



STAFF REPORT

DATE: June 10, 2024

TO: City Council

FROM: Ted Henry, City Manager

SUB: WAM Investments Phase 2 LOI

The City of Bel Aire was contacted by WAM Investments LLC, indicating their interest in expanding their operations by constructing Phase 2 of their business park inside Bel Aire Industrial Park on 45th Street between Rock and Webb Road.

In 2019, WAM Investments LLC constructed Phase 1 of the business park, which included three buildings at a cost of \$3,000,000. Since then, the partnership has been a success. WAM Investments provides needed services to our city by constructing medium-sized mixed-use commercial spaces. For example, home-based businesses that become so successful they need space to operate can locate in Bel Aire instead of looking to Wichita or elsewhere. A prime example is a Warsh My Windows business that needed to scale up; they rented a unit in the business park and have continued to grow. Phase 1 initially estimated a total of 12 new jobs created, but actual numbers indicate that 48 new jobs were created.

Phase 2 will consist of two buildings containing approximately 28,000 square feet at a cost of \$3,700,000. This addition will create more room for current tenants and potential tenants who are ready to move from their home offices to a commercial building.

About the Company

WAM was formed in December 2001 and has been in the commercial rental real estate business since the early 1960s. The properties owned and managed are primarily commercial warehousing and industrial buildings located in and around Wichita. Over the years, many properties were purchased, and during the last twenty years, several properties were constructed as build-to-suit for tenants and for speculation.

WAM manages approximately seventy-five commercial/industrial properties with significant square footage of leasable space and is one of the largest property owners of this type of space in Wichita. The company has a long and successful history of constructing, developing, operating, and leasing commercial/industrial space to local, regional, and national tenants. The group owns and leases buildings of various sizes, with two of the largest facilities each being 200,000 square feet. The group has leases with Siemens Gamesa, Golf Warehouse, CTDI, Safelite, Aerospace Turbine Rotables, Stericycle, and many others.

After Phase 2 is completed, WAM's investment into our community will total \$6,700,000, with more room to growth. WAM has submitted an Industrial Revenue Bond (IRB) application to secure property tax abatement and sales tax exemptions, thereby reducing the financial burden associated with their expansion endeavors. WAM and City Staff have agreed to a similar arrangement as Phase 1 for Phase 2, spanning over a period of 10 years: a 95% property tax exemption for the first 5 years and a 75% property tax abatement for the last five years, subject to their investment and employment numbers being met as outlined in the IRB. Additionally, WAM has agreed to the 1% origination fee due at closing.

As part of the IRB process, a cost-benefit analysis was conducted to assess the potential impact of Phase 2. The study, conducted by the Wichita State University Center for Economic Development and Business Research, indicates a favorable 1.17 cost-benefit ratio for the first 10 years and a 1.88 cost-benefit ratio over 20 years. A ratio exceeding 1.00 signifies that public benefits outweigh public costs during the evaluated period.

Given the positive track record, findings, and potential benefits to our community, our staff recommends setting a public hearing at the July 2, 2024, City Council Meeting to further discuss and consider WAM Investments proposal.

MASTER SITE PLAN
FOR THE DEVELOPMENT OF THE SITE OF REDEVELOPMENT

