component soldiers per year, including the Army National Guard, U.S. Army Reserves, Navy Reserves, Marine Reserves, Reserve Officer Training Corps, and Air Guard. During the 2005 fiscal year the direct economic impact of Fort Riley on the local area was estimated at approximately \$939 million. Fort Riley is scheduled to undergo a major expansion over the next five years adding approximately 9,000 new troops and 2,000 civilian jobs. Fort Riley is estimated to generate approximately 27,500 annual out-of-state visitors.

The Konza Prairie and The Kansas Tallgrass Prairie National Preserve offer excellent opportunities for cooperative marketing efforts with the Downtown Manhattan Redevelopment District. The Konza Prairie contains 8,616 acres of native tallgrass prairie located just ten miles from Mamhattan. Used for ecological research and education, the Konza Prairie is located in the western section of the vast grassland know as the “corn belt” which features grasslands that once covered much of the center of the continent.

The Manhattan area hosts an estimated 1.0 million out-of-town visitors per year. As outlined in the table below, approximately 686,000 annual visitors to the Manhattan area travel from beyond 100 miles, of which an estimated 289,000 are out-of-state residents. These forecast out-of-town visitation trends meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state. The Downtown Manhattan Redevelopment District will cater to the region’s current out-of-town visitors and attract additional visitors by creating a unique attraction. The Downtown Manhattan Redevelopment District will also complement the State of Kansas’ continued efforts to develop and promote the Flint Hills region as a major tourism destination.

### **Annual Out-of-State Visitor Patterns to Manhattan, Kansas**

<i>Visitor Attraction</i>	<i>Visitors from 100+ Miles</i>	<i>Out-of-State Visitors</i>
Tuttle Creek Lake	393,439	98,360
KSU Football	227,800	58,120
KSU – Men’s & Women’s Basketball		59,825
KSU Out-of-State Students – Family & Friends		10,000
KSU – Other Programs		20,000
Conventions	12,500	10,000
Youth & Adult Athletics	12,500	5,000
Fort Riley		27,500
<b>Totals</b>	<b>676,239</b>	<b>288,805</b>

# RETAIL MARKET FEASIBILITY ANALYSIS

This section of the report evaluates the long-term viability of the Downtown Manhattan Redevelopment District to sustain development of the planned 288,600 square feet of retail and out parcel space.

## Lifestyle & Entertainment Center Concepts

The retail component of the *Downtown Redevelopment Conceptual Plan* is designed to complement the Flint Hills Discovery Center; cater to area tourists, visitors, and residents; and house destination entertainment venues and lifestyle soft goods retailers. The *Downtown Redevelopment Conceptual Plan* calls for approximately 288,600 square feet of retail space at build-out. The North Area is designed for a 163,000 square foot shopping center and seven out parcels totaling 48,600 square feet of building area. Retail uses planned for the South area include a 40,000 square foot movie theatre, 18,000 square feet of restaurants, and 19,000 square feet of shops.

Based on this market positioning and tenant mix, the Downtown Manhattan Redevelopment District's retail component is in theory designed as a lifestyle and destination entertainment center/district. These shopping center concepts are defined based on information provided by the Urban Land Institute and International Council of Shopping Centers.

Lifestyle centers represent the latest evolution of the power center. During the past several years, the lifestyle center has provided a new type of business locale for upscale specialty retailers who traditionally operated the majority of their stores in regional malls. A lifestyle center is anchored by at least one super anchor store and several "category specific" junior anchors, in-line shops and freestanding pad sites. Lifestyle centers maintain several clusters of similar retail categories such as entertainment (i.e., movie theatre and restaurants); home furnishings (i.e., furniture and linens); and fashion (i.e., apparel and cosmetics).

Lifestyle centers generally consists of 150,000 to 500,000 square feet of shop space occupied by upscale specialty stores, dining establishment and entertainment venues in an outdoor setting. According to the International Council of Shopping Centers (ICSC) definition, lifestyle centers possess the following characteristics:

- Lifestyle centers have an open-air configuration and include at least 50,000 square feet of shop space occupied by upscale national chain specialty stores. Retail categories most commonly represented are apparel, home goods, and books and music. Entertainment retailers such as a multiplex cinema and a large concentration of table-service restaurants are common;
- Design ambience is critically important. Lifestyle centers invariably have amenities such as fountains and street furniture conducive to leisure-time visits and casual browsing. The retail layout and street pattern often reflect a "Main Street" type ambience, allowing parking directly in front of the stores; and

- If a conventional or fashion specialty department store is present, it is usually in a smaller format than is customarily found in a mall.

Lifestyle centers have increasingly evolved into entertainment destinations, incorporating restaurant and nightclub clusters, cinemas, arcades, amusement centers, fun places, and entertainment spaces and streets. The Legends at Village West developed by RED Development within the STAR Bond sponsored Village West Tourism District in Kansas City, Kansas is positioned as a destination entertainment and lifestyle center.

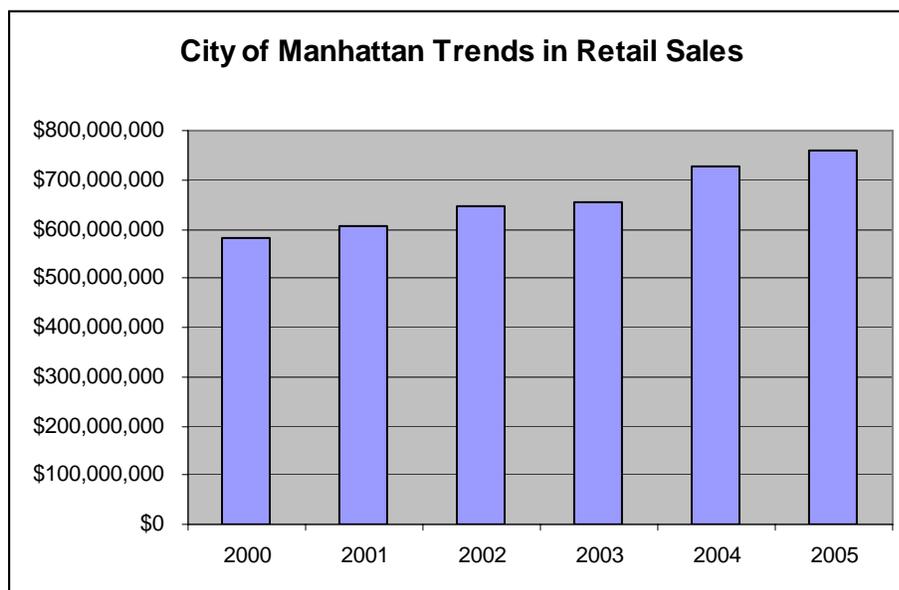
## Competitive Retail Market Analysis

The *Competitive Retail Market Analysis* evaluates future retail development opportunities within the Downtown Manhattan Redevelopment District. This section of the report identifies local trends in retail sales and commercial construction as well as retail sales opportunities by store type. A survey of comparable lifestyle and entertainment centers/districts assists in identifying potential retailers for the Downtown Manhattan Redevelopment District.

### Manhattan Retail Market

Manhattan, Kansas operates as a regional shopping destination drawing customers from Riley County as well as the neighboring counties of Clay and Pottawatomie. Out-of-town visitors also have a considerable impact on retail sales in Manhattan.

As reported by the City of Manhattan, since 2000 retail sales have increased by approximately 30 percent reaching \$726.8 million by 2005. During this 6-year period annual gains in retail sales volumes ranged from 1.1 to 11.1 percent. With the opening of Wal-Mart Supercenter and Target, retail sales in 2004 increased by 11.1 percent over 2003. Retail sales were up a healthy 4.5 percent in 2005.



The *County Trade Pull Factors for Fiscal Year 2003* published by Kansas State University evaluates the retail draw of various Kansas communities. A pull factor is a measure of retail capture minus leakage, with a measure of 1.0 representing a perfect balance. Manhattan's pull factor of 1.18 supports its status as a regional shopping destination, capturing retail sales at a rate 18 percent above the statewide average. This strong retail pull stems from Manhattan's growing number of big-box national retailers that draw from a regional trade area as well as the high visitor and tourists counts. Kansas State University's academics, sporting events, and cultural venues attract a large number of visitors to Manhattan each year.

The Downtown Manhattan Redevelopment District is located within city's largest commercial core, encompassing Manhattan Town Center, downtown merchants, and two anchored shopping centers. Manhattan Town Center occupies the eastern gateway into downtown Manhattan. Built in the late 1980s, the regional mall is anchored by Dillards, JC Penney and Sears. Other national retailers include Aeropostale, Bath & Body Works, Buckle, Christopher & Banks, Fashion Bug, Gap, Payless Shoes, Subway, Victoria's Secret and Zales Jewelers. The mall reports strong retail sales and its close proximity to the Downtown Redevelopment District will create strong retail synergy.

A new 212,045 square foot Wal-Mart Supercenter opened in April 2004 at Tuttle Creek Boulevard and Bluemont Avenue, representing the latest retail development within the downtown core. The department and grocery store was built with the assistance of a Transportation Development District (TDD). Wal-Mart relocated from an existing store located within a shopping center immediately to the south at U.S. Highway 24 and Tuttle Creek Boulevard. Renovations have been completed to the former Wal-Mart store that is now occupied by Hobby Lobby and Hastings Entertainment Superstore. Other tenants within the fully leased shopping center include Staples, Dollar Tree, H&R Block, and Midland Medical.

Seth Child Road serves as west Manhattan's primary retail corridor housing several anchored shopping centers and big-box retailers. The intersection of Seth Child Road and Anderson Avenue serves as a primary hub of retail activity, housing two shopping centers totaling 254,730 square feet of space, several big-box retailers and national restaurant chains. Big-box retailers operating within the Seth Child Road corridor include Home Depot, Target, Carmike Seth Childs Cinema, Ben Franklin Crafts, Dillon's, and Food 4 Less.

Seth Child Commons is a newly developing shopping center within the Seth Child Road corridor, housing a 125,443 square foot Target store and 8,000 square feet of shops occupied by Sally Beauty Supply, Great Clips, Kansas Kollection, Manhattan Florist, and EB Games. Additional shop space was recent built on out parcels occupied by such major retailers as Baskin Robins, Wells Fargo Financial, Golf USA and Pier 1 Imports. Arby's, Capital Federal Savings and Panera Bread occupy freestanding locations.

Manhattan's retail market is currently healthy, reporting high occupancy levels, the recent market entrance of several national retailers, and continued growth in sales. While Manhattan's retail base has grown considerably in recent years, it remains focused primarily on providing day-to-day goods and serves to area residents. Missing is a large concentration of dining, entertainment, and specialty shopping aimed at attracting out-of-town visitors and tourists. This narrow tenant base, healthy competitive market conditions, favorable trade area demographics, and high visitor counts bodes well for the potential for the Downtown Redevelopment District to support feasible retail development.

## **Retail Sales Potential by Store Type**

The *RMP Opportunity Gap – Retail Stores Report* published by Claritas, Inc. attempts to identify opportunities for additional retail store types in Manhattan, Kansas. The report data is derived from two major sources. The demand data is derived from the Consumer Expenditure Survey published by the U.S. Bureau of Labor Statistics while the supply data is provided by the Census of Retail trade. The difference between demand and supply represents the opportunity gap or surplus available for each retail category in the specified reporting geography. When the demand is greater than the supply there is an opportunity gap for that retail category. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

As outlined in the table below, retail categories providing the greatest opportunities for capturing additional retail sales in Manhattan, Kansas include supermarkets, building materials, warehouse clubs, pharmacies and drug stores, full-service restaurants, lawn and garden supplies, computer and software stores, shoe stores, specialty food stores, electronics and appliance stores, hobby, toys and games stores, sporting goods stores, and apparel. This diverse mix of under-serviced retail categories provides the opportunity for the Downtown Manhattan Redevelopment District to support feasible large-scale retail development.

### **RMP Opportunity Gap by Retail Category – Manhattan, Kansas**

<b>Retail Categories</b>	<b>Demand Consumer Expenditures</b>	<b>Supply Retail Sales</b>	<b>Opportunity Gap/(Surplus)</b>
Supermarkets	\$52,832,504	\$25,827,839	\$27,004,665
Building Materials	\$41,632,942	\$24,699,182	\$16,933,760
Warehouse Clubs	\$15,155,537	\$594,108	\$14,561,429
Pharmacies and Drug Stores	\$22,779,819	\$9,321,214	\$13,458,605
Full-Service Restaurants	\$23,665,848	\$17,086,964	\$6,578,884
Lawn and Garden Supplies	\$4,812,997	\$243,654	\$4,569,343
Computer and Software Stores	\$4,807,357	\$829,095	\$3,978,262
Shoe Stores	\$4,175,515	\$2,745,392	\$1,430,123
Specialty Foodservices	\$4,416,784	\$3,076,999	\$1,339,785
Electronics and Appliance Stores	\$14,579,949	\$13,338,297	\$1,241,652
Hobby, Toys and Games Stores	\$2,386,590	\$1,157,080	\$1,229,510
Sporting Goods Stores	\$4,299,005	\$3,239,401	\$1,059,604
Children's Clothing Stores	\$768,282	\$0	\$768,282
Clothing Stores	\$1,675,418	\$1,206,768	\$468,650
Women's Clothing Stores	\$6,536,421	\$6,097,270	\$439,151

Source: Claritas, Inc.

## **College Town Retail Districts**

Manhattan, Kansas is a college town, home of Kansas State University. The success of downtown districts in such comparable college towns as Lawrence Kansas (University of Kansas) and Columbia, Missouri (University of Missouri) provides evidence of the potential to support destination shopping and entertainment venues within the Downtown Manhattan Redevelopment District.

### **Downtown Lawrence, Kansas**

Home of the University of Kansas, Lawrence, Kansas is a community of 81,604 residents located 45 minutes west of the metropolitan Kansas City area. With an enrollment of approximately 27,000 students, the University of Kansas (KU) has a major impact on the city of Lawrence.

Massachusetts Avenue from 6<sup>th</sup> to 11<sup>th</sup> Streets serves as the Lawrence’s “Main Street,” housing a vibrant central business district featuring retail, professional offices, government offices, and a hotel. In total, 163 businesses were surveyed in downtown Lawrence. Eating and drinking establishments; clothing and accessories; and cards and gifts stores account for half of downtown Lawrence’s businesses. The Granada cinema operates downtown. The tenant mix supports the market positioning of downtown Lawrence as a destination retail and entertainment district. The tenant mix for downtown Lawrence, Kansas is summarized in the table on page 13.

Local merchants comprise the bulk of downtown tenants, however, a large concentration of national retailers are present. In fact, national retailers account for 14 percent of downtown’s merchants with notable chains including Abercrombie & Fitch, American Eagle Outfitters, Chico’s, Gap, Talbots, Borders Books, and Starbucks. Many of the national retailers commonly occupy regional malls, lifestyle centers and entertainment districts, suggesting downtown Lawrence serves as a primary entertainment and specialty shopping district and generates high customer traffic and sales volumes. A list of national retailers in downtown Lawrence is provided in the table below.

### **Downtown Lawrence, Kansas - National Retailers**

<b>Apparel &amp; Accessories</b>	<b>Eating &amp; Drinking</b>	<b>Others</b>
Abercrombie & Fitch	Ben & Jerry’s Ice Cream	Borders Books Music
American Eagle Outfitters	Buffalo Wild Wings Grill & Bar	FedEx Kinko’s
Chico’s	Chipotle Mexican Grill	Merle Norman Cosmetics
Claire’s	Cold Stone Creamery	Verizon
The Buckle	Einstein Bros. Bagels	
Gap/Gap Body	Odoba Mexican Grill	
Lids	Pizza Hut	
Maurice’s	Starbucks Coffee	
Talbots		
Urban Outfitters		

## Downtown Lawrence, Kansas Business Mix

<i><b>Business Category</b></i>	<i><b># of Businesses</b></i>	<i><b>% of Total</b></i>
Eating & Drinking Places	36	22.09%
Clothing & Accessories	34	20.86%
Misc. Services	12	7.36%
Cards, Gifts & Crafts	11	6.75%
Antiques & Home Furnishings	9	5.52%
Hair Salons & Barber Shops	8	4.91%
Books	5	3.07%
Coffee House	4	2.45%
Jeweler	4	2.45%
Optical	4	2.45%
Art Gallery	3	1.84%
Sporting Goods	3	1.84%
Fabric & Sewing	3	1.84%
Ice Cream	2	1.23%
Video	2	1.23%
Musical Instruments	2	1.23%
Shoes	2	1.23%
Professional Services	2	1.23%
Records & Tapes	1	0.61%
Movie Theater	1	0.61%
Performing Arts	1	0.61%
Liquor Store	1	0.61%
Pharmacy	1	0.61%
Hardware	1	0.61%
Toys	1	0.61%
Bank	1	0.61%
Printer/Copy	1	0.61%
Market	1	0.61%
Misc.	7	4.29%
<b>Totals</b>	<b>163</b>	<b>10.00%</b>

Source: Canyon Research Southwest, Inc.

Downtown Lawrence’s retail businesses benefit from an active events schedule that attracts thousands of potential customers. Major events include Downtown Lawrence Farmers’ Market, Wednesday Night Summer Band Concerts, Brown Bag Concerts, Downtown Friday Gallery Walk, Lawrence Artwalk, Downtown Lawrence Holiday Ceremony, and Christmas Parade.

According to data published by the Lawrence Convention & Visitors Bureau, during 2005 spending by visitors totaled approximately \$42 million. That spending was generated by an estimated 752,446 visitors and produced \$840,159 in local sales tax revenue and \$691,748 in transient guest tax. Of those visitors, an estimated 421,370 were overnight guests (56%) and 331,076 were day-trip visitors (44%). Average spending per visitor was estimated at \$74.62 by overnight visitors and \$31.91 by day-trippers.

### 2005 Estimated Direct Visitor Spending; Lawrence, Kansas

	Total Expenditures	Expenditures Per Visitor
<b>Overnight Visitors</b>		
Number of Overnight Visitors	421,370	
Lodging	\$13,834,960	\$32.83
Food/Beverage	\$7,860,772	\$18.66
Retail Sales	\$5,030,894	\$11.94
Other/Miscellaneous	\$4,716,463	\$11.19
<b>Total Direct Spending</b>	<b>\$31,443,089</b>	<b>\$74.62</b>
<b>Day-trippers</b>		
Number of Day-trippers	331,076	
Food/Beverage	\$4,716,463	14.25
Retail Sales	\$3,018,536	9.12
Other/Miscellaneous	\$2,829,878	8.55
<b>Total Direct Spending</b>	<b>\$10,564,877</b>	<b>31.91</b>

Source: Lawrence Convention & Visitors Bureau.

The business mix for downtown Lawrence, Kansas suggests the opportunity for the Downtown Manhattan Redevelopment District to serve as a destination entertainment and shopping district supporting a mix of national chains and independent businesses. Prospective business types include eating and drinking places; clothing and accessories; cards, gifts, and crafts; antiques and home furnishings; home electronics; hair salons/barber shops; movie theater; book stores; coffee house; sporting goods; and art galleries. Visitor spending reported in Lawrence, Kansas indicates that overnight visitors and day-trippers can have a major impact on retail sales within the Downtown Manhattan Redevelopment District.

## **Downtown Columbia, Missouri – The District**

Columbia is a central Missouri town of approximately 85,000 residents and is home to the University of Missouri. Downtown Columbia, referred to as “The District,” is located adjacent to the campus. In June 2004, The District was placed on the National Historic Register by the National Park Service. The District is a vibrant central business district housing 110 merchants, 70 bars and restaurants, 45 live performances a week, 7,128 residents, 5,290 workers, and 5,918 parking spaces. The District is a regional shopping destination featuring 56 gift and specialty stores; 28 apparel and accessories; 14 art galleries and museums; 10 jewelers; and 5 sporting goods stores. Other specialty retail businesses include bookstores, musical instruments, music, health clubs and a comedy club. The District also supports a diverse non-retail business community lead by professional services, legal, and government and non-profit.

The District is a major entertainment center hosting the city’s most popular events, including the Twilight Festival; the Holiday Festival; Art in the Park; Columbia Festival of Arts; the Jazz, Wine and Beer Pub Crawl; and First Night Columbia. The Twilight Festival is held each Thursday evening from June to September, with attendance reported at 8,000 per night. Each year the Twilight Festival brings in \$2.9 million into the local economy with 86% of attendees spending an average of \$25 at downtown restaurants and 41% spending an average of \$60 at downtown shops. An estimated 17 percent of attendees are from outside of Columbia. Because of its wide selection of entertainment, dining, and specialty shopping, The District is a popular tourist destination.

The District’s tenant mix suggests the Downtown Manhattan Redevelopment District can support a broad tenant mix that will add to Manhattan’s attraction as a regional and tourist destination. The large resident population in The District also suggests an opportunity exists to support new housing within the Downtown Manhattan Redevelopment District.

### **Downtown Columbia, Missouri Business Mix**

<b><i>Business Category</i></b>	<b><i>% of Total</i></b>
Professional Services	20%
Restaurants & Bars	13%
Legal	12%
Gift Shops	10%
Government & non-Profit	9%
Financial Services	6%
Apparel & Accessories	5%
Entertainment	4%
Communications	4%
Health & Fitness	4%
Galleries & Antiques	3%
Hair Salons	3%
Jewelry	3%
Religious	2%
Auto/Appliance	2%
Day Care	1%
Lodging	1%

The Central Columbia Association is a membership organization responsible for marketing The District through special events, co-op advertising, quarterly newsletters, bi-monthly e-mail updates, and a gift certificate program. The Central Columbia Association has played a major role in the success of The District and suggests that the Downtown Manhattan Redevelopment District in Manhattan, Kansas can benefit from cooperative advertising, promotions and special events. The increased emphasis on promotions will assist the Downtown Redevelopment District in becoming a regional and tourist destination.

## **Destination Lifestyle & Entertainment Centers/Districts**

The Downtown Manhattan Redevelopment District is envisioned to support development of a destination lifestyle and entertainment center/district. Comparable retail developments were surveyed in an effort to identify a potential tenant mix for the Downtown Manhattan Redevelopment District. The closest concentration of lifestyle and entertainment centers/districts is located in the metropolitan Kansas City area approximately 130 miles east of Manhattan, Kansas.

Four destination lifestyle and entertainment centers/districts currently operate within the Kansas City area, including Country Club Plaza, Zona Rosa, Town Center Plaza, and The Legends at Village West. In addition, the Kansas City Power & Light District is now under construction in downtown Kansas City, Missouri. A brief description of each destination lifestyle and entertainment center is provided in the text below.

### **Country Club Plaza**

The Country Club Plaza serves as the Kansas City area's premier specialty shopping, dining and entertainment destination. Occupying 55 acres at 47<sup>th</sup> Street west of Main Street, in Kansas City, Missouri, Country Club Plaza is designed as a pedestrian-friendly urban center featuring a mixed of retail, office, lodging, and residential uses. Retail space totals approximately 900,000 square feet. Design elements include landscaped boulevards, public art, outdoor cafes, a wide mix of building facades, and 14 parking garages occupying 7,100 spaces. Anchor tenants include Mark Shale, Halls, Restoration Hardware, and Cinemark Palace. The retail tenant mix is dominated by dining (36 restaurants); women's and men's apparel (37 businesses); gifts/specialty shops (14 businesses); and home/art/antiques (10 businesses). Recent store openings at Country Club Plaza include Aldo, American Eagle Outfitters, Blonde, Max Studio, Urban Outfitters, Brio Tuscan Grille, M&S Grill, Cold Stone Creamery, Lillibelle, Brookstone and Gayle's on the Plaza. Notable upscale retailers operating within the Country Club Plaza are listed in the table on page 17.

## Country Club Plaza Retailers

<b>Restaurants</b>	<b>Women's Apparel</b>	<b>Men's Apparel</b>
Baja 600	Adrienne Vittadini	Brooks Brothers
Buca di Beppo	American Eagle	Harold's
California Pizza Kitchen	Ann Taylor/Loft	Jack Henry
Cheesecake Factory	A/X Armani Exchange	Pinstripes
Houston's	Banana Republic	N. Valentino
Kona Grill	bebe	
McCormick & Schmick's	Chico's	
P.F. Chang's China Bistro	J. Crew	
Plaza III The Steakhouse	J. Jill	
Ruth's Chris Steakhouse	Talbots	
Tomfooleries	Victoria's Secret	
<b>Home/Art/Antiques</b>	<b>Shoes</b>	<b>Gifts &amp; Specialty Shops</b>
Pottery Barn	Aldo	Bang & Olufsen
Restoration Hardware	E.G. Geller	Barnes & Noble
Scandia Down	Enzo Angiolini	Discovery Channel
Williams Sonoma	Johnstone & Murphy	Paper Source
Z Gallerie	Steve's Shoes	Sharper Image

## **Town Center Plaza**

Town Center Plaza is a 610,287 square foot upscale retail center located at 119<sup>th</sup> Street and Nall Avenue within affluent southern Johnson County, Kansas. Trade area demographics are impressive with 646,208 people residing in a 10-mile radius. Household income levels are \$112,896 in a 3-mile radius; \$98,649 in a 5-mile radius; and \$77,124 in a 10-mile radius. Town Center Plaza houses nearly 90 national and specialty shops, 15 restaurants, and the AMC 20 Theatres. Anchor tenants include The Jones Store (121,233 square feet); Dick's Sporting Goods (100,000 sq. ft.); Barnes & Noble (30,000 sq. ft.); Pottery Barn (12,000 sq. ft.); Gap/Gap Body (10,000 sq. ft.); Restoration Hardware; and William Sonoma. A partial tenant list is outlined in the table below.

### **Town Center Plaza Retailers**

<b>Restaurants</b>	<b>Apparel &amp; Accessories</b>	<b>Miscellaneous</b>
Baja Fresh	Abercrombie & Fitch	AMC 20 Theatres
Bravo Cucina Italiana	American Eagle Outfitters	Barnes & Noble
Bristol Bar & Grill	Ann Taylor & Ann Taylor Loft	Bath & Body Works
Dean & DeLuca	The Buckle	Bose
Fenton's	Cache'	Dick's Sporting Goods
Hereford House	Chico's	EB Games
Houlihan's	Claire's	Kirkland's
La Doice Vita	Coldwater Creek	Pottery Barn
On the Border Mexican	Gap/Gap Body	Restoration Hardware
Panera Bread	J. Jill	Sharper Image
Sushi House	Limited & Limited Too	Things Remembered
Blue Chip Cookies	Victoria's Secret	Thomas Kinkade Gallery
Cold Stone Creamery	White House Black Market	Williams Sonoma

Hawthorne Plaza is located immediately south of Town Center Plaza. This upscale shopping center houses such upscale retailers as Tivol Fine Jewelers, Talbots, Jos. A. Bank Clothiers, Steve's Shoes, Casa Bonita Home, Rumors Salon, and 40 Sardines Restaurant. Together, Town Center Plaza and Hawthorne Plaza create southern Johnson County's premiere upscale retail destination.

## Zona Rosa Phase 1

Steiner + Associates, Inc., is developing Zona Rosa, a 93-acre mixed-use project located at Interstate 29 and Barry Road within the Northlands region of Kansas City, Missouri. Zona Rosa is designed as an urban village with pedestrian promenades and public plazas supporting nearly 1.0 million square feet of specialty retail, restaurants, entertainment, office, and residential space and 330 hotel rooms.

At build-out Zona Rosa will support 648,030 square feet of specialty retail and restaurant space. The initial phase opened in mid-2004 designed with 468,681 square feet of specialty retail space and fourteen out parcels supporting up to 129,610 square feet of restaurant and retail space. Over 95 percent of the shop space is leased to a wide variety of national specialty retailers designed to create a unique and upscale shopping experience. Anchor tenants include Dick's Sporting Goods, Marshalls Megastore, Barnes & Noble, DSW Shoes, and Majestic Theatre and Comedy Club. Dining (19 restaurants), apparel & accessories (22 stores), and entertainment venues highlight Zona Rosa's tenant mix.

### **Zona Rosa Phase 1 – Existing & Committed Retail Tenants**

<b>Restaurants</b>		<b>Apparel &amp; Accessories</b>	
Abuelo's Mexican Food Tomfooleries Qdoba Mexican Grill Bravo Cucina Italiana Rib Crib Ted's Montana Grill Mimi's Cafe Granite City Food & Brewery Swagat Fine Indian Cuisine Hereford House Smokehouse Barbeque	Cold Stone Creamery The Cookie Factory Auntie Anne's Pretzels Kelso's Pizza New York NY Fresh Deli O'Dowd's Irish Pub Quizno's Subs Bo Lings Chinese Please The Majestic Cafe	Abercrombie & Fitch Aeropostale American Eagle Ann Taylor Loft The Buckle Cache' Claire's Dress Barn Express Forever 21 Gap	GapKids/baby Gap Hollister Co. Hot Topic Lane Bryant Lids Limited Too Men's Wearhouse New York & Company Pacific Sunwear Perfume Pizazz Victoria's Secret
<b>Entertainment</b>	<b>Anchor Tenants</b>	<b>Health &amp; Beauty</b>	<b>Jewelry</b>
GameStop The Majestic Theatres The Improv Comedy Club	Marshalls MegaStore Dick's Sporting Goods Barnes & Noble	Avalon Salon & spa Bath & Body Works Beauty Express Nail EnVogue	Balano Jewelry Helzberg Diamonds Kay Jewelers Zales Jewelers
<b>Misc.</b>	<b>Home Furnishings</b>	<b>Shoes</b>	<b>Optical</b>
After Hours Formalwear Build-a-Bear Workshop The Children's Place Cingular Wireless Omaha Steaks Disney Store*	Ethan Allen Norwalk Furniture The Sharper Image	DSW Stride Rite	Lenscrafters Sunglass Hut

\* Denotes store is coming soon.

## **Legends at Village West**

RED Development is developing The Legends at Village West, a destination lifestyle and entertainment center located within the 400-acre Village West Tourism District at Interstates 70 and 435 in Kansas City, Kansas. The Village West Tourism District has developed into the largest tourism destination in the Midwest. Existing development includes Kansas City Speedway, Cabela's, Nebraska Furniture Mart, Community America Ballpark, Great Wolf Lodge, Hampton Inn, Anniversary Inn, and several out parcels. The Village West Tourism District is being developed with the use of STAR bond and Transportation Development District (TDD) financing.

The Legends at Village West is designed for 970,035 square feet of retail shop space and 24 out parcels supporting 195,873 square feet of retail and hotel space at build-out. The first shops opened on November 11, 2005, including Dave & Buster's, The Legends 14 Theatre, Tommy Hilfiger, Planet Sub, Wyldewood Cellars Winery, Sports Nutz, Linens 'N Things, Aeropostale, Pacific Sunwear, Hot Topic, Finish Line, Pride of Kansas City, Sunglass Hut, Claire's, T.J. Maxx and Hooters. Grand opening for the balance of the destination development occurred on April 22, 2006. As of July 24, 2006, 54 retailers totaling 406,554 square feet were open for business and 16 out parcels were developed totaling 129,468 square feet of commercial space. Target (126,800 square feet) and JC Penney (97,440 square feet) are currently under construction.

The Legends at Village West houses a mix of "one-of-a-kind" destination retailers and entertainment venues. Restaurants, specialty foods, entertainment, clothing and accessories, home furnishings, specialty shops will heavily represent The Legends at Village West's tenant mix. Destination retailers and entertainment venues now open include Dave & Buster's, The Legends 14 Theatre, Cavender's Western Outfitter, STIX, T-Rex, Sandle Ranch Chop House, and Yardhouse.

## **Kansas City Power & Light District**

The Kansas City Power & Light District now under construction in downtown Kansas City, Missouri by Baltimore-based Cordish Company. Located between the Bartle Hall Convention Center expansion and the \$250 million Sprint Center Arena now under construction, the Kansas City Power & Light District will cover nine city blocks. The \$850 million mixed-use development is planned for over 3.0 million square feet of destination entertainment and shopping, office, and residential space.

Encompassing all nine city blocks, the District will feature 450,000 square feet of upscale shopping and entertainment, including boutiques, art galleries, bookstores, unique concept shops, a health club, a gourmet supermarket, restaurants, clubs, lounges, live music venues, comedy clubs, cafes, and one-of-a-kind entertainment attractions. The heart of the District will be Power & Light Live, a collection of nighttime venues focused around a covered outdoor plaza designed for major concerts. Anchored by the 700,000 square foot H&R Block Headquarters, the District will also include 1.3 million square feet of office space in three buildings. To create a 24-hour environment, the District will incorporate 1,200 high-end residential units in five loft buildings.

## **Conclusions**

Zona Rosa, Country Club Plaza, and Town Center Plaza maintain a similar tenant mix highlighted by apparel stores, dining establishments, specialty stores, and entertainment venues. In fact, these destination retail and entertainment centers share many of the same retailers (i.e., American Eagle Outfitters, Ann Taylor, Express, The Gap, Barnes & Noble, and Sharper Image) due to similar market positioning, high trade area income levels, and their distance apart which allows for the operating of “sister” stores. Both Zona Rosa and Town Center Plaza service primarily the local market, whereas Country Club Plaza maintains a much larger tourist and visitor draw. Given the presence of Nebraska Furniture Mart, Cabela’s and the Kansas Speedway, the Village West Tourism District enjoys a regional trade area draw much larger than that of the other destination lifestyle and entertainment centers/districts operating in the Kansas City area. Because of the expanded regional draw The Legends at Village West was able to attract a large number of “one-of-a-kind” retailers such as Dave & Busters, T-Rex and STIX.

Given the regional trade area draw created by the Village West Tourism District, The Legends at Village West has placed much more emphasis on creating a distinctive retail environment through the tenancy of “one-of-a-kind” retailers, restaurants, and entertainment venues not currently operating in the Kansas City market. This market positioning has attracted local residents, tourists, and area visitors as well as generated above-average retail sales volumes.

The table on pages 22 and 23 provides a matrix comparing the tenant mix of the four destination lifestyle and entertainment centers in the metropolitan Kansas City area. The purpose of this comparative analysis is to identify The Legends at Village West’s market niche.

It is the goal of the Downtown Manhattan Redevelopment District to create a regional shopping and entertainment destination centered on the Flint Hills Discovery Center. To do so, national retailers are being sought that currently do not operate stores within central Kansas. This market strategy will serve to complement the current tenant mix in downtown Manhattan and Manhattan Town Center, creating a more diverse and entertaining shopping environment.

Based on the tenant mix of destination lifestyle and entertainment centers, retail categories offering the greatest opportunities for the Downtown Manhattan Redevelopment District include restaurants serving alcohol, clothing and accessories, movie theatre, books and music, home furnishings, home electronics, and specialty foods. The North Area has secured tenant commitments that are consistent with the tenant mix of destination lifestyle and entertainment centers. The Flint Hills Discovery Center enhances the potential to secure additional restaurants, movie theatre, and other entertainment-related businesses.

## Kansas City Area Destination Lifestyle Center Tenant Mix

Retailer	Country Club Plaza	Town Center	Zona Rosa	Legends at Village West
<b>Dining</b>				
Abuelo's Mexican Food Embassy			X	
Applebee's				X
Arthur Bryants				X
Bo Ling's Chinese Restaurant	X		X	
Bravo Italiana		X	X	
Bristol		X		
Buca di Beppo	X			
California Pizza Kitchen	X			
The Capital Grill	X			
The Cheesecake Factory	X			
Caliente Cuban				X
Cantina Corona				X
Johnny Carino's				X
Cheeseburger in Paradise				X
Chili's				X
Claddagh Irish Pub				X
Coyote Ugly				X
Bob Evans				X
Granite City			X	X
Hereford House			X	
Hooters				X
Houlihan's		X		
Houston's	X			
IHOP				X
Kona Grill	X			
Margarita Mama's				X
McCormick & Schmick's	X			
O'Dowd's Little Dublin	X		X	
Outback Steakhouse				X
P.F. Chang's China Bistro	X			
Red Lobster				X
Ruth's Chris Steakhouse	X			
Ted's Montana Grill			X	X
Tomfooleries Restaurant & Bar	X		X	
Yardhouse				X
<b>Apparel &amp; Accessories</b>				
Adidas				X
Aeropostale			X	X
Ambercrombie & Fitch			X	
American Eagle Outfitters	X	X	X	X
Ann Taylor/Loft	X	X	X	X
Banana Republic	X	X		X
bebe	X			
Brooks Brothers				X
Buckle		X	X	X

## Kansas City Area Destination Lifestyle Center Tenant Mix (Continued)

Retailer	Country Club Plaza	Town Center	Zona Rosa	Legends at Village West
Cache		X	X	
Cavender's Western Outfitter				X
Chico's	X	X		
Coldwater Creek		X		
Express	X	X	X	
Forever 21			X	X
Gap	X	X	X	X
H&M				X
Harolds	X	X		
Hollister Co.			X	
J. Crew	X			
J. Jill	X	X		
Jockey				X
Lane Bryant			X	
Limited		X	X	
Off Broadway Shoes				X
Old Navy				X
Orvis				X
Rack Room				X
Talbots	X	X		
Timberline				X
Victoria's Secret	X	X	X	
White House/Black Market	X	X		
<b>Specialty Retailers</b>				
Books-A-Million				X
Barnes & Noble	X	X	X	
Border's Books				
Cold Stone Creamery	X	X	X	X
Dick's Sporting Goods		X	X	
Discovery Channel	X		X	
Godiva Chocolaties	X		X	
Home Decorators Collection				X
Pottery Barn	X	X		
Restoration Hardware	X	X		
Sharper Image	X	X	X	
The Children's Place	X	X	X	
Williams-Sonoma	X	X		
<b>Entertainment</b>				
Cinemark Theaters	X			
Majestic Theatres & Comedy Club			X	
AMC 20 Theaters		X		
Dave & Buster's				X
Legends 14 Theatres				X
Pin-Up Bowl				X
T-Rex				X

# **Retail Development Site Evaluation**

Shopping center developers and major retailers evaluate potential sites based on a series of site specific criteria. Common selection criteria when evaluating a destination entertainment and retail development site include availability of infrastructure; parcel size; visibility and exposure; accessibility; trade area demographics, and the area tourism market. Using these site selection criteria the Downtown Manhattan Redevelopment District site was evaluated as a potential destination lifestyle and entertainment center development location.

## **Availability of Infrastructure**

All forms of street improvements and public infrastructure necessary to facilitate commercial development are available to the Downtown Manhattan Redevelopment District, though some on-site improvements will be required prior to development of individual project components.

## **Visibility**

Visibility has a significant influence on retail sales volumes. The Downtown Manhattan Redevelopment District is situated adjacent to Tuttle Creek Boulevard (State Highway 24), Fort Riley Boulevard (State Highway 18), Pierre Street (State Highway 177), Leavenworth Street, and Bluemont Avenue, providing sufficient visibility and exposure to support destination lifestyle and entertainment center development.

## **Accessibility**

Regional, local and on-site accessibility is critical for successful anchored shopping center development. Site accessibility criteria include: 1) hierarchy of streets; 2) the vehicular speed and traffic counts past the site; 3) a traffic signal within 500 feet of the site and 4) the ability to make a left turn as ingress into the site. Using these criteria the Downtown Manhattan Redevelopment District was evaluated as a potential lifestyle and entertainment center site.

1. The term “hierarchy of streets” refers to the character of the surrounding area’s vehicular transportation network. The roadway network in and around Manhattan, Kansas includes major arterial streets, highways and freeways. Interstate 70 south of Manhattan is directly accessible via Kansas 177. Tuttle Creek Boulevard (Hwy 24), Fort Riley Boulevard (Hwy 18), Seth Child Road (Hwy 113), and Kimball Avenue form a beltway around Manhattan. The Downtown Manhattan Redevelopment District site is located at the confluence of Kansas 177 and Tuttle Creek Boulevard, providing efficient neighborhood and regional access. On-site access will be provided from several arterial street, including Tuttle Creek Boulevard, Bluemont Avenue, Leavenworth Street, 4<sup>th</sup> Street and Poyntz Avenue.
2. The posted speed limits past the site on such major arterial streets as Tuttle Creek Boulevard, Fort Riley Boulevard, Bluemont Avenue, Pierre Street Leavenworth Street allows for convenient on-site ingress and egress.

3. Several intersections along Tuttle Creek Boulevard and Fort Riley Boulevard adjacent to the Downtown Redevelopment District are signalized, enhancing on-site ingress and egress.
4. The signalized intersections along Tuttle Creek Boulevard and Fort Riley Boulevard enhance left turn site ingress.

To conclude, the Downtown Manhattan Redevelopment District site possesses adequate vehicular accessibility to support destination lifestyle and entertainment center development.

### **Critical Mass of Retail Space**

Creating a vibrant destination lifestyle and entertainment center/district requires building a sufficient critical mass of space. Most successful projects support a minimum of 200,000 square feet of retail space. The Downtown Manhattan Redevelopment District is located adjacent to the Manhattan Town Center regional mall and downtown businesses along Poyntz Avenue. The preliminary master plan for the Downtown Manhattan Redevelopment District calls for 288,600 feet of shop space that is sufficient to create a critical mass of entertainment venues and specialty shopping. This inventory of space is sufficient to generate high retail sales volumes.

### **Compatibility of Adjacent Land Uses**

The Downtown Manhattan Redevelopment District is located within Manhattan's primary commercial core adjacent to Manhattan Town Center, downtown Manhattan, and such big-box retailers as Wal-Mart Supercenter, Staples, Hobby Lobby, Hastings, and Ace Hardware. Also in close proximity are several hotels. Therefore, existing area development is compatible with the Downtown Manhattan Redevelopment District and will assist in establishing a destination lifestyle and entertainment center/district.

### **Trade Area Demographics**

The Downtown Manhattan Redevelopment District will cater to both local residents and out-of-town visitors. Demographic trends for a 30-mile radius of the Downtown Manhattan Redevelopment District as provided by Claritas, Inc. are summarized in the table on page 26.

The 30-mile radius trade area supports a current population of 116,289 residents and a median household income of \$41,290. By the year 2011, the trade area's population and median household income are forecast to reach 115,876 (the forecast decline in population appears not to have taken into account the expansion of Fort Riley) and \$46,709, respectively. These trade area demographics are sufficient to support big-box, category specific retailers.

Due to the presence of Kansas State University the 30-mile radius population is young, with 22.45 percent between the ages of 18 and 24. Another 26.3 percent of the population are aged between 25 and 44 years. This age group is a large consumer of eating and drinking establishments, movie theatres, entertainment, clothing and accessories, furniture and home furnishings, and specialty boutiques. The large number of households with incomes exceeding \$75,000 (21.37% of total households) is favorable for supporting lifestyle center retailers.

## 30-Mile Radius Trade Area Demographics Downtown Manhattan Redevelopment District

Demographic Characteristic	2000 Census	2006 Estimate	2011 Forecast
<b>Total Population</b>	118,688	116,289	115,876
<b>Households</b>	43,127	43,042	43,353
<b>Population by Age</b>			
0-9	13.21%	12.65%	12.32%
10-17	10.45%	9.80%	9.57%
18-24	23.14%	22.45%	20.63%
25-34	14.23%	14.23%	14.50%
35-44	12.99%	12.07%	12.14%
45-54	10.19%	11.49%	11.61%
55-64	6.22%	7.70%	9.18%
65+	9.57%	9.62%	10.15%
<b>Median Age</b>	27.25	28.59	30.22
<b>Average Age</b>	32.55	33.58	34.52
<b>Population by Sex</b>			
Male	61,189	60,036	59,820
Female	57,500	56,254	56,056
<b>Household Income</b>			
Less than \$15,000	18.79%	14.96%	13.19%
\$15,000 - \$24,999	16.89%	13.72%	11.82%
\$25,000 - \$34,999	15.30%	13.51%	12.21%
\$35,000 - \$49,999	17.75%	16.92%	16.37%
\$50,000 - \$74,999	17.59%	19.52%	19.56%
\$75,000 - \$99,999	7.47%	10.08%	11.26%
\$100,000 - \$149,999	4.46%	8.17%	10.80%
\$150,000 - \$249,999	1.42%	2.40%	3.71%
\$250,000 - \$499,999	0.28%	0.58%	0.83%
\$500,000+	0.05%	0.14%	0.26%
<b>Income</b>			
Per Capita	\$16,607	\$20,575	\$23,515
Median Household	\$34,359	\$41,920	\$46,709
Average Household	\$43,337	\$53,248	\$60,532

Source: Claritas, Inc.

## **Tourism Market**

According to the Travel Industry Association of America, shopping is the top activity among domestic travelers. Domestic travelers spend on average approximately \$50 per day on shopping, food, and entertainment. At this average rate of tourism spending and an average length of stay of 1.05 days per visitor, the potential exists for the current 1.0+ million out-of-town visitors to the Manhattan area to spend an estimated \$52.7 million annually on shopping, food, and entertainment. Meanwhile, the 288,805 out-of-state visitors are forecast to spend an estimated \$15.2 million annually in the Manhattan area.

### **Forecast Potential Retail Spending Out-of-Town Visitors to Manhattan, Kansas**

	Out-of Town	Out-of State
Estimated Visitors (Manhattan area)	1,002,983	288,805
Average Length of Stay - # of Days	1.05	1.05
Total Visitor Days	1,053,132	303,245
Daily Spending per Visitor Day	\$50	\$50
<b>Potential Visitor Spending on Shopping, Food &amp; Entertainment</b>	<b>\$52,656,600</b>	<b>\$15,162,250</b>

Source: Canyon Research Southwest, Inc.; August 2006.

Based on standard site evaluation criteria, it has been concluded that the Downtown Manhattan Redevelopment District is a feasible destination lifestyle and entertainment center/district site, possessing the necessary parcel size, access, visibility, exposure, trade area demographics, and tourism market. A large local visitor and tourist market and the limited presence of national retailers provide the opportunity to attract a sufficient number restaurants, big-box retailers, and specialty retailers to support feasible development. The Downtown Manhattan Redevelopment District's association within the Flint Hills Discovery Center provides for a large and captive customer base.

## Forecast Retail Sales Potential

Given the unique market positioning; association with the Flint Hills Discovery Center; and the impact of the visitor and tourist markets, the Downtown Manhattan Redevelopment District is anticipated to serve as a regional and multi-state attraction. Retail sales will originate from two primary sources, the trade area population and out-of-town visitors.

### Supportable Retail Sales by Trade Area Residents

Retail trade areas are segmented into primary, secondary, and tertiary geographic areas. The primary trade area is the geographical area that generates the largest share of sales, generally ranging from 70 to 80 percent. The secondary trade area generates about 15 to 20 percent of the total sales. Finally, the tertiary trade area forms the broadest area from which customers may be drawn, accounting for 5 to 10 percent of total sales. The Downtown Manhattan Redevelopment District's primary trade area is defined as a 10-mile radius from the site, with the secondary and tertiary retail trade areas encompassing a region within a 30-mile radius.

Supportable retail sales are a function of consumer population and income levels. According to data published by Claritas, Inc., primary, secondary and tertiary trade areas within 30-mile radius of the Downtown Manhattan Redevelopment District support a current population of 116,289 and per capita income of \$20,575, translating into total personal income of approximately \$2.4 billion. At the state-wide rate of retail spending equivalent to 41.6 percent of total personal income, in 2005 retail sales supportable by primary, secondary and tertiary trade area residents are estimated at approximately \$995 million.

For 2005, Claritas, Inc. (a national demographic research firm) estimated total retail sales in the primary, secondary and tertiary trade areas, exclusive of automobile sales, at approximately \$796 million. Therefore, the primary, secondary and tertiary trade areas are currently suffering from annual retail sales leakage estimated at nearly \$200 million. At average retail sales of \$225 per square foot, capturing this retail sales leakage would support an estimated 886,489 square feet of retail floor space.

### **Projected Supportable Retail Sales: 30-Mile Radius Trade Area (2006)**

	<b>2006</b>
Resident Population	116,289
Per Capita Income	\$20,575
<b>Total Personal Income</b>	<b>\$2,392,646,175</b>
% Income Spent on Goods & Services (Kansas Average)	41.6%
<b>Total Supportable Non-Automotive Retail Sales</b>	<b>\$995,340,809</b>
Less: 2005 Trade Area Non-Automotive Retail Sales*	\$795,880,784
<b>Potential Capture of Additional Non-Automotive Retail Sales</b>	<b>\$199,460,025</b>
Average Retail Sales Per Square Foot	\$225
<b>Supportable Additional Retail Space (Sq. Ft.)</b>	<b>886,489</b>

Notes: \* Source is Claritas, Inc.

The primary constraint in capturing a larger share of visitor spending is that the width and depth of the local retail base has been insufficient. The current retail base captures well below average sales from such categories as hardware, lumber and garden stores; gasoline service stations; drug stores; home appliance, radio and TV stores; and furniture and home furnishing stores. The Downtown Manhattan Redevelopment District's mix of big-box retailers, restaurants, specialty shopping and entertainment venues is designed to fill current voids in the local retail market and capture increased retail spending.

## **Supportable Retail Sales by Out-of-Town Visitors**

Through implementation of the Flint Hills Discovery Center and Downtown Manhattan Redevelopment District, potential annual visitation to the Manhattan area is estimated at 1.2 to 1.4 million visitors. Based on an average visitor stay of 1.05 days (assumes average day trip of 0.65 days and overnight trips of 1.6 days) and average visitor spending of \$50 per day, potential annual tourism-related spending on shopping, food, and entertainment is estimated at \$63 to \$73 million.

## **Forecast Retail Sales –Downtown Redevelopment District**

The Downtown Manhattan Redevelopment District is designed to capture retail sales now eluding the Manhattan area. At build-out and stabilized occupancy, the Downtown Manhattan Redevelopment District is forecast to general annual sales of approximately \$90 to \$100 million.

The Downtown Manhattan Redevelopment District's primary, secondary and tertiary trade areas are currently suffering from annual retail sales leakage estimated at nearly \$200 million. At capture rates of 20 to 25 percent, the Downtown Manhattan Redevelopment District would capture new trade area retail sales of approximately \$40 million to \$50 million annually.

Potential annual tourism-related spending on shopping, food, and entertainment in the Manhattan area is estimated at \$63 to \$73 million. Assuming the Downtown Manhattan Redevelopment District captures 65 percent of visitor spending, visitors from outside of the region would account for an estimated \$41 to \$48 in total retail sales at project build-out and stabilized occupancy.

As outlined in the table on the following page, regional trade area residents and out-of-town visitors are forecast to account for approximately \$81 to \$98 million of the Downtown Manhattan Redevelopment District's annual retail sales at project build-out and stabilized occupancy. Based on total forecast retail sales of approximately \$90 million to \$100 million at project build-out and stabilized occupancy, new spending by regional residents and out-of-town visitors is anticipated to account for approximately 90 to 98 percent of total sales within the Downtown Manhattan Redevelopment District. Given the high level of retail sales leakage with the primary, secondary and tertiary trade area as well as the forecast growth in out-of-town visitors the majority of captured retail sales will represent new spending rather than the cannibalization of current retail sales within the Manhattan area.

## Downtown Redevelopment District - Forecast Retail Sales by Source

	Conservative Scenario	Moderate Scenario
<b>Potential New Regional Trade Area Spending</b>		
Total Supportable Non-Automotive Retail Sales	\$995,340,809	\$995,340,809
Less: 2005 Trade Area Non-Automobile Retail Sales*	\$795,880,784	\$795,880,784
Potential Capture of Additional Non-Automotive Retail Sales	\$199,460,025	\$199,460,025
Downtown District Capture Rate – Potential New Regional Sales	20%	25%
Annual New Regional Sales Captured by Downtown District	\$39,892,000	\$49,865,000
Annual Downtown District Retail Sales at Build-out	\$90,000,000	\$100,000,000
% of Downtown District Retail Sales from Regional Trade Area	44.3%	49.9%
<b>Spending by Out-of-Town Visitors</b>		
Estimated Annual Visitors to Manhattan Area	1,200,000	1,400,000
Average Length of Stay - # of Days	1.05	1.05
Total Visitor Days	1,260,000	1,470,000
Average Retail Spending per Visitor Day	\$50	\$50
Potential Visitor Spending on Shopping, Food & Entertainment	\$63,000,000	\$73,500,000
Downtown District Capture Rate	65%	65%
Total Annual Visitor Sales in Downtown District	\$40,950,000	\$47,775,000
Forecast Downtown District Retail Sales at Build-out	\$90,000,000	\$100,000,000
% of District Retail Sales from Visitors	45.5%	47.8%
<b>Downtown District Retail Sales Capture</b>		
Forecast Annual District Retail Sales at Build-out	\$90,000,000	\$100,000,000
Annual New Regional Sales Captured by Downtown District	\$39,892,000	\$49,865,000
Total Annual Visitor Sales in Downtown District	\$40,950,000	\$47,775,000
Annual Sales from Regional Trade Area & Visitors	\$80,842,000	\$97,640,000
% of District Retail Sales from New Regional Trade Area & Visitors	89.9%	97.6%

Source: Canyon Research Southwest, Inc.; August 2006.

# PUBLIC FINANCING FEASIBILITY ANALYSIS

The City of Manhattan, Kansas is seeking to implement the *Downtown Redevelopment Conceptual Plan* through the use of several public financing mechanisms, including STAR bonds, Transportation Development District (TDD); and Tax Increment Financing (TIF). The *Public Financing Feasibility Analysis* evaluates the ability of the Downtown Manhattan Redevelopment District to generate sufficient revenues to repay the special bond project costs.

## STAR Bond Revenue Forecasts

The STAR (sales tax revenue) bond program provides Kansas municipalities the opportunity to issue bonds to finance the development of major commercial entertainment and tourism areas, and use sales tax revenue generated by the development to pay off the bonds. The Secretary of the Kansas Department of Commerce administers the STAR bond program. This section of the report forecasts STAR bond revenues and debt service associated with the Downtown Manhattan Redevelopment District.

The STAR bond financing being sought will be repaid by incremental retail sales taxes generated within the Downtown Manhattan Redevelopment District. STAR Bonds possess a 20-year term. The sales tax rate for businesses in Manhattan, Kansas is 7.55 percent. The STAR bond eligible sales tax rate is 6.605 percent, including the State of Kansas rate of 5.3 percent and the City of Manhattan’s rate of 1.305 percent (includes City’s portion of Riley County’s sales tax).

### STAR Bond Eligible Sales Tax Rates

Taxing District	Sales Tax Rate	STAR Bond Eligible
State Sales Tax	5.300%	5.300%
Riley County - General Tax (City receives 61%)	0.500%	0.305%
City of Manhattan - General Tax	1.000%	1.000%
USD 383 School Tax (sunset in 2008)	0.250%	0.000%
City of Manhattan – Economic Development	0.500%	0.000%
Riley County – Roads/Bridges (sunset in 2012)		
<b>Total Sales Tax Rate</b>	<b>7.550%</b>	<b>6.605%</b>

The Downtown Manhattan Redevelopment District is designed as a destination shopping and entertainment district. The mix of retail uses includes 256,800 square feet of shops and cinema space and 31,800 square feet of freestanding restaurants. Construction on the North Area is underway consisting of a 30,000 square foot store scheduled to open by October 2006. The balance of the retail space within the North Area is scheduled to open from fall 2007 to March 2008. The retail space and 120-room hotel planned for the South Area is scheduled to open by the start of 2009. The hotel will include a 6,000 square foot restaurant and 7,000 square feet of retail shops.

Taxable retail sales and lodging revenues were estimated for the Redevelopment Project Area based on several sources, including:

- 1) Actual retail sales volumes for similar destination entertainment and retail centers;
- 2) *Dollars & Cents of Shopping Centers* published by the Urban Land Institute;
- 3) Data published by the International Council of Shopping Centers; 4)
- 4) Tourism spending characteristics published by the Travel Industry Association of America;
- 5) *Trends in the Hotel Industry USA Edition* published by PKF Consulting and lodging operating data provided by Smith Travel Research; and
- 6) Trade area demographics and visitor counts.

Consult the table on page 33 for retail sales forecast for the Downtown Redevelopment District through stabilized occupancy. As indicated, annual retail sales volumes are forecast to increase from approximately \$4.9 million in 2006 to \$97.0 million by 2009. Through expiration of the STAR bonds retail sales volumes within the Downtown Redevelopment District are forecast to escalate at an average annual rate of 2.0 percent. Transportation Development District (TDD) and STAR bond revenues were calculated based on these retail sales forecasts.

For the purpose of this report the STAR bond maturity period runs from October 1, 2006 through September 30, 2026. As outlined by the table on page 34, through expiration of the STAR bonds the incremental increase in eligible sales tax revenues associated with the Downtown Manhattan Redevelopment District is estimated at approximately \$141 million.

## Forecast Taxable Retails Sales Downtown Manhattan Redevelopment District

Project Component	Space Sq. Ft.	Sales Per Sq. Ft.	2006	2007	2008	2009
<b>North Area Totals</b>						
Building A - Junior Anchor	30,000	\$650	\$4,915,068	\$19,500,000	\$19,890,000	\$20,287,800
Building B - Out Parcel (Restaurant)	5,900	\$300		\$446,137	\$1,805,400	\$1,841,508
Building C - Out Parcel (Restaurant)	6,500	\$450		\$737,260	\$2,983,500	\$3,043,170
Building D - Small Shops	4,800	\$300		\$362,959	\$1,468,800	\$1,498,176
Building E - Out Parcel (Restaurant)	6,400	\$450			\$2,462,755	\$2,996,352
Building F - Junior Anchor	23,000	\$275			\$5,408,655	\$6,580,530
Building G - Junior Anchor	12,000	\$300			\$3,078,444	\$3,745,440
Building H - Junior Anchor	19,000	\$250			\$4,061,836	\$4,941,900
Building I - Small Shops	9,000	\$300			\$2,308,833	\$2,809,080
Building J - Junior Anchor	18,000	\$250			\$3,848,055	\$4,681,800
Building K - Junior Anchor	18,000	\$275			\$4,232,860	\$5,149,980
Building L - Junior Anchor	34,000	\$250			\$7,268,548	\$8,843,400
Building M - Out Parcel (Restaurant)	7,000	\$450			\$2,693,638	\$3,277,260
Building N - Small Shops	12,000	\$300			\$3,078,444	\$3,745,440
Building ) - Out Parcel (Restaurant)	6,000	\$450			\$2,308,833	\$2,809,080
<b>North Area Totals</b>	<b>211,600</b>		<b>\$4,915,068</b>	<b>\$21,046,356</b>	<b>\$66,898,600</b>	<b>\$76,250,916</b>
<b>South Area Totals</b>						
Hotel -120 Rooms			\$0	\$0	\$0	\$2,135,250
Hotel - Retail Space	13,000	\$300	\$0	\$0	\$0	\$4,057,560
Movie Theatre	40,000	\$125	\$0	\$0	\$0	\$5,202,000
Restaurants	12,000	\$450	\$0	\$0	\$0	\$5,618,160
Retail Shops	12,000	\$300	\$0	\$0	\$0	\$3,745,440
<b>South Area Totals</b>	<b>77,000</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$20,758,410</b>
<b>Grand Totals</b>	<b>288,600</b>		<b>\$4,915,068</b>	<b>\$21,046,356</b>	<b>\$66,898,600</b>	<b>\$97,009,326</b>

Source: Canyon Research Southwest, Inc.; August 2006.

**STAR Bond Revenue Forecasts  
Downtown Manhattan Redevelopment District**

Year	Retail Sales	Hotel Sales	Total Taxable Retail Sales	STAR Bond Revenue		Total Revenue
				State	City	
2006	\$4,915,068	\$0	\$4,915,068	\$260,499	\$64,142	\$324,640
2007	\$21,046,356	\$0	\$21,046,356	\$1,115,457	\$274,655	\$1,390,112
2008	\$66,898,600	\$0	\$66,898,600	\$3,545,626	\$873,027	\$4,418,653
2009	\$94,874,076	\$2,135,250	\$97,009,326	\$5,141,494	\$1,265,972	\$6,407,466
2010	\$96,771,558	\$2,177,955	\$98,949,513	\$5,244,324	\$1,291,291	\$6,535,615
2011	\$98,706,989	\$2,221,514	\$100,928,503	\$5,349,211	\$1,317,117	\$6,666,328
2012	\$100,681,128	\$2,265,944	\$102,947,073	\$5,456,195	\$1,343,459	\$6,799,654
2013	\$102,694,751	\$2,311,263	\$105,006,014	\$5,565,319	\$1,370,328	\$6,935,647
2014	\$104,748,646	\$2,357,489	\$107,106,135	\$5,676,625	\$1,397,735	\$7,074,360
2015	\$106,843,619	\$2,404,638	\$109,248,257	\$5,790,158	\$1,425,690	\$7,215,847
2016	\$108,980,491	\$2,452,731	\$111,433,222	\$5,905,961	\$1,454,204	\$7,360,164
2017	\$111,160,101	\$2,501,786	\$113,661,887	\$6,024,080	\$1,483,288	\$7,507,368
2018	\$113,383,303	\$2,551,821	\$115,935,125	\$6,144,562	\$1,512,953	\$7,657,515
2019	\$115,650,969	\$2,602,858	\$118,253,827	\$6,267,453	\$1,543,212	\$7,810,665
2020	\$117,963,989	\$2,654,915	\$120,618,904	\$6,392,802	\$1,574,077	\$7,966,879
2021	\$120,323,268	\$2,708,013	\$123,031,282	\$6,520,658	\$1,605,558	\$8,126,216
2022	\$122,729,734	\$2,762,174	\$125,491,907	\$6,651,071	\$1,637,669	\$8,288,740
2023	\$125,184,328	\$2,817,417	\$128,001,745	\$6,784,093	\$1,670,423	\$8,454,515
2024	\$127,688,015	\$2,873,765	\$130,561,780	\$6,919,774	\$1,703,831	\$8,623,606
2025	\$130,241,775	\$2,931,241	\$133,173,016	\$7,058,170	\$1,737,908	\$8,796,078
2026	\$99,361,986	\$2,236,256	\$101,598,241	\$5,384,707	\$1,325,857	\$6,710,564
<b>Totals</b>	<b>\$2,090,848,751</b>	<b>\$44,967,030</b>	<b>\$2,135,815,781</b>	<b>\$113,198,236</b>	<b>\$27,872,396</b>	<b>\$141,070,632</b>

Source: Canyon Research Southwest, Inc.; August 2006.

## **TDD Revenue Forecasts**

Chapter 105 of the 2002 Kansas Session Laws (the “Act”) authorizes the governing body of any city or county to create transportation development districts (TDD) within such jurisdiction, to acquire interests in property and to construct any project or undertaking relating thereto to improve any bridge, street, road, highway access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hanger, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail or other mass transit facility and any similar or related project or infrastructure.

The Act further authorizes said government body, in order to pay the costs of such transportation projects, to impose a transportation district excise tax on the selling of tangible personal property at retail or rendering or furnishing services within transportation districts in any increment of 0.10 or 0.25 percent, not to exceed 1.0 percent and/or levy of special assessments upon property within such transportation districts, and to issue revenue bonds payable from such excise taxes and/or special assessments.

The Kansas Legislature passed SB 178, which was signed by the Governor and became effective on July 1, 2003. SB 178 makes certain amendments to the Transportation Development Act. The new law provides for collection of the transportation district excise tax by the State Department of Revenue instead of the City of Manhattan, Kansas. Therefore, this report assumes that the State Department of Revenue will collect the transportation development district excise tax and will remit such revenues to the City of Manhattan, Kansas.

For the purpose of this report the TDD Sales Tax rate levied within the Downtown Manhattan Redevelopment District amounts to 0.50 percent of taxable retail sales. TDD Sales Tax revenues are estimated over the initial 20 years of operation from October 1, 2006 through September 30, 2026. As outlined in the table on page 35, over the 20-year projection period the Downtown Manhattan Redevelopment District is forecast to generate an estimated \$10.7 million in total TDD Sales Tax revenues.

## Transportation Development District Revenue Forecasts Downtown Manhattan Redevelopment District

Year	Retail Sales	Hotel Sales	Total Taxable Retail Sales	TDD Sales Tax Revenue
2006	\$4,915,068	\$0	\$4,915,068	\$24,575
2007	\$21,046,356	\$0	\$21,046,356	\$105,232
2008	\$66,898,600	\$0	\$66,898,600	\$334,493
2009	\$94,874,076	\$2,135,250	\$97,009,326	\$485,047
2010	\$96,771,558	\$2,177,955	\$98,949,513	\$494,748
2011	\$98,706,989	\$2,221,514	\$100,928,503	\$504,643
2012	\$100,681,128	\$2,265,944	\$102,947,073	\$514,735
2013	\$102,694,751	\$2,311,263	\$105,006,014	\$525,030
2014	\$104,748,646	\$2,357,489	\$107,106,135	\$535,531
2015	\$106,843,619	\$2,404,638	\$109,248,257	\$546,241
2016	\$108,980,491	\$2,452,731	\$111,433,222	\$557,166
2017	\$111,160,101	\$2,501,786	\$113,661,887	\$568,309
2018	\$113,383,303	\$2,551,821	\$115,935,125	\$579,676
2019	\$115,650,969	\$2,602,858	\$118,253,827	\$591,269
2020	\$117,963,989	\$2,654,915	\$120,618,904	\$603,095
2021	\$120,323,268	\$2,708,013	\$123,031,282	\$615,156
2022	\$122,729,734	\$2,762,174	\$125,491,907	\$627,460
2023	\$125,184,328	\$2,817,417	\$128,001,745	\$640,009
2024	\$127,688,015	\$2,873,765	\$130,561,780	\$652,809
2025	\$130,241,775	\$2,931,241	\$133,173,016	\$665,865
2026	\$99,361,986	\$2,236,256	\$101,598,241	\$507,991
<b>Totals</b>	<b>\$2,090,848,751</b>	<b>\$44,967,030</b>	<b>\$2,135,815,781</b>	<b>\$10,679,079</b>

Source: Canyon Research Southwest, Inc.; August 2006.

## **Tax Increment Financing Revenue Forecasts**

Under the TIF Act, adoption of Tax Increment Financing (TIF) enables a municipality to finance Redevelopment Project Costs with the revenue generated from the incremental increase in real property taxes and taxable retail sales resulting from increased economic activities within the Redevelopment Project Area. TIF districts possess a statutory life of 20 years. The TIF implemented within the Downtown Manhattan Redevelopment District will capture 100 percent of the incremental increase in real property taxes. Retail sales taxes will not be captured by TIF.

As new development occurs within the redevelopment district, the total assessed valuation of the district in any given year will presumably exceed its base year Original Assessed Value. Property tax revenue generated by applying the sum of the property tax rates of all TIF-eligible taxing subdivisions to the increase in assessed value over and above the base year Original Assessed Value is referred to as the “tax increment.” All tax increment is collected by the county and distributed to the city to be deposited in a tax increment fund.

The City of Manhattan’s effective property tax rate translates into 2.895 percent of fair market value for commercial property and 1.332 percent for residential property. The School District passes 20 mills onto the State of Kansas, reducing the effective TIF-eligible tax rate to 2.395 percent for commercial property and 1.102 percent for residential property.

To calculate incremental real property tax revenues, the fair market value of the property prior to approval of the TIF Plan are subtracted from the market value of the new development. The base year fair value of the Downtown Manhattan Redevelopment District is \$6,564,962 for commercial property and \$1,141,635 for residential property.

The fair market value of real property in Riley County is established on January 1<sup>st</sup> of each year. For the purpose of this report the fair market values for new development at the Downtown Manhattan Redevelopment District are estimated at \$65 per square foot for the junior anchors; \$80 per square foot for the small shops; \$200 per square foot for the restaurants; \$60,000 per guest room for the hotel; and \$95,000 per dwelling unit for the multi-family residential.

As calculated in the table on page 37, by January 1, 2007 a 30,000 square foot store will be completed within the Downtown Manhattan Redevelopment District. As a result of this new development the January 1, 2007 fair market value of the Downtown Manhattan Redevelopment District is estimated to increase by \$2,089,664, yielding property taxes of \$49,939. By January 1, 2009 the remainder of the North Area will be completed and the incremental increase in the fair market value reaches \$31.2 million, yielding property taxes \$507,358. By January 1, 2010 the South Area will be completed and the incremental increase in the fair market value increases to \$52.4 million, yielding property taxes of \$976,586. The table on page 39 outlines the 2007 through 2010 estimated fair market values and incremental increases for the Downtown Manhattan Redevelopment District.

As calculated in the table on page 38, through expiration of the TIF the incremental increase in real property taxes associated with the Downtown Manhattan Redevelopment District are estimated at \$20.7 million.

## Estimated Incremental Increases in Fair Market Value Downtown Manhattan Redevelopment Project Area

Project Component	Space Sq. Ft.	FMV Per Sq. Ft.	2007	2008	2009	2010
<b>Commercial Property</b>						
Land Value						
Project Area 1			\$1,020,000	\$0	\$0	\$0
Project Area 2			\$4,080,000	\$4,161,600	\$0	\$0
Project Area 3			\$1,596,261	\$0	\$0	\$0
Building A – Junior Anchor	30,000	\$65	\$1,950,000	\$1,989,000	\$2,028,780	\$2,069,356
Building B – Out Parcel (Restaurant)	5,900	\$200		\$1,203,600	\$1,227,672	\$1,252,225
Building C – Out Parcel (Restaurant)	6,500	\$200		\$1,326,000	\$1,352,520	\$1,379,570
Building D - Small Shops	4,800	\$80		\$391,680	\$399,514	\$407,504
Building E - Out Parcel (Restaurant)	6,400	\$200			\$1,331,712	\$1,358,346
Building F – Junior Anchor	23,000	\$65			\$1,555,398	\$1,586,506
Building G – Junior Anchor	12,000	\$65			\$811,512	\$827,742
Building H – Junior Anchor	19,000	\$65			\$1,284,894	\$1,310,592
Building I - Small Shops	9,000	\$80			\$749,088	\$764,070
Building J – Junior Anchor	18,000	\$65			\$1,217,268	\$1,241,613
Building K – Junior Anchor	18,000	\$65			\$1,217,268	\$1,241,613
Building L - Junior Anchor	34,000	\$65			\$2,299,284	\$2,345,270
Building M – Out Parcel (Restaurant)	7,000	\$200			\$1,456,560	\$1,485,691
Building N - Small Shops	12,000	\$80			\$998,784	\$1,018,760
Building O - Out Parcel (Restaurant)	6,000	\$200			\$1,248,480	\$1,273,450
Hotel -120 Rooms	120	\$60,000	\$0	\$0	\$0	\$7,640,698
Hotel - Retail Space	13,000	\$80	\$0	\$0	\$0	\$1,103,656
Movie Theatre	40,000	\$75	\$0	\$0	\$0	\$3,183,624
Restaurants	12,000	\$200	\$0	\$0	\$0	\$2,546,899
Retail Shops	12,000	\$80	\$0	\$0	\$0	\$1,018,760
Residential	24	\$95,000	\$0	\$0	\$0	\$2,419,554
<b>Total Commercial FMV</b>			<b>\$8,646,261</b>	<b>\$9,071,880</b>	<b>\$19,178,734</b>	<b>\$37,475,499</b>
<b>Less: Commercial FMV Base</b>			<b>\$6,564,962</b>	<b>\$6,564,962</b>	<b>\$6,564,962</b>	<b>\$6,564,962</b>
<b>Incremental Increase</b>			<b>\$2,081,299</b>	<b>\$2,506,918</b>	<b>\$12,613,772</b>	<b>\$30,910,537</b>
<b>Commercial Tax Levy - 2.395%</b>			<b>\$49,847</b>	<b>\$60,041</b>	<b>\$302,100</b>	<b>\$740,307</b>
<b>Residential Property</b>						
Residential Land			\$1,150,000	\$1,173,000	\$0	\$0
Residential - North Area	200	\$95,000	\$0	\$0	\$19,767,600	\$20,162,952
Residential - South area	24	\$95,000	\$0	\$0	\$0	\$2,419,554
<b>Total Residential FMV</b>			<b>\$1,150,000</b>	<b>\$1,173,000</b>	<b>\$19,767,600</b>	<b>\$22,582,506</b>
<b>Less: Residential FMV Base</b>			<b>\$1,141,635</b>	<b>\$1,141,635</b>	<b>\$1,141,635</b>	<b>\$1,141,635</b>
<b>Incremental Increase</b>			<b>\$8,365</b>	<b>\$31,365</b>	<b>\$18,625,965</b>	<b>\$21,440,871</b>
<b>Residential Tax Levy - 1.102%</b>			<b>\$92</b>	<b>\$346</b>	<b>\$205,258</b>	<b>\$236,278</b>
<b>Total TIF Revenue</b>			<b>\$49,939</b>	<b>\$60,386</b>	<b>\$507,358</b>	<b>\$976,586</b>

Source: Canyon Research Southwest, Inc.; August 2006.

## Forecast TIF Revenue Projections (Real Property Taxes Only) Downtown Manhattan Redevelopment Area

Year	Commercial Fair Market Value	Estimated Assessed Value	Incremental Increase	Tax Rate	Commercial Property Taxes	Residential Fair Market Value	Estimated Assessed Value	Incremental Increase	Tax Rate	Residential Property Taxes	Total Property Taxes
2006	\$6,564,962	\$6,564,962	\$0	0.023950	\$0	\$1,141,635	\$1,141,635	\$0	0.011020	\$0	\$0
2007	\$6,564,962	\$8,646,261	\$2,081,299	0.023950	\$49,847	\$1,141,635	\$1,150,000	\$8,365	0.011020	\$92	\$49,939
2008	\$6,564,962	\$9,071,880	\$2,506,918	0.023950	\$60,041	\$1,141,635	\$1,173,000	\$31,365	0.011020	\$346	\$60,386
2009	\$6,564,962	\$19,178,734	\$12,613,772	0.023950	\$302,100	\$1,141,635	\$19,767,600	\$18,625,965	0.011020	\$205,258	\$507,358
2010	\$6,564,962	\$37,475,499	\$30,910,537	0.023950	\$740,307	\$1,141,635	\$22,582,506	\$21,440,871	0.011020	\$236,278	\$976,586
2011	\$6,564,962	\$38,225,009	\$31,660,047	0.023950	\$758,258	\$1,141,635	\$23,034,156	\$21,892,521	0.011020	\$241,256	\$999,514
2012	\$6,564,962	\$38,989,509	\$32,424,547	0.023950	\$776,568	\$1,141,635	\$23,494,839	\$22,353,204	0.011020	\$246,332	\$1,022,900
2013	\$6,564,962	\$39,769,299	\$33,204,337	0.023950	\$795,244	\$1,141,635	\$23,964,736	\$22,823,101	0.011020	\$251,511	\$1,046,754
2014	\$6,564,962	\$40,564,685	\$33,999,723	0.023950	\$814,293	\$1,141,635	\$24,444,031	\$23,302,396	0.011020	\$256,792	\$1,071,086
2015	\$6,564,962	\$41,375,979	\$34,811,017	0.023950	\$833,724	\$1,141,635	\$24,932,911	\$23,791,276	0.011020	\$262,180	\$1,095,904
2016	\$6,564,962	\$42,203,499	\$35,638,537	0.023950	\$853,543	\$1,141,635	\$25,431,570	\$24,289,935	0.011020	\$267,675	\$1,121,218
2017	\$6,564,962	\$43,047,569	\$36,482,607	0.023950	\$873,758	\$1,141,635	\$25,940,201	\$24,798,566	0.011020	\$273,280	\$1,147,039
2018	\$6,564,962	\$43,908,520	\$37,343,558	0.023950	\$894,378	\$1,141,635	\$26,459,005	\$25,317,370	0.011020	\$278,997	\$1,173,376
2019	\$6,564,962	\$44,786,690	\$38,221,728	0.023950	\$915,410	\$1,141,635	\$26,988,185	\$25,846,550	0.011020	\$284,829	\$1,200,239
2020	\$6,564,962	\$45,682,424	\$39,117,462	0.023950	\$936,863	\$1,141,635	\$27,527,949	\$26,386,314	0.011020	\$290,777	\$1,227,640
2021	\$6,564,962	\$46,596,073	\$40,031,111	0.023950	\$958,745	\$1,141,635	\$28,078,508	\$26,936,873	0.011020	\$296,844	\$1,255,589
2022	\$6,564,962	\$47,527,994	\$40,963,032	0.023950	\$981,065	\$1,141,635	\$28,640,078	\$27,498,443	0.011020	\$303,033	\$1,284,097
2023	\$6,564,962	\$48,478,554	\$41,913,592	0.023950	\$1,003,831	\$1,141,635	\$29,212,879	\$28,071,244	0.011020	\$309,345	\$1,313,176
2024	\$6,564,962	\$49,448,125	\$42,883,163	0.023950	\$1,027,052	\$1,141,635	\$29,797,137	\$28,655,502	0.011020	\$315,784	\$1,342,835
2025	\$6,564,962	\$50,437,088	\$43,872,126	0.023950	\$1,050,737	\$1,141,635	\$30,393,080	\$29,251,445	0.011020	\$322,351	\$1,373,088
2026	\$6,564,962	\$51,445,829	\$44,880,867	0.023950	\$1,074,897	\$1,141,635	\$31,000,941	\$29,859,306	0.011020	\$329,050	\$1,403,946
PILOTS					<b>\$15,700,662</b>					<b>\$4,972,010</b>	<b>\$20,672,672</b>

Notes: TIF runs from October 1, 2006 through September 30, 2026.

Source: Canyon Research Southwest, Inc.; August 2006.

# **STAR Bond Feasibility Analysis**

The Downtown Manhattan Redevelopment District is seeking between \$55 to \$60 million in bond debt (STAR bond, TDD and TIF) to fund eligible project costs. This section of the report quantified the ability of the Downtown Manhattan Redevelopment District to support the necessary bond debt by calculating the net present value of forecast tax revenue streams.

## **Forecast Tax Revenues**

From October 1, 2006 through September 30, 2026, the Downtown Manhattan Redevelopment District is forecast to generate total revenues available to fund STAR bond debt service of approximately \$172 million. Sources of revenue include approximately \$41 million in STAR bonds; \$10.7 million in Transportation Development District Sales Tax; and \$20.7 million in Tax Increment Financing.

## **Supportable Bond Debt Estimate**

The STAR bond funding capacity of the Downtown Manhattan Redevelopment District in Manhattan, Kansas was quantified through calculating the net present value of the tax revenue streams. This report assumed that all STAR bond, TDD and TIF revenue, less a 2.0 percent administrative fee, would be used to pay bond debt. The net present value was calculated using a debt coverage ratio of 1.35 percent and an interest rate of 6.5 percent.

Throughout the statutory 20-year STAR bond maturity period the tax revenues generated the Downtown Manhattan Redevelopment District are estimated at approximately \$172 million. As depicted by the table on page 40, the forecast tax revenue streams are sufficient to fully satisfy approximately \$63 million in bond debt amortized over a 20-year term at a 6.5 percent interest rate. Therefore, the *Feasibility Analysis* concluded that the Downtown Manhattan Redevelopment District is forecast to generate sufficient tax revenues to cover the anticipated debt service obligations for the requested STAR bond financing.

## Supportable STAR Bond Debt Estimates Downtown Manhattan Redevelopment District

Year	STAR Bond Revenue	TDD Sales Tax Revenue	TIF Revenue	Total Revenue	Less: Adm. Costs	Net TIF Revenue	1.35 DCR	PV Factor 0.07	Discounted at 6.5%
2006	\$324,640	\$24,575	\$0	\$349,215	\$6,984	\$342,231	\$253,504	0.983924	\$249,429
2007	\$1,390,112	\$105,232	\$49,939	\$1,545,283	\$30,906	\$1,514,377	\$1,121,761	0.937232	\$1,051,350
2008	\$4,418,653	\$334,493	\$60,386	\$4,813,532	\$96,271	\$4,717,261	\$3,494,268	0.878404	\$3,069,379
2009	\$6,407,466	\$485,047	\$507,358	\$7,399,871	\$147,997	\$7,251,874	\$5,371,758	0.823268	\$4,422,397
2010	\$6,535,615	\$494,748	\$976,586	\$8,006,949	\$160,139	\$7,846,810	\$5,812,452	0.771593	\$4,484,847
2011	\$6,666,328	\$504,643	\$999,514	\$8,170,485	\$163,410	\$8,007,075	\$5,931,167	0.723161	\$4,289,188
2012	\$6,799,654	\$514,735	\$1,022,900	\$8,337,289	\$166,746	\$8,170,543	\$6,052,254	0.677770	\$4,102,036
2013	\$6,935,647	\$525,030	\$1,046,754	\$8,507,431	\$170,149	\$8,337,283	\$6,175,765	0.635227	\$3,923,013
2014	\$7,074,360	\$535,531	\$1,071,086	\$8,680,977	\$173,620	\$8,507,358	\$6,301,746	0.595355	\$3,751,776
2015	\$7,215,847	\$546,241	\$1,095,904	\$8,857,992	\$177,160	\$8,680,833	\$6,430,246	0.557986	\$3,587,987
2016	\$7,360,164	\$557,166	\$1,121,218	\$9,038,548	\$180,771	\$8,857,777	\$6,561,317	0.522962	\$3,431,319
2017	\$7,507,368	\$568,309	\$1,147,039	\$9,222,716	\$184,454	\$9,038,261	\$6,695,008	0.490137	\$3,281,471
2018	\$7,657,515	\$579,676	\$1,173,376	\$9,410,567	\$188,211	\$9,222,356	\$6,831,375	0.459372	\$3,138,142
2019	\$7,810,665	\$591,269	\$1,200,239	\$9,602,173	\$192,043	\$9,410,130	\$6,970,467	0.430538	\$3,001,051
2020	\$7,966,879	\$603,095	\$1,227,640	\$9,797,614	\$195,952	\$9,601,661	\$7,112,342	0.403514	\$2,869,929
2021	\$8,126,216	\$615,156	\$1,255,589	\$9,996,961	\$199,939	\$9,797,022	\$7,257,053	0.378186	\$2,744,516
2022	\$8,288,741	\$627,460	\$1,284,097	\$10,200,298	\$204,006	\$9,996,292	\$7,404,660	0.354448	\$2,624,567
2023	\$8,454,515	\$640,009	\$1,313,176	\$10,407,700	\$208,154	\$10,199,546	\$7,555,219	0.332200	\$2,509,844
2024	\$8,623,606	\$652,809	\$1,342,835	\$10,619,250	\$212,385	\$10,406,865	\$7,708,789	0.311348	\$2,400,116
2025	\$8,796,078	\$665,865	\$1,373,088	\$10,835,031	\$216,701	\$10,618,330	\$7,865,430	0.291806	\$2,295,180
2026	\$6,710,564	\$507,991	\$1,403,946	\$8,622,501	\$172,450	\$8,450,051	\$6,259,297	0.273490	\$1,711,855
<b>Totals</b>	<b>\$141,070,633</b>	<b>\$10,679,080</b>	<b>\$20,672,670</b>	<b>\$172,422,383</b>	<b>\$3,448,448</b>	<b>\$168,973,935</b>	<b>\$125,165,878</b>		<b>\$62,939,394</b>

Source: Canyon Research Southwest, Inc.; August 2006.

## **Impact on Active STAR Bond Projects**

Only one major destination lifestyle and entertainment project in Kansas has been developed using STAR Bond revenues. The experience with the Village West Tourism District in Kansas City, Kansas demonstrates the value of STAR bonds as a development tool to attract unique, regional entertainment attractions to Kansas.

Nebraska Furniture Mart and Cabela's anchor the Village West Tourism District. These one-of-kind retail concepts and exceptional regional transportation access allows the Village West Tourism District to penetrate a trade area consisting of over 8.7 million people within a 4-hour drive time. Attracted by the expanded regional draw such complementary retail and entertainment venues as the Community America Ballpark, four hotels totaling 515 rooms, and 20 restaurants and retailers have opened at the Village West Tourism District.

Since 2001, the Unified Government has entered into venture agreements for development of retail, hotel and entertainment projects within the Village West Tourism District. The following retail projects are currently operating in the Village West Tourism District:

- Cabela's, an 188,000 square foot sporting goods store opened in August 2002, specializing in hunting, fishing, camping and related outdoor merchandise. Cabela's was the first tenant to open within Village West Project Area B. In August 2002, Cabela's opened an 186,000 square foot large-format destination retail store. The Village West store is Cabela's only outlet in Kansas or Missouri and services a 250-mile trade area;
- Community America Ballpark, an open air stadium with a capacity of just under 7,200 which includes suites, fixed seats, picnic and grass seating, and standing areas and which is home to the Kansas City T-Bones minor league baseball team, that opened in May 2003;
- Great Wolf Lodge, a 281 room destination hotel that includes a 49,000 square foot indoor water park, that opened in May 2003;
- Nebraska Furniture Mart Store, a retailer of furniture, floor coverings, appliances, and electronics products, opened in August 2003. The Village West Tourism District store is Nebraska Furniture Mart's first full-product-line extension location and services a trade area encompassing a 350-mile radius. Built on 80 acres, the 2-story superstore features 712,000 square feet of retail and distribution space; 3,200 parking spaces; The Courtyard Café and Quiznos Subs. The store includes 450,000 square feet of retail display area and 262,000 square feet of distribution space. An additional 360,000 square feet of warehouse space is currently under construction and scheduled to open by Fall 2006;
- Hampton Inn (76 room) hotel, which opened in September 2003 and Chateau Avalon (62 room) themed boutique hotel, that opened in July 2004;
- Freestanding restaurants and stores include Amini's Galleria, Applebee's, Arthur Bryant's Barbecue, Bob Evans, Cheeseburger in Paradise, Famous Dave's Barbecue, Longhorn Steakhouse, Russell Stover's, Sheridan's Frozen Yogurt, Sonic Drive-in, Ted's Montana Grill and W J McBride's; and

- RED Development is under construction on The Legends at Village West, a 970,035 square foot destination lifestyle and entertainment center. The 86,916 square foot Legends 14 Theatres opened in November 2005. Grand opening for the balance of the destination development occurred on April 22, 2006. Tenant demand has been strong. As of July 24, 2006, 54 retailers totaling over 400,000 square feet were open for business and 16 out parcels were developed totaling 129,468 square feet of commercial space. Out lots sold and now under construction include Target (126,800 square feet) and JC Penney (97,440 square feet). Completion of The Legends at Village West will further strengthen the position of the Village West Tourism District as a regional shopping and entertainment destination.

The neighboring Kansas Speedway has a significant influence on retail sales at the Village West Tourism District by generating high attendance volumes and providing regional and national recognition by hosting several NASCAR, IRL and Craftsman Truck sponsored events including Busch and Nextel Cup Series. Opened in August 2001, the \$250 million racing facility features a 1.5-mile tri-oval NASCAR track and an 80,000-seat grandstand. Five major race dates for the 2005 season sold-out generating an average attendance of 100,000 spectators. Together, the Village West Tourism District and Kansas Speedway have created one of the Midwest's most unique and highly visited shopping and entertainment destinations.

Both Village West Tourism District and the Downtown Redevelopment District in Manhattan, Kansas incorporate a destination lifestyle and entertainment component designed to capitalize, in part, on the high visitor volumes generated by each district's primary attraction. The Downtown Manhattan Redevelopment District's primary attraction will be the Flint Hills Discovery Center. Sporting venues and major destination retailers anchor the Village West Tourism District. The combined annual attendance for the 80,000-seat Kansas Speedway and 5,768-seat Community America Ballpark is nearly 250,000 spectators. In addition, Nebraska Furniture Mart and Cabela's draw approximately 7.0 million annual customers.

The Downtown Manhattan Redevelopment District in Manhattan, Kansas will be anchored by an educational attraction dedicated to showcasing central Kansas' distinctive natural environment. The District will also capitalize on the high attendance levels of such central Kansas attractions as Tuttle Creek Lake, Konza Prairie Biological Station, Fort Riley, and Kansas State University. The market positioning, distance, and rural location of the Downtown Manhattan Redevelopment District will effectively set it apart from the Village West Tourism District. The distance between the two major tourism destinations will greatly reduce any adverse impact on the retail components and achievable sales.

Because each project caters to distinctly different market niches, it has been concluded that development of the Downtown Manhattan Redevelopment District in Manhattan, Kansas will not have a measurable adverse impact on the Village West Tourism District's retail sales volumes and STAR bond revenues. Therefore, the operation of the Downtown Manhattan Redevelopment District is not anticipated to cause default in the payment of outstanding STAR bonds issued by the Village West Tourism District.

# ECONOMIC IMPACT ASSESSMENT

STAR bond financing is being sought to assist in the development of the Downtown Manhattan Redevelopment District. To assist in evaluating STAR bond applications the Kansas Secretary of Commerce has published guidelines regarding a proposed project's economic impact. The following criteria will be evaluated when considering the tourism potential of a project applying for STAR bond financing:

- Direct expenditures: Visitor spending that directly supports the jobs and incomes of people and firms that deal directly with visitors;
- Indirect expenditures: Changes in sales, income or jobs in regional sectors that supply goods and services in support of direct expenditure entities;
- Induced expenditures: Increased sales within the region from the household spending of the income earned in the direct and indirect sectors;
- Direct job creation: The total number of jobs (distinguished as full-time or part-time) supported by the target attraction; and
- Creation of overnight hotel stays.

The *Economic Impact Assessment* examines the economic implications of the retail, lodging, and residential space to be constructed within the Downtown Manhattan Redevelopment District in terms of the direct and indirect growth in employment, income and consumption. The proposed project's economic impact has been measured in terms of both construction-phase and operational.

The *Development Impact Assessment Handbook & Software* published by the Urban Land Institute was used to complete the Economic Impact Assessment. As part of the Economic Impact Analysis, retail sales and hotel room demand forecasts were also provided for the Downtown Manhattan Redevelopment District.

Direct impacts measure the spending and job creation that occurs as a direct result of the operations and activities that occur within the Downtown Manhattan Redevelopment District. Indirect impacts consist of re-spending of the initial or direct expenditures, or the supply of goods or services resulting from the initial direct spending within the Downtown Manhattan Redevelopment District.

In addition, the *Economic Impact Assessment* estimates the tax revenues to be generated on behalf of state and local governments as a result of the economic activity created by the redevelopment project. The revenue estimates include sales tax, transient guest tax, and income tax that will benefit the state, the county, and the city.

## **Economic Impact: Construction-Phase**

The construction contract for the North and South Areas is estimated at approximately \$100 million. During the construction phase direct on-site employment is estimated at 420 full-time equivalent jobs. Indirect job creation is forecast at 709 jobs, bringing the total construction-phase work force to 1,129 jobs. Total payroll originating from these construction-phase jobs is estimated at \$27.8 million, resulting in total consumption expenditures of \$22.5 million. Upon completion, total capital investment into the Downtown Manhattan Redevelopment District is estimated at \$160 million.

### **Construction-Phase Economic Impact Downtown Redevelopment District**

<b>Economic Indicator</b>	<b>Project Totals</b>
Capital Investment	\$160,000,000
Value of Construction	\$100,000,000
<b>Employment (Full-time Equivalent)</b>	
On-Site	420
Off-Site	56
Manufacturing	364
Trade/Transportation/Services	212
Others	76
<b>Total Jobs Created</b>	<b>1,129</b>
Payroll	\$27,843,167
Disposable Income	\$24,501,987
Consumption Expenditures	\$22,541,828
Shopping Goods	\$3,854,653
Convenience Goods	\$5,229,704
Other Consumption (i.e., Housing, Health, etc.)	\$13,457,471

Source: Canyon Research Southwest, Inc.; August 2006.

During the construction phase the total payroll is estimated at \$27.8 million. Accounting for deductions and a 3.5 percent tax rate, the State of Kansas is estimated to collect approximately \$780,000 in state income tax revenues resulting from construction-phase payroll.

## **Economic Impact: Operational-Phase**

At build-out, direct employment generated from operation of the retail, lodging, and residential space developed within the Downtown Manhattan Redevelopment District is forecast to total 722 full-time equivalent jobs. Total annual payroll for these direct jobs is estimated \$11.9 million, resulting in total annual direct consumer expenditures of \$9.6 million. Direct and indirect employment is forecast at 1,085 full-time equivalent jobs, with a total annual payroll of \$21.2 million.

### **Economic Impact Assessment: Operational-Phase**

<b>Economic Indicator</b>	<b>Direct Impacts</b>	<b>Indirect Impacts</b>	<b>Total Impacts</b>
Full-time Equivalent Employment	722	363	1,085
Annual Payroll	\$11,894,000	\$9,320,689	\$21,214,689
Disposable Income	\$10,466,720	\$8,202,206	\$18,668,926
Consumer Expenditures	\$9,629,392	\$7,546,020	\$17,175,412
Shopping Goods	\$1,646,624	\$1,290,368	\$2,936,992
Convenience Goods	\$2,234,017	\$1,750,675	\$3,984,692
Other Consumption	\$5,748,741	\$4,504,977	\$10,253,728

Source: Canyon Research Southwest, Inc.; August2006.

Direct and indirect employment from operational-phase of the Downtown Manhattan Redevelopment District is estimated to generate a total annual payroll of \$21.2 million. The State of Kansas is estimated to collect approximately \$600,000 in annual state income tax revenues resulting from operational-phase payroll.

Together, the Downtown Manhattan Redevelopment District and Flint Hills Discovery Center are conservatively forecast to generate 120,000 to 380,000 additional visitors to the Manhattan area per year. The demand for overnight accommodations by these increased visitors is estimated at approximately 20,400 to 64,600 annual room nights.

## **Forecast Retail Sales Revenues**

The Downtown Manhattan Redevelopment District is designed as a destination lifestyle and entertainment district. The mix of retail uses includes 238,800 square feet of shops and 49,800 square feet of restaurant space. A 120-room hotel is also planned for the Downtown Manhattan Redevelopment District.

Taxable retail sales volumes were estimated for the Downtown Redevelopment District based on several sources, including: 1) actual retail sales volumes for similar destination lifestyle and entertainment centers; 2) *Dollars & Cents of Shopping Centers* published by the Urban Land Institute; 3) data published by the International Council of Shopping Centers; 4) tourism spending characteristics published by the Travel Industry Association of America; and 5) and

*Trends in the Hotel Industry USA Edition* published by PKF Consulting and lodging operating data provided by Smith Travel Research.

Based on these sources, the Downtown Manhattan Redevelopment District is forecast to retail sales volumes of approximately \$4.9 million during the first year of occupancy in 2006, increasing to \$95.9 million at build-out and stabilized occupancy in 2009.

## **Collaboration with other Area Attractions**

Through operation of the Flint Hills Discovery Center the Downtown Manhattan Redevelopment District is anticipated to complement and enhance the operations of existing attractions in central Kansas by serving as a central learning, marketing and promotion center. Attractions in the Manhattan area include the Konza Prairie, Tuttle Creek State Park, Kansas State University, Sunset Zoological Park, US Cavalry Museum, and the Custer House. Regional attractions include Eisenhower Center in Abilene; Geary County Historical Museum in Junction City; Milford Lake & State Park and Milford Nature Center in Junction City; and Salina Art Center in Salina.

Visitors to the Downtown Manhattan Redevelopment District will learn of the region's rich history and natural environment and made aware of these other attractions to visit and enjoy. These activities will assist in increasing visitation to the central Kansas region as well as lengthen the average stay per party.

## **Forecast Visitor Counts**

STAR bond financing is being sought to assist in the development of the Flint Hills Discovery Center and Downtown Manhattan Redevelopment District. To assist in evaluating STAR bond applications the Kansas Secretary of Commerce has published guidelines regarding a proposed project's economic impact. The following criteria were evaluated when considering the tourism potential of a project applying for STAR bond financing:

- Out-of-state visitation from multiple states should have a target of 20 percent of total annual visitation to be considered a major, unique, destination attraction;
- A target of 30 percent of total annual visitation should be drawn from greater than 100 miles distance from the attraction community; and
- Total annual visitation should compare very favorably to existing attractions in Kansas.

Given the visitation levels to existing central Kansas attractions, activities of the Flint Hills Discovery Center and the concentration of destination lifestyle and entertainment retailers, the Downtown Manhattan Redevelopment District will serve as one of central Kansas' primary visitor destinations and draw for a wide geographic area.

The Flint Hills Discovery Center as well as the unique mix of destination lifestyle and entertainment retailers within the Downtown Manhattan Redevelopment District will serve as a multi-state destination. Therefore, out-of-town visitors to the Manhattan area represent the Downtown Manhattan Redevelopment District's primary trade area. The primary trade area includes the multi-state region of Kansas, Missouri, Iowa, Nebraska, and Oklahoma. According to Claritas, Inc. this 5-state region supports a current population of 16.7 million.

The Manhattan area hosts an estimated 1.0 million out-of-town visitors per year. Approximately 686,000 annual visitors to the Manhattan area travel from beyond 100 miles, of which an estimated 289,000 are out-of-state residents. These forecast out-of-town visitation trends meets the State of Kansas Secretary of Commerce guidelines that 30 percent of visitors to a proposed STAR Bond Redevelopment District travel beyond 100 miles and 20 percent reside out-of-state.

Together, the Flint Hills Discovery Center and the Downtown Manhattan Redevelopment District are forecast to increase annual visitation to the Manhattan area by 120,000 to 380,000 people. Out-of-town visitors are forecast to account for \$50 million of the Downtown Manhattan Redevelopment District's annual retail sales. Based on total forecast retail sales of approximately \$90 to \$100 million at project build-out, spending by out-of-town visitors is anticipated to account for 50 to 56 percent of total sales within the Downtown Manhattan Redevelopment District.

The Kansas Department of Commerce Travel & Tourism Division published the *2003 Attraction Visitor Report* which tracks the attendance levels for major public and private attractions in the state. For 2003 attendance ranged from a low of 173 at the Minor Sod House Bed & Breakfast in Brewster, Kansas to a high of 1.42 million for Harrah's Prairie Band Casino in Mayetta, Kansas. The one major attraction omitted from the survey is the Village West Tourism District which attracts an estimated 7.0 million visitors per year. Therefore, at an estimated 120,000 to 380,000 visitors per year the Downtown Manhattan Redevelopment District would serve as one of Kansas' leading attractions. A list of the most popular attractions in Kansas is provided in the table below.

### **Major Kansas Attractions: 2003 Attendance**

Attraction	Community	Reported Attendance
Harrah's Prairie Band Casino	Mayetta	1,422,000
El Dorado State Park	El Dorado	1,005,380
Hillsdale State Park	Paola	975,929
Topeka & Shawnee County Public Library	Topeka	913,466
Milford Lake & State Park	Junction City	771,459
Clinton State Park	Lawrence	594,065
Cheney State Park	Cheney	550,000
Tuttle Creek State Park	Manhattan	605,290
Kansas State Fairgrounds	Hutchinson	518,244
Sedgwick County Zoo	Wichita	490,937

Source: Kansas Department of Commerce.

The Flint Hills Discovery Center its self is forecast to attract 60,000 to 100,000 annual visitors, translating into only 5 to 8 percent of forecast annual visitation to the area. By comparison, according to the *2003 Attraction Visitor Report* published by the Kansas Department of Commerce similar attractions generally garnered similar or much higher visitation. Visitation levels in 2003 were reported at 58,683 for the National Agricultural Center and Hall of Fame in Bonner Springs; 87,000 for the Eisenhower Center in Abilene; 102,882 for the Wichita Botanical Gardens in Wichita; 131,496 for the Kansas History Center and Museum in Topeka; 148,306 for the Great Plains Nature Center in Wichita; and 211,949 for Exploration Place in Wichita. These actual visitation levels as well as existing visitation levels to the Manhattan area suggest that the estimated 60,000 to 100,000 annual visitors to the Flint Hills Discovery Center are realistically achievable.

# **ADDENDA**

# **EXHIBIT A**

Canyon Research Southwest, Inc., Client Roster

## **CLIENT ROSTER**

During its period of operation, Canyon Research Southwest, Inc. has provided real estate consulting services for a number of leading organizations including:

Abigail Properties  
Appraisal Technology, Inc.  
Arizona Attorney General's Office  
Arizona Cardiology Group  
Arizona State Land Department  
Aspen Group  
Bain & Company, Inc. (Boston, Massachusetts)  
Bashas' Markets, Inc.  
Belz-Burrow (Jonesboro, Arkansas)  
Biskind, Hunt & Taylor  
Brook Group  
Browning-Ferris Industries  
Burch & Cracchiolo PA  
CB Commercial  
CEI Realty Company (San Francisco, California)  
Cavan Real Estate Investments  
Church of Jesus Christ of Latter Day Saints  
Circle G Development  
City of Belton, Missouri  
City of Fenton, Missouri  
City of Glendale Economic Development Department  
City of Grain Valley, Missouri  
City of Independence, Missouri  
City of Lee's Summit, Missouri  
City of Manhattan, Kansas  
City of Mesa Economic Development Department  
City of Mesa Real Estate Services  
City of Osage Beach, Missouri  
City of Phoenix Economic Development Department  
City of Phoenix Real Estate Department  
City of Tucson Community Services Department  
City of Warsaw, Missouri  
City of Webster Groves, Missouri  
Danny's Family Car Wash  
Diamond Ventures  
D.J. Christie, Inc. (Overland Park, Kansas)  
DMB Associates, Inc.  
DMJM Arizona, Inc.  
Dushoff & McCall  
Gammage & Burnham  
W.M. Grace Development  
Greystone Group (Newport Beach, California)  
Greenberg & Associates, Inc. (Tucson, Arizona)  
Holiday Hospitality Corporation (Atlanta, Georgia)

Kaiser Permanente (Oakland, California)  
LandGrant Development (San Diego, California)  
Landmark Organization, Inc. (Austin, Texas)  
Lee's Summit Economic Development Council (Lee's Summit Missouri)  
Lerner Companies (Omaha, NE)  
Lewis and Roca  
Lincoln Property Company  
Lowe's Home Centers, Inc. (North Wilkesboro, NC)  
Maclay Properties Company (Dallas, Texas)  
Marriott International, Inc. (Washington, D.C.)  
AJ Martinez & Associates (Prescott, Arizona)  
MCO Properties  
Metropolitan Housing Corporation (Tucson, Arizona)  
Microtel Inns  
Miller, Klutznick, Davis, Gray (Denver, Colorado)  
Navajo Nation Division of Economic Development  
Northern Equities Company  
Northern Trust Bank  
Opus West Corporation  
Pederson Group, Inc.  
Phelps Dodge Corporation  
Pivotal Group  
Pizza Hut (Denver, Colorado)  
Pulte Home Corporation  
Ralph J. Brekan & Company  
RED Capital Development (Kansas City, Missouri and Phoenix, Arizona)  
River Run Development (Boise, Idaho)  
Royal Properties (Champaign, Illinois)  
Ryanco, Inc. (Aspen, Colorado)  
Steiner + Associates (Columbus, Ohio)  
SWD Holdings, Inc. (San Francisco, California)  
Tetra Tech, Inc. (Tucson, Arizona)  
The Innova Group Tucson  
The University of Arizona Department of Economic Development  
The University of Arizona Medical Center  
Tucson Realty (Tucson, Arizona)  
Union Homes (Salt Lake City, Utah)  
Unified Government of Wyandotte County and Kansas City, Kansas  
USBancorp Piper Jaffray (Kansas City, Missouri)  
Wal-Mart, Inc. (Bentonville, Arkansas)  
Wells Fargo Bank Corporate Properties Group  
Westinghouse Communities  
Wolfswinkel Group  
Yavapai-Apache Nation (Camp Verde, Arizona)

# **EXHIBIT B**

Resume of Eric S. Lander, Principal  
Canyon Research Southwest, Inc.

## **EDUCATION**

In May, 1981, Mr. Lander received a B.S. in Marketing from the Arizona State University College of Business Administration. He attended Arizona State University from September 1977 to May 1981, and received honors status for his superior cumulative grade point average. During this time, he was an active member of the Marketing Club and National AMA as well as a participant in several research projects involving both local and national firms. In May, 1992, Mr. Lander received a Masters in Real Estate Development and Investment from New York University, graduating with honors.

## **BUSINESS EXPERIENCE**

### **Canyon Research Southwest, Inc.**

President (October 1984 to Present)

Established Canyon Research Southwest, Inc. as a multi-disciplined real estate consulting firm designed to provide comprehensive research and analysis to the development, financial, investment, and municipal communities. Responsibilities include direct marketing, project management, staffing, and client relations. The firm has performed in excess of 400 major consulting assignments with over 75 local and national clients. Fields of expertise include market and feasibility analysis of large-scale master planned communities, freeway oriented mixed-use projects, retail centers, office complexes, business parks, and hotels. Additional services include fiscal impact studies, property valuation, and development plan analysis.

### **Mountain West Research**

Associate (December 1988 to January 1990)

Senior Consultant (October 1983 to October 1984)

Mr. Lander assisted in managing the Commercial Real Estate Services Division of Mountain West, Arizona's largest real estate and economic development consulting firm. Responsibilities included direct marketing, personnel management, client relations, and consulting on large-scale commercial, office, industrial, and hotel projects. Also contributed to several real estate publications and assisted in the management and marketing of the firm's commercial, office, and industrial (COI) data base.

### **Iloff, Thorn & Company**

Marketing Assistant (January 1982 to December 1983)

Joined Iloff, Thorn & Company during its infancy and became solely responsible for providing in-house marketing support services to its commercial real estate brokers. These services included demographic research, office/industrial/retail market studies, raw land sales packages, site selection analysis, client relations, and property research. Major accomplishments included establishing and implementing office and industrial absorption studies, devised central office market and available raw land files, and organized the development of an industrial/retail map. Also, during this time, Mr. Lander obtained a real estate sales license and became involved in commercial brokerage activities.

## **RANGE OF EXPERIENCE**

In 1987, Mr. Lander, in cooperation with the Drachman Institute of Regional Land Planning, published a working paper titled "Land Development as Value Added in the Development Process and Appropriate Criteria to Rank Sites for Selection of Master Planned Satellite Communities." Since the publication of this working paper, Mr. Lander has conducted numerous market feasibility studies on existing and proposed, large-scale, master planned communities in the Southwestern United States, totaling over 80,000 acres. The working paper was also evaluated and utilized by such prestigious universities as Harvard, M.I.T. and the University of North Carolina as part of their Masters program in Real Estate, City and Regional Planning, and Business.

Mr. Lander is an instructor with the Commercial Real Estate Institute, teaching classes in Market Analysis, Commercial Property Valuation and Land Valuation.

Developed a model designed to evaluate and rank the development potential of freeway interchanges. The methodology for ranking freeway properties is based on a list of 25 criteria which provide a framework to efficiently compare the strengths and weaknesses of various freeway sites. Seven (7) criteria have been established which apply to metropolitan area economic base and real estate market, five (5) criteria evaluate the region influenced by the presence of the freeway in question, and thirteen (13) interchange and site-specific criteria are aimed at determining future real estate development opportunities. This model has been utilized in evaluating freeway-oriented, mixed-use projects anchored by regional malls, business parks, office complexes, and hotels.

Mr. Lander has provided consulting services on downtown redevelopment and historic preservation efforts. Recent examples include a heritage tourism study for the Erie Canal terminus in Buffalo, New York; evaluation of potential office, retail, hotel and arena development in the downtown areas of Glendale and Mesa, Arizona; retail market evaluation and redevelopment plan for downtown Warsaw, Missouri; a downtown master plan for downtown Lee's Summit, Missouri; and a redevelopment plan for the 24 Highway Corridor in Independence, Missouri.

Mr. Lander has conducted *TIF and TDD Revenue Projections* for a variety of large-scale retail projects in Missouri and Kansas. Tax Increment Financing and Transportation Development Districts are government-backed funding mechanisms designed to finance project-specific public infrastructure improvement. Funding is provided via the issue and sale of bonds. In the case of Tax Increment Financing the bonds are repaid with incremental increases in property tax and sales tax revenue generated by the designated redevelopment area. Transportation Development Districts involve the levy of an additional sales tax on businesses operating within the redevelopment area.

Mr. Lander has conducted *STAR Bond Feasibility and Market Studies* on several proposed developments in Kansas, including the Kansas City Tourism District, Legends at Village West, Kansas City Research & Medical Campus, and Rosedale Station Shopping Center. The *Market Study* evaluates the market positioning, market demand, short-term development potential, and economic impact for the proposed Redevelopment District. Meanwhile, the *Feasibility Study* provides a STAR Bond revenue vs. costs comparison to determine the ability of the Redevelopment District to cover debt service for the projected STAR Bond obligations throughout the bond maturity period.