

City of Wichita
City Council Meeting
June 10, 2014

TO: Mayor and City Council

SUBJECT: Amendment of Downtown Development Incentives Policy (Districts I and VI)

INITIATED BY: Planning Department *JLS*

AGENDA: New Business

Recommendations: Approve the amendments to the Downtown Development Incentives Policy.

Background: On May 17, 2011, the City Council approved the Downtown Development Incentives Policy to establish the criteria by which the City of Wichita will consider incentives for downtown development projects. The policy subsequently was used to evaluate downtown development projects for Block One at Douglas and Broadway and the West Bank site along McLean between Douglas and 1st Street. The policy also has been used on numerous occasions to guide discussions of proposed projects with developers considering the use of incentives.

As with any policy, periodic review and amendment is needed to continually improve processes. To that end, Mayor Brewer appointed a committee of business representatives and City staff to review the policy and recommend improvements, particularly related to the procedures for disposing of City-owned real property. The committee's recommendations are contained in the attached report entitled "Real Estate Disposition: Request for Proposal (RFP) Advisory Committee Final Report." The procedures recommended in this report would be implemented through a City Manager approved Administrative Regulation if the City Council approves the recommended amendments to the Downtown Development Incentives Policy.

The new procedures for real estate disposition would establish three approaches as follows:

1. **Surplus Real Estate** – Properties that are typically remnants of property acquired for capital projects and that do not have significant development potential and are not usable by the City would be declared surplus property by the City Council and advertised for sale on the City's website.
2. **Streamlined Request for Proposal** – Properties that are currently used by the City but located within an area that has an adopted plan indicating a long-term "higher and better" use for the property would not be actively marketed. However, the City would respond to an unsolicited credible interest or offer to acquire the property by issuing a streamlined request for proposals (RFP) with staff-developed evaluation criteria aimed at determining consistency with the adopted plan for the area in which the property is located. Such real estate dispositions would only involve limited base-level incentives that are not subject to the Downtown Development Incentives Policy and would be subject to conditions aimed at ensuring consistency with the adopted area plan. In a situation where the developer proposing to acquire the property is in a unique position or competitive advantage by owning adjacent property, the City may forego the RFP process, if the proposal is consistent with the adopted plan.
3. **Request for Proposal** – For properties that were determined to be strategic in its offering, the City will proactively solicit offers through an RFP process. The issuance of an RFP will be market-driven and based on the best strategy for maximizing community benefit and financial return. An

RFP will only be issued after the City Council has approved the criteria on which proposals will be evaluated. Projects will be eligible for incentives covered by the Downtown Development Incentives Policy and proposals will be reviewed according to the policy's requirements.

Analysis: One of the committee recommendations contained in the report is to change the structure of the evaluation team that reviews development proposals so that it is comprised primarily of private-sector representatives as voting members, with City staff membership being primarily non-voting staff support. Since the membership of the evaluation team is established by the Downtown Development Incentives Policy, amendment of the policy is needed to make the recommended change.

Additionally, staff has noted several areas of potential improvement through implementation of the policy. The following recommended amendments to the Downtown Development Incentives Policy address these areas.

- Numerous discussions with developers regarding proposed projects have involved requests for public projects to improve existing City infrastructure such as parking facilities and streets. While these public improvements are critical to the success of the proposed development project, the improvements are not directly tied to the development and benefit the general public as much or more as the development. Such projects are typically funded through the Capital Improvement Program or through Special Assessments. The Downtown Development Incentives Policy is recommended to be amended to exempt public projects that are funded through the Capital Improvement Program or Special Assessments from the policy, even if a project is partially funded through one or more of the incentives covered by the policy.
- The Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model measures the extent to which development projects receiving incentives generate public revenue. The Downtown Development Incentives Policy indicates that projects are evaluated on the extent to which at least 1.3 dollars of future public revenue is generated for each dollar of incentives. However, downtown projects, particularly those that are primarily residential in nature, often do not generate sufficient economic output in the form of newly created jobs to result in this level of future public revenue. Therefore, it is recommended that the Downtown Development Incentives Evaluation Form be modified to reallocate some of the points from the CEDBR evaluation to other evaluations of the public benefits of the project, as shown in the attached document.
- The Downtown Development Incentives Policy now requires parties involved in development projects to be evaluated according to their Dun and Bradstreet Financial Stress Score. However, many real estate development entities do not have a Dun and Bradstreet Financial Stress Score, and even for those entities that have a score, the lowest rating only indicates a less than five percent chance of financial default by the entity in the coming year. Since the measure does not add value to the evaluation process and is expensive to use, it is recommended that the Dun and Bradstreet Financial Stress Score be removed from the policy's evaluation criteria.

The recommended amendments to the Downtown Development Incentives Policy are contained in the attached redlined document. The resulting policy if approved by the City Council is contained in the attached Downtown Development Incentives Policy Resolution.

Financial Considerations: The City of Wichita receives an \$8,500 application fee per project covered by the Downtown Development Incentives Policy to offset direct and administrative costs. The committee's recommendations have the potential to generate revenue from the disposition of City-owned real estate.

Legal Considerations: The resolution amending the Downtown Development Incentives Policy has been reviewed and approved as to form by the Law Department.

Recommendations/Actions: It is recommended that the City Council adopt the resolution amending the Downtown Development Incentives Policy and authorize the necessary signatures.

Attachments:

Real Estate Disposition: Request for Proposal (RFP) Advisory Committee Final Report

Downtown Development Incentives Policy – Recommended Revisions (Redlined)

Downtown Development Incentives Policy Resolution

Downtown Development Incentives Evaluation Form



May 20, 2014

Real Estate Disposition

Request for Proposal (RFP) Advisory
Committee Final Report



Table of Contents

I. Background	3
II. Overview	3
III. Process Detail.....	4
1.0 Surplus Real Estate	4
2.0 Conditional Real Estate (Streamlined Request for Proposal)	6
3.0 Request for Proposal Real Estate	8
IV. Appendix A – Important Links	12
V. Appendix B – RFP Advisory Committee	13

I. Background

In order to ensure a fair and open process when disposing of City of Wichita owned real property, Mayor Brewer assembled the Request for Proposal (RFP) Advisory Committee to review current processes and make recommendations for improvement. As a result of the input from the committee, this document outlines the methods and procedures for the disposition of real property owned by the City of Wichita.

II. Overview

The advisory committee identified three categories of real property:

1. Surplus Real Estate

Surplus real estate is defined as property acquired by the City as a result of easements or right of way. Surplus real estate is often remnants not deemed 'developable' and not utilized by the City.

2. Streamlined Request for Proposal (Conditional) Real Estate

This category of real estate is property in use by the City and is considered 'developable'. However, its use is not deemed 'highest and best'. The City will not actively seek proposals, but will respond to an unsolicited credible interest or offer on a 'developable' site.

Unique Situations: In a situation where the developer is in a unique position or competitive advantage by owning adjacent property, the City may forego the RFP process. Example: Builder's Inc. project at First & Waco.

3. Request for Proposal Real Estate

A site determined to be strategic in its offering, the City will proactively solicit offers through an RFP process. The issuance of an RFP will be market-driven and based on the best strategy for maximizing community benefit and financial return.

III. Process Detail

1.0 Surplus Real Estate

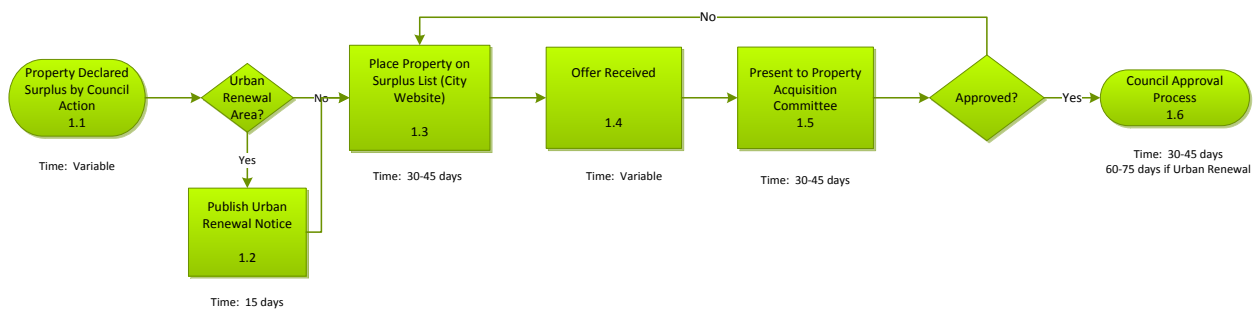
Surplus property will be sold at market value with limited restrictions based on covenants and encumbrances.

Distinctive Criteria:

- 1) No incentives apply
- 2) Sold at market value
- 3) Short list of use controls per deed restrictions
- 4) Declared surplus property by the City Council per Administrative Regulation (AR)

Suppliers	Inputs	Output
Property Management	Real Estate Administrative Regulation (AR) Property Disposition Memorandum: *Tax key number & legal description *Location & size of property *Likely sale value *Zoning *Restrictions, covenants, encumbrances	*Property back on tax rolls *Generate revenue *Eliminate maintenance costs
Property Acquisition Committee (PAC)	Approval	
City Council	Final Decision(s)	

Process:



1.1 Property Declared Surplus by City Council Action

Surplus property will be identified by Property Management staff. Standard operating procedure will be followed to obtain City Council approval to categorize the property as 'surplus'.

1.2 Publish Urban Renewal Notice (if applicable)

If property is located in an urban renewal area, a notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)).

This notice is the invitation for proposals and will be published in The Wichita Eagle for two consecutive weeks.

1.3 List Property on City Surplus List

Property Management staff will place the property on the City surplus list on the City website.

The list can be accessed by clicking on the following link: [City of Wichita Property Listings](#)

Or copy/paste the following link into your internet browser:

<http://wichita.gov/Government/Departments/Economic/Pages/PropertyListings.aspx>

1.4 Offer Received

Any offer received will be compared to fair market value.

Additionally, offers will be reviewed for any restrictions, covenants, encumbrances, attached to the property.

A property disposition memorandum will be prepared with staff recommendation and presented to the Property Acquisition Committee (PAC).

The disposition memorandum will include:

- 1) Tax key number & legal description
- 2) Location & size of property
- 3) Likely sale value
- 4) Zoning
- 5) Restrictions, covenants, encumbrances

1.5 Present to Property Acquisition (PAC) Committee

The PAC will either approve or deny the offer based on the property disposition memorandum.

If approved, the offer will forward to the City Council approval process.

If denied, the buyer will be notified and will have the opportunity to submit a new offer.

1.6 City Council Approval Process

Standard operating procedure will be followed for approving an offer on surplus property.

If property is located in an urban renewal area, 30 day notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)) to the City Council. The notice will not be published.

If approved, the transaction can be completed.

If denied, the buyer will notified and will have the opportunity to submit a new offer.

2.0 Conditional Real Estate (Streamlined Request for Proposal)

This category of real estate is property in use by the City and is considered 'developable'. However, its use is not deemed 'highest and best'. The City will not actively seek proposals, but will respond to an unsolicited credible interest or offer on a 'developable' site.

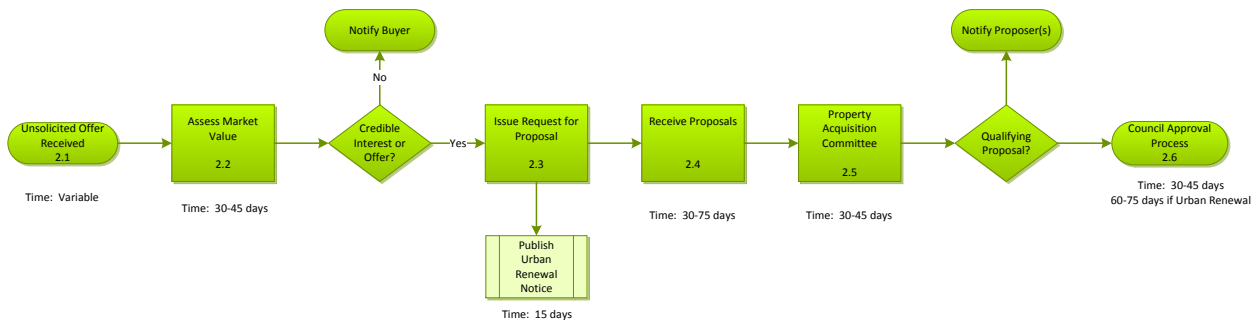
Unique Situations: In a situation where the developer is in a unique position or competitive advantage by owning adjacent property, the City may forego the RFP process. Example: Builder's Inc. project at First & Waco.

Distinctive Criteria:

- 1) Property is located in a planned use area
- 2) Sale of property is conditioned on use generally being consistent with the plan
- 3) Not declared surplus property by the City Council
- 4) Property is currently in use by the City
- 5) City is reacting to an unsolicited offer
- 6) Limited base-level incentives, if any:
 - ✓ NRA,
 - ✓ IRB (no tax abatement)
 - ✓ Façade
 - ✓ Asbestos and Lead Based Paint Abatement
 - ✓ Land assemblage carve out

Suppliers	Inputs	Output
Planning Department	Area plan	*Property use is in line with area plan *Property is used for the highest and best use *Property back on the tax rolls *Eliminate maintenance costs
Property Management	Real Estate Administrative Regulation	
Property Acquisition Committee	Approval	
City Council	Final Decision(s)	

Process:



2.1 Unsolicited Offer Received

When an offer is received on property in use by the City, Property Management staff will review the offer. Staff will determine if the property can be sold based on the 'highest and best' use test.

2.2 Assess Market Value

Property Management will assess market value based on, but not limited to, the following:

- ✓ City utilization of the property
- ✓ Fair Market Value

If staff determines the property is available for a higher and better use, a request for proposal (RFP) will be issued.

If staff determines the property is not available, the buyer will be notified.

2.3 Issue Request for Proposal

Property Management staff will issue an RFP, if the property is deemed available. The RFP will be issued within 15 days of determining the property is available.

If property is located in an urban renewal area, a notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)).

This notice is the invitation for proposals and will be published in The Wichita Eagle for two consecutive weeks.

2.4 Receive Proposals

Proposers will have between 30 and 75 days to respond depending on the size and magnitude of the request. Response time will be specified in the RFP.

2.5 Property Acquisition Committee (PAC)

If qualifying proposals are received, the PAC will select the final candidate based on the selection criteria documented in the RFP.

If approved, the offer will be forwarded to the City Council for consideration.

If denied, the proposer(s) will be notified.

2.6 City Council Approval Process

Standard operating procedure will be followed for approving an offer on property disposal by the City Council.

If property is located in an urban renewal area, 30 day notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)) to the City Council. The notice will not be published.

If approved, the transaction can be completed.

If denied, the proposer will be notified.

3.0 Request for Proposal Real Estate

For a site determined to be strategic in its offering, the City will proactively solicit offers through an RFP process. The issuance of an RFP will be market-driven and based on the best strategy for maximizing community benefit and financial return.

Distinctive Criteria:

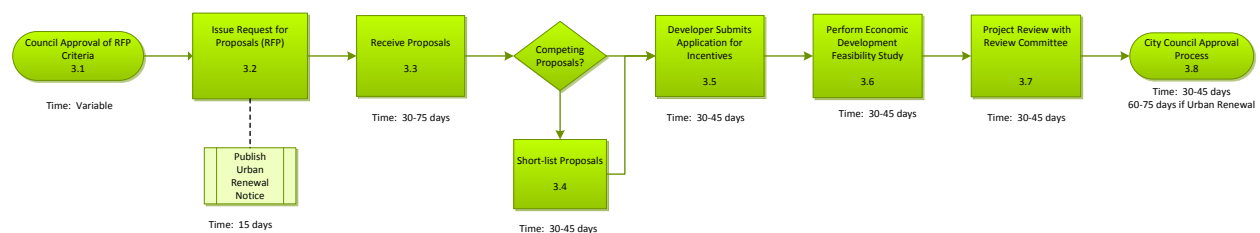
- 1) Property is declared a 'developable' site
- 2) Property is located in a planned use area with specified land use goals or is in a high priority location
- 3) City proactively seeks proposals

In addition to the RFP, the following tools will be provided:

- ✓ Binder listing properties/process/requirements
- ✓ Survey
- ✓ Phase 1 environmental assessment
- ✓ Title (Owners and Encumbrance report)
- ✓ Utility map
- ✓ Zoning

Suppliers	Inputs	Output
Property Management	Marketing Tools	*Property use is in line with area plan *Accomplish specified land use goals *Property back on tax rolls *Eliminate maintenance costs
Planning Department	Area Plan/RFP development	
Urban Development Office	Economic Development Feasibility Study	
RFP Review Committee(s)	Proposal/project evaluation	
City Council	Final Decision(s)	

Process:



3.1 City Council Approval of RFP Criteria

Staff will draft the RFP which will include the criteria for project selection. Upon approval of the RFP criteria by the City Council, the RFP will be issued within 15 days.

Standard operating procedure will be followed for council consideration and approval.

3.2 Issue Request for Proposal (RFP)

The RFP may be published to the following entities:

- Local promotion/solicitation/ Website, Social Media, etc.
- Regional Economic Development Entities
- International Economic Development Council (IEDC)
- Urban Land Institute – (through the Regional Urban Land Institute Chapter)
- Sign on property
- Notification (open solicitation) letter
 - Brokers
 - Developers
 - Certified Commercial Investment Managers (CCIM)s
 - Others depending on project

If property is located in an urban renewal area, a notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)).

This notice is the invitation for proposals and will be published in The Wichita Eagle for two consecutive weeks.

3.3 Receive Proposals

Proposers will have between 30 and 75 days to respond depending on the size and magnitude of the request. Response time will be specified in the RFP.

3.4 Short-list Proposals

Once the proposal period has closed, an initial review of the proposed projects will be conducted by either the Downtown Development Review Committee (DDRC) for downtown projects or the City Manager Review Committee for non-downtown projects.

The short-list of proposals will be generated based on the criteria outlined in the RFP.

Short-listed candidates will receive clarification letters outlining suggestions on how their proposals could be improved based on the RFP criteria.

Short-listed proposals will be invited to submit an application for incentives.

3.5 Developer Submits Application for Incentives

Proposers will have 30-45 days to submit the application for incentives from the issuance of the clarification letter.

Contact the City of Wichita Urban Development Office at 316-268-4528 for information.

3.6 Perform Economic Development Feasibility Study

The economic development feasibility study performed by the Urban Development Office includes return on investment (ROI) calculation and proposer vetting as well as other analyses. The study will take between 30 and 45 business days.

Click on the following link for the City’s Economic Development Policy: [Economic Development Incentive Policy](#)

Or copy/paste the following link into your internet browser:

<http://wichita.gov/Government/Departments/Economic/EconomicDevelopmentDocuments/City%20of%20Wichita%20Economic%20Development%20Policy.pdf>

3.7 Project Selection by Review Committee

Using the project evaluation matrix and the updated proposals based on clarification letter feedback, the best and final proposal will be selected by the appropriate review committee.

Non-voting members of each committee will be appointed by the City Manager.

Following is the list of committee members for both downtown (Downtown Development Review Committee) and non-downtown (City Manager’s Review Committee) project selection:

Downtown Development Review Committee (7)	City Manager’s Review Committee (5)
Downtown Revitalization Manager	Real Estate Administrator
Urban Development Director	Urban Development Director
Private Sector Business Representative 1	Private Sector Business Representative 1
Private Sector Business Representative 2	Private Sector Business Representative 2
Lender	Lender
Wichita Downtown Development Corp (WDDC) 1	Other member(s) appointed by City Manager
Wichita Downtown Development Corp (WDDC) 2	
Non-voting Members (3)	Non-voting Members (3)
Public Works/Engineering design representative	Public Works/Engineering design representative
Finance Department representative	Finance Department representative
Law Department representative	Law Department representative

Helpful Links:

[Downtown Development Policy](#)

Or copy/paste the following link into your internet browser:

<http://wichita.gov/Government/Departments/Planning/NR/NR%20Documents/Downtown%20Development%20Incentives%20Policy.pdf>

[Downtown Project Evaluation Matrix](#)

Or copy/paste the following link into your internet browser:

<http://www.wichita.gov/Government/Departments/Planning/NR/NR%20Documents/Public-Private%20Partnership%20Evaluation%20Criteria.pdf>

3.8 City Council Approval Process

Standard operating procedure will be followed for presenting to council for consideration and approval.

If property is located in an urban renewal area, 30 day notice of intent to dispose of real estate is required by state law ([KSA 17-4750](#)) to the City Council. The notice will not be published.

Final proposal will be disclosed as part of the City Council approval process.

If approved, the transaction can be completed.

If denied, the proposer will be notified.

IV. Appendix A – Important Links

[City of Wichita Property Listings](#)

[City/County Economic Development Incentives Policy](#)

[Downtown Development Policy](#)

[Downtown Project Evaluation Matrix](#)

V. Appendix B – RFP Advisory Committee

Name	Organization
Paul Allen	Allen, Gibbs & Houlik
Christian Ablah	Classic Real Estate
Allen Bell	City of Wichita, Urban Development
CM Jeff Blubaugh	City of Wichita, City Council
Wayne Chambers	High Touch, Inc.
John Clevenger	Commerce Bank
Moji Fanimokun	Wichita Area Realtors
Jeff Fluhr	Wichita Downtown Development
Debbie Gann	Spirit AeroSystems
Jason Gregory	Wichita Downtown Development
Joe Johnson	Schaefer Johnson Cox Frey
Jerry Jones	Slawson Companies
Scott Knebel	City of Wichita, Planning
Robert Layton	City of Wichita, City Manager
Marlin Penner	NAI John T. Arnold Associates
Gary Schmitt	Intrust Bank
Harvey Sorensen - Chairman	Foulston Siefkin
Donna Wright	MidAmerica MBDC

CITY OF WICHITA DOWNTOWN DEVELOPMENT INCENTIVES POLICY

BACKGROUND AND PURPOSE

Project Downtown: the Master Plan for Wichita was adopted by the City Council on December 14, 2010, as the official policy guide for the revitalization of downtown Wichita. Project Downtown identifies that development in downtown often poses initial development costs that can be hard to address with solely with mechanisms like special assessment districts; façade improvements grants and financing; economic development incentive and industrial revenue bond based tax abatements; community improvement district financing; or lead and asbestos abatement financing that provide development incentives in other areas of Wichita. Therefore, Project Downtown recommends that the City of Wichita help overcome such obstacles to private investment by establishing a Downtown Incentives Policy that provides for a range of additional incentives in the form of public investments in downtown development projects that are timed with and supportive of private investment if a facet of the development involves creation of public assets that have lasting public benefits and facilitate additional private investment, and if the proposed public investment is investment in public assets such as parking, streetscaping, parks or other facilities with public benefit beyond the individual project. The purpose of the Downtown Development Incentives Policy is to outline the criteria by which the City of Wichita will consider such additional incentives for downtown development projects. Downtown development projects are those projects located within the Project Downtown plan area.

APPLICABLE INCENTIVES

The Downtown Development Incentives Policy applies to requests for the following general public sources of funding (hereafter, “Downtown Development Incentives”) to be used in a downtown development project that involves creation of, and investment in, public assets with a lasting public benefit and facilitation of additional private investment:

- Tax Increment Financing (TIF)
- ~~Capital Improvement Projects (CIP)~~
- Hotel Guest Tax
- Forgivable Loans
- STAR Bonds
- Land
- Cash

The City’s other established incentive programs will remain available for downtown development projects but will not be subject to the requirements of this policy. Additionally, public projects to improve City assets that are funded through the City’s Capital Improvement Program or that are funded, at least partially, through Special Assessments will not be subject to the requirements of this policy, even if the project is partially funded through one or more of the incentives listed above.

PRELIMINARY REVIEW PROCESS

Prior to consideration by the City Council, parties intending to request Downtown Development Incentives must contact the Downtown Design ~~Resource and Innovation~~ Center (~~DDRC~~DDIC) prior to submitting their request. The ~~DDRC~~ is a consultative undertaking between the Wichita Downtown Development Corporation and the City of Wichita responsible for assisting with the preparation of requests for Downtown Development Incentives. Parties requesting Downtown Development Incentives are required to participate in the preliminary review process established by the ~~DDRC~~DDIC prior to submitting their request.

Once the developer has completed detailed design of the project, the project will be scheduled for design review by the ~~DDRC~~DDIC. The developer will need to provide a site plan and perspective drawings in advance of the design review meeting. Developers and their design team will attend the design review meeting to present the project and answer questions from ~~DDRC~~DDIC team. A dialogue regarding any design modifications needed for consistency with the design guidelines will occur, and the ~~DDRC~~DDIC team will attempt to reach consensus regarding any design modifications with the developer. A written report outlining design modifications needed for consistency with the design guidelines will be provided to the developer following the design review meeting. The developer will provide a revised site plan and perspective drawings to the ~~DDRC~~DDIC for confirmation of the design modifications. If the design modifications are unacceptable to the developer, an appeal to the City Manager may be filed. The City Manager will appoint a committee to hear and decide the appeal. In the event the developer and committee are unable to reach agreement on the modifications, the developer may withdraw the proposal.

SUBMITTAL REQUIREMENTS

After completing the preliminary review process requirements, parties requesting Downtown Development Incentives must submit the information listed below. The City Manager, or other City Staff designated by the City Manager, will determine if the information provided is sufficient to undertake the evaluation process. If the City Manager, or other City Staff designated by the City Manager, determines that additional information is needed in order to undertake the evaluation process, parties requesting Downtown Development Incentives must submit such additional information as may be required by the City Manager, or other City Staff designated by the City Manager.

Project Summary

1. Project amount and purpose
2. Description of the redevelopment project, including details of how the proposed project meets the “Threshold Criteria” and the “Public Benefit Criteria” described in the “Evaluation Process” section below
3. Description of the proposed public-private partnership, including details of how the project partnership meets the “Threshold Criteria” and the “Business Plan Criteria” described below
4. Description of the development team, including details of how the development team meets the “Threshold Criteria” and the “Developer Background” criteria described below

Design Plan

1. Site Plan
2. Perspective Drawings

Business Plan

1. Market Analysis, including written description of plan to meet projections
2. Pro Forma, including written description of plan to meet projections
3. CEDBR Fiscal Impact Model (the developer is responsible for CEDBR's fee for this service)
4. Source of capital, including:
 - a. Evidence of developer equity
 - ~~b. Third party rating of financial stability of lenders~~
 - eb. Evidence of lender commitment
5. Amount and purpose of public investment sought
6. Repayment plan, if the City ordinarily requires a repayment plan or contingent repayment plan in connection with the type of incentive at issue
7. Backup repayment plan, including guarantors, if a repayment plan is required

Developer Background

1. Projected or existing financial statements (three years) ~~and Dun & Bradstreet Financial Stress Score or other third party financial stability rating~~ for:
 - a. Developer, development entity, and key project partners, as applicable
 - b. Guarantors (if different)
 - c. If desired, financial statements may be submitted separately to a designated third party for analysis and summary report to the City.
2. History/ownership/legal structure of the business, including:
 - a. Certificate of Good Standing from the Secretary of State
 - b. Tax Clearance Certificate from the Department of Revenue
3. Experience of the development team, including:
 - a. Experience with similar projects
 - b. Number of projects completed by the development team
 - c. Past project experience with the City of Wichita
 - d. References, especially from other municipalities that have worked with the development team
4. Banking references, including:
 - a. Credit history reports, including past credit defaults (not required if the third party financial analysis option is selected)
 - b. Letters of good standing from previous lenders
5. Applicant Disclosure Questionnaire for:
 - a. Developer, development entity, and key project partners, as applicable
 - b. Guarantors (if different)

Parties that do not want their financial statements disclosed publicly may submit their financial statements directly to a third party financial analysis consultant selected by the City. The third party financial analysis consultant will keep the financial statements confidential and will provide a summary report of their analysis of the financial statements to the City of Wichita, which analysis will in all cases address whether the financial statements were audited, whether

the statements were accompanied by an auditor's opinion that they fairly presented the financial condition of the submitting party or parties, and whether any of the statements contained an auditor's note concerning material or fundamental uncertainty or actual doubt as to the subject's ability to continue as a going concern.

EVALUATION PROCESS

In considering a request for Downtown Development Incentives for a downtown development project, criteria will be evaluated regarding the public benefit of the project, the business plan for the project, and the developer's background and qualifications. An evaluation matrix (attached) will be used to evaluate projects on each criteria category. The evaluation matrix will be completed by an evaluation team that will collectively determine a single project score through team consensus. The evaluation team will be appointed by the City Manager and will include a diverse membership with representatives from the following:

- ~~• Development Assistance Director, Chairperson~~
- Downtown Revitalization Manager, Chairperson
- Urban Development Director
- ~~• Public Works/Engineering design representative~~
- ~~• Finance Department representative~~
- ~~Law Department representative~~
- Two private sector business representatives
- One lender
- Two Wichita Downtown Development Corporation staff/members
- Other subject matter experts as warranted by the project
- Management Analyst (non-voting), staff support
- Public Works/Engineering design representative (non-voting), staff support
- Finance Department representative (non-voting), staff support
- Law Department representative (non-voting), staff support

A project will need to receive 70% of the available points in each of the three criteria categories in order to be considered for Downtown Development Incentives. If the evaluation determines that Downtown Development Incentives should be considered, the resulting rating from the evaluation matrix will determine the required form of the guarantee for public revenue shortfall and the debt service coverage ratio for public financing. Higher rated projects will receive the more favorable terms. If requested, parties requesting Downtown Development Incentives may modify their proposal after the initial evaluation in order to improve the terms through a subsequent evaluation. Final approval of Downtown Development Incentives will be by the City Council.

The minimum threshold and categorical criteria upon which a request for Downtown Development Incentives will be evaluated are:

Minimum Threshold Criteria for the Developer

1. 10% equity

2. Guarantee for a proportional share of public revenue shortfall. For projects that involve multiple phases or developers, each phase or developer must provide a guarantee for a percentage of the public revenue shortfall proportional to that phase's or developer's portion of the overall project.
3. Letter of interest from primary lender or equity investor
4. Applicant Disclosure Questionnaire

Minimum Threshold Criteria for the Project

1. Consistency with Project Downtown's General Design Guidelines and Project Development Criteria. A Design Review Process has been established to determine a project's eligibility for this criterion.
2. Economic analysis confirms that the project is infeasible "but for" public investment.
3. Public investment is in a public asset as defined in Project Downtown.
4. Minimum private to public capital investment ratio of 2 to 1. For projects that involve multiple phases of private capital investment but up-front public capital investment that benefits all phases of development, the amount of private investment for a phase of development must be at least twice the proportion of public capital investment that directly benefits that phase of development.
5. Minimum public debt service coverage ratio of 1.2 to 1

Public Benefit/Compatibility with Overall Downtown Plan

1. Project Location/Design – Projects will be evaluated on the extent to which the project exceeds the General Design Guidelines and Project Development Criteria in the following four areas:
 - a. Location – Project Downtown identifies priority locations such as Catalyst Sites and Walkable Development Focus Areas. Projects will be evaluated on the extent to which they utilize these priority locations in a manner that fosters additional development on properties surrounding the project site. Projects also will be evaluated on the ability to connect existing downtown districts and nodes and on impacts to the transportation system, such as providing a strategic walking connection to the river or accommodating a key transit stop.
 - b. Design –The design of projects will be evaluated on the extent to which they exceed the minimum thresholds. Project Downtown encourages extraordinary design that contributes to Wichita's identity as a community of distinction. Additionally, the Project Development Criteria identifies encouraged design features for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they contribute to community identity and include encouraged design features.
 - c. Land Use/Project Type –The Project Development Criteria identifies encouraged land uses for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they include these encouraged land uses. Projects also will be evaluated on the extent to which they provide a new attraction, destination business, or major employer to the community.
 - d. Other – Developers are encouraged to propose projects that further other priorities identified in Project Downtown. Projects will be evaluated on the extent to which they accomplish additional Project Downtown priorities.

2. Return on Public Investment – The extent to which a project’s return on public investment exceeds 1.3 to 1 on the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model will be evaluated.
3. Public Purpose – Projects will be evaluated on the extent to which they accomplish the following public purposes:
 - a. Public asset serves developments beyond the project site
 - b. Project helps accomplish Project Downtown vision and strategies
 - c. Project enhances the community’s economic base
 - d. Project promotes sustainability
 - e. Other public benefits identified by the developer

Proposed Project Characteristics

1. Market Analysis – The project’s market analysis will be evaluated on the following criteria:
 - a. Extent that the current Project Downtown market analyses confirms project feasibility, or
 - b. Alternatively, confirmation of project feasibility by a separate third-party market analysis
2. Pro Forma – The project pro forma will be evaluated on the following criteria:
 - a. Rate of private investment return
 - b. Rents/prices consistent with performance of comparables
 - c. Projected rate of absorption consistent with performance of comparables
 - d. Long-term project solvency
3. Developer Equity – The amount and form of developer equity in the project will be evaluated.
4. Share of Public Funding – The extent to which private funding of the project exceeds the minimum threshold will be evaluated.
5. Lender Commitment – The financial stability of the lender and the form of lender commitment will be evaluated.

Current Experience and Creditworthiness of Developer

1. Financial Statements – The financial statements of the developer, development entity, key project partners, and guarantors will be evaluated on criteria such as the following:
 - a. Cash ratio of liquid assets to current liabilities
 - b. Debt/equity ratio
 - c. Debt service coverage ratio
 - d. Profit margin
 - e. Return on investment
 - f. Auditor’s opinion on fairness of presentation
 - g. Auditor’s opinion on appropriateness of going concern assumption
2. Developer Experience and Qualifications – The developer’s qualifications and experience will be evaluated on the following criteria:
 - a. Developer credit history
 - b. Letters of good standing from previous lenders
 - ~~e. Dun & Bradstreet Financial Stress Score~~
 - ~~dc.~~ Certificate of Good Standing from the Secretary of State and Tax Clearance Certificate from the Department of Revenue
 - ~~ed.~~ Previous credit defaults by developer or key partners
 - ~~fe.~~ Experience with similar projects

- gf. Number of projects completed by the development team
- hg. Past project experience with the City of Wichita
- ih. References, especially from other municipalities that have worked with the development team

DEVELOPMENT AGREEMENT REQUIRED

Concurrently with, or prior to, the approval of Downtown Development Incentives by the City Council, the City and the developer shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed downtown development project. The Development Agreement will include a site plan and elevation drawings or renderings of the project, and a Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used. Among all other provisions, the Development Agreement will set forth the method and manner for disbursement of funds by the respective parties to pay for eligible project costs as well the responsibilities and milestones of the respective parties in project completion. The assignment of Development Agreement rights to any third party assignee will require prior written consent of the City, which may be granted or withheld at the sole discretion of the City.

“GAP” FINANCING REQUIREMENT

Approval of Downtown Development Incentives will require a financial analysis demonstrating that the project would not otherwise be possible without the use of the requested development incentive (“gap” analysis). Parties requesting Downtown Development Incentives will be required to provide the City pro forma cash flow analyses and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources are not available to fund the entire cost of the project and still provide the developer a reasonable market rate of return on investment. The reasonableness of the rate of return on investment will be determined by dividing net operating income by development cost and comparing that rate to the overall capitalization rate for the land use(s) proposed. Parties requesting Downtown Development Incentives shall use current market conditions and input from local appraisers and lenders in determining the capitalization rate.

BACKGROUND CHECK

The City will conduct a background check on all parties requesting Downtown Development Incentives as well as all project partners. Parties requesting Downtown Development Incentives are required to furnish the City the personal and business information needed to carry out such a background check.

CITY ADMINISTRATIVE FEES

The City shall be paid a non-refundable application fee of \$8,500 with the formal submittal of a request for Downtown Development Incentives. Parties requesting Downtown Development Incentives are responsible for paying the fee charged by the third party financial analysis consultant for preparing a summary report of the applicant’s financial statements. The third

party financial analysis consultant will be selected by the City through a competitive request for proposals process and will be “on call” to evaluate financial statements as applications are received. The fee charged by the third party financial analysis consultant will vary based on the complexity of the project with more complex projects requiring higher fees. Parties requesting Downtown Development Incentives are responsible for paying the fee charged by the Center for Economic Development and Business Research (CEDBR) to run the Fiscal Impact Model for the project.

DESIGN GUIDELINES

All projects must be consistent with Project Downtown’s General Design Guidelines and Project Development Criteria in order for it to be eligible for Downtown Development Incentives. Consistency of project design with the Project Downtown guidelines will be determined by the Downtown Design Resource Center (DDRC). Parties requesting Downtown Development Incentives must participate in the design review process established by the DDRC prior to submitting their request.

All property improvements commenced under a project supported by Downtown Development Incentives shall be subject to City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, and any applicable design guidelines currently in place or hereafter approved. In addition, project plans and renderings shall be reviewed by the City’s Design Council and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

ANNUAL REPORTING

Developers shall provide an annual report to the City no later than 30 days following the anniversary date of the Development Agreement. The annual report shall provide an account of all sources and uses of funds to pay private costs of the project. The City reserves the right to audit the account at its discretion and expense. The annual report also shall detail the developer’s progress towards completing all responsibilities and milestones of project completion identified in the Development Agreement.

WAIVER OF POLICY

Should the City Council determine the terms of this policy inappropriate to evaluate a particular request for Downtown Development Incentives, it may, by majority vote, waive or modify the binding effect of this policy in regard to that project.

RESOLUTION NO. _____

A RESOLUTION AMENDING THE CRITERIA BY WHICH THE CITY OF WICHITA WILL CONSIDER INCENTIVES FOR DOWNTOWN DEVELOPMENT PROJECTS.

WHEREAS, Project Downtown: The Master Plan for Wichita was adopted by the City Council on December 14, 2010; and

WHEREAS, the Downtown Development Incentives Policy was adopted by the City Council on May 17, 2011; and

WHEREAS, the Downtown Development Incentives Policy establishes a program for public-private partnerships involving incentives that fund investments in infrastructure that is timed with and supportive of private investment, creates lasting public benefits, and facilitates additional private investment; and

WHEREAS, the criteria of the Downtown Development Incentives Policy need to be amended to improve processes.

NOW, THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

SECTION 1. The City Council hereby establishes the amended Downtown Development Incentives Policy as follows, which supersedes the policy approved May 17, 2011:

A. BACKGROUND AND PURPOSE. Project Downtown: the Master Plan for Wichita was adopted by the City Council on December 14, 2010, as the official policy guide for the revitalization of downtown Wichita. Project Downtown identifies that development in downtown often poses initial development costs that can be hard to address with solely with mechanisms like special assessment districts; façade improvements grants and financing; economic development incentive and industrial revenue bond based tax abatements; community improvement district financing; or lead and asbestos abatement financing that provide development incentives in other areas of Wichita. Therefore, Project Downtown recommends that the City of Wichita help overcome such obstacles to private investment by establishing a Downtown Incentives Policy that provides for a range of additional incentives in the form of public investments in downtown development projects that are timed with and supportive of private investment if a facet of the development involves creation of public assets that have lasting public benefits and facilitate additional private investment, and if the proposed public investment is investment in public assets such as parking, streetscaping, parks or other facilities with public benefit beyond the individual project. The purpose of the Downtown Development Incentives Policy is to outline the criteria by which the City of Wichita will consider such additional incentives for downtown development projects. Downtown

development projects are those projects located within the Project Downtown plan area.

B. APPLICABLE INCENTIVES. The Downtown Development Incentives Policy applies to requests for the following general public sources of funding (hereafter, “Downtown Development Incentives”) to be used in a downtown development project that involves creation of, and investment in, public assets with a lasting public benefit and facilitation of additional private investment:

- Tax Increment Financing (TIF)
- Hotel Guest Tax
- Forgivable Loans
- STAR Bonds
- Land
- Cash

The City’s other established incentive programs will remain available for downtown development projects but will not be subject to the requirements of this policy. Additionally, public projects to improve City assets that are funded through the City’s Capital Improvement Program or that are funded, at least partially, through Special Assessments will not be subject to the requirements of this policy, even if the project is partially funded through one or more of the incentives listed above.

C. PRELIMINARY REVIEW PROCESS. Prior to consideration by the City Council, parties intending to request Downtown Development Incentives must contact the Downtown Design and Innovation Center (DDIC) prior to submitting their request. The DDIC is a consultative undertaking between the Wichita Downtown Development Corporation and the City of Wichita responsible for assisting with the preparation of requests for Downtown Development Incentives. Parties requesting Downtown Development Incentives are required to participate in the preliminary review process established by the DDIC prior to submitting their request.

Once the developer has completed detailed design of the project, the project will be scheduled for design review by the DDIC. The developer will need to provide a site plan and perspective drawings in advance of the design review meeting. Developers and their design team will attend the design review meeting to present the project and answer questions from DDIC team. A dialogue regarding any design modifications needed for consistency with the design guidelines will occur, and the DDIC team will attempt to reach consensus regarding any design modifications with the developer. A written report outlining design modifications needed for consistency with the design guidelines will be provided to the developer following the design review meeting. The developer will provide a revised site plan and perspective drawings to the DDIC for confirmation of the design modifications. If the design modifications are unacceptable to the developer, an appeal to the City Manager may be filed. The City Manager will appoint a committee to hear and decide the appeal. In the event the

developer and committee are unable to reach agreement on the modifications, the developer may withdraw the proposal.

- D. SUBMITTAL REQUIREMENTS.** After completing the preliminary review process requirements, parties requesting Downtown Development Incentives must submit the information listed below. The City Manager, or other City Staff designated by the City Manager, will determine if the information provided is sufficient to undertake the evaluation process. If the City Manager, or other City Staff designated by the City Manager, determines that additional information is needed in order to undertake the evaluation process, parties requesting Downtown Development Incentives must submit such additional information as may be required by the City Manager, or other City Staff designated by the City Manager.

Project Summary

1. Project amount and purpose
2. Description of the redevelopment project, including details of how the proposed project meets the “Threshold Criteria” and the “Public Benefit Criteria” described in the “Evaluation Process” section below
3. Description of the proposed public-private partnership, including details of how the project partnership meets the “Threshold Criteria” and the “Business Plan Criteria” described below
4. Description of the development team, including details of how the development team meets the “Threshold Criteria” and the “Developer Background” criteria described below

Design Plan

1. Site Plan
2. Perspective Drawings

Business Plan

1. Market Analysis, including written description of plan to meet projections
2. Pro Forma, including written description of plan to meet projections
3. CEDBR Fiscal Impact Model (the developer is responsible for CEDBR’s fee for this service)
4. Source of capital, including:
 - a. Evidence of developer equity
 - b. Evidence of lender commitment
5. Amount and purpose of public investment sought
6. Repayment plan, if the City ordinarily requires a repayment plan or contingent repayment plan in connection with the type of incentive at issue
7. Backup repayment plan, including guarantors, if a repayment plan is required

Developer Background

1. Projected or existing financial statements (three years) for:
 - a. Developer, development entity, and key project partners, as applicable
 - b. Guarantors (if different)

- c. If desired, financial statements may be submitted separately to a designated third party for analysis and summary report to the City.
2. History/ownership/legal structure of the business, including:
 - a. Certificate of Good Standing from the Secretary of State
 - b. Tax Clearance Certificate from the Department of Revenue
3. Experience of the development team, including:
 - a. Experience with similar projects
 - b. Number of projects completed by the development team
 - c. Past project experience with the City of Wichita
 - d. References, especially from other municipalities that have worked with the development team
4. Banking references, including:
 - a. Credit history reports, including past credit defaults (not required if the third party financial analysis option is selected)
 - b. Letters of good standing from previous lenders
5. Applicant Disclosure Questionnaire for:
 - a. Developer, development entity, and key project partners, as applicable
 - b. Guarantors (if different)

Parties that do not want their financial statements disclosed publicly may submit their financial statements directly to a third party financial analysis consultant selected by the City. The third party financial analysis consultant will keep the financial statements confidential and will provide a summary report of their analysis of the financial statements to the City of Wichita, which analysis will in all cases address whether the financial statements were audited, whether the statements were accompanied by an auditor's opinion that they fairly presented the financial condition of the submitting party or parties, and whether any of the statements contained an auditor's note concerning material or fundamental uncertainty or actual doubt as to the subject's ability to continue as a going concern.

E. EVALUATION PROCESS. In considering a request for Downtown Development Incentives for a downtown development project, criteria will be evaluated regarding the public benefit of the project, the business plan for the project, and the developer's background and qualifications. An evaluation matrix (attached) will be used to evaluate projects on each criteria category. The evaluation matrix will be completed by an evaluation team that will collectively determine a single project score through team consensus. The evaluation team will be appointed by the City Manager and will include a diverse membership with representatives from the following:

- Downtown Revitalization Manager, Chairperson
- Urban Development Director
- Two private sector business representatives
- One lender
- Two Wichita Downtown Development Corporation staff/members
- Other subject matter experts as warranted by the project
- Management Analyst (non-voting), staff support

- Public Works/Engineering design representative (non-voting), staff support
- Finance Department representative (non-voting), staff support
- Law Department representative (non-voting), staff support

A project will need to receive 70% of the available points in each of the three criteria categories in order to be considered for Downtown Development Incentives. If the evaluation determines that Downtown Development Incentives should be considered, the resulting rating from the evaluation matrix will determine the required form of the guarantee for public revenue shortfall and the debt service coverage ratio for public financing. Higher rated projects will receive the more favorable terms. If requested, parties requesting Downtown Development Incentives may modify their proposal after the initial evaluation in order to improve the terms through a subsequent evaluation. Final approval of Downtown Development Incentives will be by the City Council.

The minimum threshold and categorical criteria upon which a request for Downtown Development Incentives will be evaluated are:

Minimum Threshold Criteria for the Developer

1. 10% equity
2. Guarantee for a proportional share of public revenue shortfall. For projects that involve multiple phases or developers, each phase or developer must provide a guarantee for a percentage of the public revenue shortfall proportional to that phase's or developer's portion of the overall project.
3. Letter of interest from primary lender or equity investor
4. Applicant Disclosure Questionnaire

Minimum Threshold Criteria for the Project

1. Consistency with Project Downtown's General Design Guidelines and Project Development Criteria. A Design Review Process has been established to determine a project's eligibility for this criterion.
2. Economic analysis confirms that the project is infeasible "but for" public investment.
3. Public investment is in a public asset as defined in Project Downtown.
4. Minimum private to public capital investment ratio of 2 to 1. For projects that involve multiple phases of private capital investment but up-front public capital investment that benefits all phases of development, the amount of private investment for a phase of development must be at least twice the proportion of public capital investment that directly benefits that phase of development.
5. Minimum public debt service coverage ratio of 1.2 to 1

Public Benefit/Compatibility with Overall Downtown Plan

1. Project Location/Design – Projects will be evaluated on the extent to which the project exceeds the General Design Guidelines and Project Development Criteria in the following four areas:

- a. Location – Project Downtown identifies priority locations such as Catalyst Sites and Walkable Development Focus Areas. Projects will be evaluated on the extent to which they utilize these priority locations in a manner that fosters additional development on properties surrounding the project site. Projects also will be evaluated on the ability to connect existing downtown districts and nodes and on impacts to the transportation system, such as providing a strategic walking connection to the river or accommodating a key transit stop.
 - b. Design –The design of projects will be evaluated on the extent to which they exceed the minimum thresholds. Project Downtown encourages extraordinary design that contributes to Wichita’s identity as a community of distinction. Additionally, the Project Development Criteria identifies encouraged design features for each downtown district as “optional criteria.” Projects will be evaluated on the extent to which they contribute to community identity and include encouraged design features.
 - c. Land Use/Project Type –The Project Development Criteria identifies encouraged land uses for each downtown district as “optional criteria.” Projects will be evaluated on the extent to which they include these encouraged land uses. Projects also will be evaluated on the extent to which they provide a new attraction, destination business, or major employer to the community.
 - d. Other – Developers are encouraged to propose projects that further other priorities identified in Project Downtown. Projects will be evaluated on the extent to which they accomplish additional Project Downtown priorities.
2. Return on Public Investment – The extent to which a project’s return on public investment exceeds 1.3 to 1 on the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model will be evaluated.
 3. Public Purpose – Projects will be evaluated on the extent to which they accomplish the following public purposes:
 - a. Public asset serves developments beyond the project site
 - b. Project helps accomplish Project Downtown vision and strategies
 - c. Project enhances the community’s economic base
 - d. Project promotes sustainability
 - e. Other public benefits identified by the developer

Proposed Project Characteristics

1. Market Analysis – The project’s market analysis will be evaluated on the following criteria:
 - a. Extent that the current Project Downtown market analyses confirms project feasibility, or
 - b. Alternatively, confirmation of project feasibility by a separate third-party market analysis
2. Pro Forma – The project pro forma will be evaluated on the following criteria:
 - a. Rate of private investment return
 - b. Rents/prices consistent with performance of comparables
 - c. Projected rate of absorption consistent with performance of comparables
 - d. Long-term project solvency

3. Developer Equity – The amount and form of developer equity in the project will be evaluated.
4. Share of Public Funding – The extent to which private funding of the project exceeds the minimum threshold will be evaluated.
5. Lender Commitment – The financial stability of the lender and the form of lender commitment will be evaluated.

Current Experience and Creditworthiness of Developer

1. Financial Statements – The financial statements of the developer, development entity, key project partners, and guarantors will be evaluated on criteria such as the following:
 - a. Cash ratio of liquid assets to current liabilities
 - b. Debt/equity ratio
 - c. Debt service coverage ratio
 - d. Profit margin
 - e. Return on investment
 - f. Auditor’s opinion on fairness of presentation
 - g. Auditor’s opinion on appropriateness of going concern assumption
2. Developer Experience and Qualifications – The developer’s qualifications and experience will be evaluated on the following criteria:
 - a. Developer credit history
 - b. Letters of good standing from previous lenders
 - c. Certificate of Good Standing from the Secretary of State and Tax Clearance Certificate from the Department of Revenue
 - d. Previous credit defaults by developer or key partners
 - e. Experience with similar projects
 - f. Number of projects completed by the development team
 - g. Past project experience with the City of Wichita
 - h. References, especially from other municipalities that have worked with the development team

F. DEVELOPMENT AGREEMENT REQUIRED. Concurrently with, or prior to, the approval of Downtown Development Incentives by the City Council, the City and the developer shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed downtown development project. The Development Agreement will include a site plan and elevation drawings or renderings of the project, and a Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used. Among all other provisions, the Development Agreement will set forth the method and manner for disbursement of funds by the respective parties to pay for eligible project costs as well the responsibilities and milestones of the respective parties in project completion. The assignment of Development Agreement rights to any third party assignee will require prior written consent of the City, which may be granted or withheld at the sole discretion of the City.

- G. “GAP” FINANCING REQUIREMENT.** Approval of Downtown Development Incentives will require a financial analysis demonstrating that the project would not otherwise be possible without the use of the requested development incentive (“gap” analysis). Parties requesting Downtown Development Incentives will be required to provide the City pro forma cash flow analyses and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources are not available to fund the entire cost of the project and still provide the developer a reasonable market rate of return on investment. The reasonableness of the rate of return on investment will be determined by dividing net operating income by development cost and comparing that rate to the overall capitalization rate for the land use(s) proposed. Parties requesting Downtown Development Incentives shall use current market conditions and input from local appraisers and lenders in determining the capitalization rate.
- H. BACKGROUND CHECK.** The City will conduct a background check on all parties requesting Downtown Development Incentives as well as all project partners. Parties requesting Downtown Development Incentives are required to furnish the City the personal and business information needed to carry out such a background check.
- I. CITY ADMINISTRATIVE FEES.** The City shall be paid a non-refundable application fee of \$8,500 with the formal submittal of a request for Downtown Development Incentives. Parties requesting Downtown Development Incentives are responsible for paying the fee charged by the third party financial analysis consultant for preparing a summary report of the applicant’s financial statements. The third party financial analysis consultant will be selected by the City through a competitive request for proposals process and will be “on call” to evaluate financial statements as applications are received. The fee charged by the third party financial analysis consultant will vary based on the complexity of the project with more complex projects requiring higher fees. Parties requesting Downtown Development Incentives are responsible for paying the fee charged by the Center for Economic Development and Business Research (CEDBR) to run the Fiscal Impact Model for the project.
- J. DESIGN GUIDELINES.** All projects must be consistent with Project Downtown’s General Design Guidelines and Project Development Criteria in order for it to be eligible for Downtown Development Incentives. Consistency of project design with the Project Downtown guidelines will be determined by the Downtown Design Resource Center (DDRC). Parties requesting Downtown Development Incentives must participate in the design review process established by the DDRC prior to submitting their request.

All property improvements commenced under a project supported by Downtown Development Incentives shall be subject to City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, and any applicable design guidelines currently in place or hereafter approved. In addition, project plans and renderings shall be reviewed by the City’s

Design Council and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

K. ANNUAL REPORTING. Developers shall provide an annual report to the City no later than 30 days following the anniversary date of the Development Agreement. The annual report shall provide an account of all sources and uses of funds to pay private costs of the project. The City reserves the right to audit the account at its discretion and expense. The annual report also shall detail the developer's progress towards completing all responsibilities and milestones of project completion identified in the Development Agreement.

L. WAIVER OF POLICY. Should the City Council determine the terms of this policy inappropriate to evaluate a particular request for Downtown Development Incentives, it may, by majority vote, waive or modify the binding effect of this policy in regard to that project.

SECTION 2. The City Council directs the staff of the City of Wichita to use the established criteria in developing recommendations for future City Council action regarding incentives for downtown development projects.

ADOPTED by the governing body of the City of Wichita, Kansas, this 10th day of June, 2014.

CITY OF WICHITA, KANSAS

Carl Brewer, Mayor

ATTEST:

Karen Sublett, City Clerk
(SEAL)

Approved as to Form:

Gary E. Rebenstorf, Director of Law

DOWNTOWN DEVELOPMENT INCENTIVES EVALUATION FORM

(Circle the appropriate score for each criterion based on your individual evaluation)

Date: _____									
Project: _____									
Evaluator: _____									
<i>MINIMUM SUBMITTAL CRITERIA FOR DEVELOPER:</i>									
Development entity or key partners provide at least 10% equity						Yes	No		
Development entity and/or key partners provide a proportional guarantee for public revenue shortfall						Yes	No		
Development entity and key partners pass City vetting process						Yes	No		
Submittal of Letter of Interest from primary lender or equity investor						Yes	No		
<i>MINIMUM SUBMITTAL CRITERIA FOR PROJECT:</i>									
Consistent with Project Downtown's general and district design guidelines						Yes	No		
Economic analysis confirms that project is infeasible "but for" public investment						Yes	No		
Public investment is in a public asset as defined in Project Downtown Plan						Yes	No		
Minimum proportional private to public capital investment ratio of 2 to 1						Yes	No		
Minimum public debt service coverage ratio of 1.2 to 1						Yes	No		
<i>If "No" is circled for any of the above criterion, the project is not eligible for further evaluation.</i>									

<u>PUBLIC BENEFIT/COMPATIBILITY WITH OVERALL DOWNTOWN PLAN</u>				(40 points possible)			Total Score:	
							Percentage:	
<u>PROJECT LOCATION/DESIGN</u>				Poor	Fair	Moderate	Significant	Exceptional
LOCATION (extent project location fits Project Downtown priorities)				1	2	3	4	5
Project Downtown identifies priority locations such as Catalyst Sites and Walkable Development Focus Areas. Projects will be evaluated on the extent to which they utilize these priority locations in a manner that fosters additional development on properties surrounding the project site. Projects also will be evaluated on the ability to connect existing downtown districts and nodes and on impacts to the transportation system, such as providing a strategic walking connection to the river or accommodating a key transit stop.								
				Poor	Fair	Moderate	Significant	Exceptional
DESIGN (extent project design fits priorities of Project Downtown)				1	2	3	4	5
The design of projects will be evaluated on the extent to which they exceed the minimum thresholds. Project Downtown encourages extraordinary design that contributes to Wichita's identity as a community of distinction. Additionally, the Project Development Criteria identifies encouraged design features for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they contribute to community identity and include encouraged design features.								
				Poor	Fair	Moderate	Significant	Exceptional
LAND USE/PROJECT TYPE fits priorities of Project Downtown				1	2	3	4	5
The Project Development Criteria identifies encouraged land uses for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they include these encouraged land uses. Projects also will be evaluated on the extent to which they provide a new attraction, destination business, or major employer to the community.								
					Fair	Moderate	Significant	Exceptional
OTHER LOCATION/DESIGN BENEFITS documented by developer				0	1	2	3	
<u>RETURN ON PUBLIC INVESTMENT</u>						< 1.3:1	1.3-1.5:1	>1.5:1
Extent City's ROI exceeds benefit/cost ratio of 1.3:1 on CEDBR Model						0	1	2
<u>PUBLIC PURPOSE</u>				Poor	Fair	Moderate	Significant	Exceptional
Extent public asset serves developments beyond the project				1	2	3	4	5
Extent that project helps accomplish Project Downtown vision & strategies				1	2	3	4	5
Extent that project enhances the community's economic base				1	2	3	4	5
Extent that project promotes environmental sustainability				0	0	1	2	2
Other public benefits as documented by Developer				0	0	1	2	3

<u>PROPOSED PROJECT CHARACTERISTICS</u> (35 points possible)							Total Score:					
							Percentage:					
<u>BUSINESS PLAN ASSESSMENT</u>							<i>Poor</i>	<i>Fair</i>	<i>Moderate</i>	<i>Significant</i>	<i>Exceptional</i>	
MARKET ANALYSIS							0	1	2	3	4	
a) Extent Project Downtown market analysis confirms project feasibility, or												
b) Alternative, confirmation of project feasibility by 3rd party analysis												
PRO FORMA ANALYSIS										No	Yes	
a) Rate of private investment return falls within contemporary market standards										0	1	
										<i>Moderate</i>	<i>Significant</i>	
b) Projected rents/prices consistent with performance of comparables										1	2	
c) Projected rate of absorption consistent with performance of comps										1	2	
										Fairly	Likely	
d) Long-term solvency of the project										0	1	
<u>DEVELOPER EQUITY THIS PROJECT</u>							<12%	12-14%	15-19%	20-24%	25-29%	30%+
Extent equity exceeds minimum threshold (min 10%)							0	2	4	6	8	10
									<i>Other</i>	<i>Guaranty</i>	<i>Bond/LOC</i>	<i>Escrow</i>
Firmness of equity commitment									0	2	4	5
<u>SHARE OF PUBLIC FUNDING</u>							>2:1	>3:1	>4:1	>5:1	>6:1	
Extent <i>private</i> to <i>public</i> investment ratio exceeds 2:1							1	2	3	4	5	
<u>LENDER COMMITMENT</u>												
FINANCIAL STABILITY OF LENDER										<i>Average</i>	<i>Above Avg.</i>	<i>Superior</i>
a) Bank or Other Company -3rd Party Rating							Score only one-bank/company or individual			1	2	3
<i>or alternatively</i>							****DO NOT SCORE BOTH****				<750	750+
b) Individual -Personal Credit Score (FICO)											0	1
FIRMNESS OF LENDER COMMITMENT										<i>No</i>	<i>w/conditions</i>	<i>w/o cond.</i>
Commitment letter										0	1	2

<u>CURRENT EXPERIENCE AND CREDITWORTHINESS OF DEVELOPER</u>					(25 points possible)		Total Score:	
							Percentage:	
			<i>Poor</i>	<i>Fair</i>	<i>Moderate</i>	<i>Significant</i>	<i>Exceptional</i>	
			2	4	6	8	10	
<u>FINANCIAL STATEMENTS</u>								
Based on the summary report from the 3rd party consultant, evaluate the financial strength of the developer and the key partners.								
					<i>Other</i>	<i>Good</i>	<i>Excellent</i>	
<u>DEVELOPER EXPERIENCE & QUALIFICATIONS</u>								
Developer Credit History					0	1	2	
					<i>None</i>	<i>One</i>	<i>2 or more</i>	
Letters of Good Standing from Lenders in previous projects					0	1	2	
					<i>Other</i>	<i>Good</i>	<i>Excellent</i>	
Certificate of Good Standing & Tax Clearance Certificate from State						0	1	
					<i>Other</i>	<i>0 last 10 yrs</i>	<i>Never</i>	
Extent of defaults by development entity or key partners					0	1	2	
					<i>None</i>	<i>One</i>	<i>Two</i>	<i>3 or more</i>
Experience with similar public-private projects, completed by same development team					0	1	2	3
						<i>No</i>	<i>Yes</i>	
References, esp from other municipal partners						0	1	
					<i>Fair</i>	<i>Moderate</i>	<i>Significant</i>	<i>Exceptional</i>
Other Experience documented by the Developer					1	2	3	4