



PUBLIC-PRIVATE PARTNERSHIP EVALUATION CRITERIA

PURPOSE

[Project Downtown: The Master Plan for Wichita](#) has a business plan for developing the public-private partnerships necessary to overcome the barriers to private investment in downtown redevelopment projects. The business plan recommends public-private partnership criteria that are clear, predictable, and transparent. Additionally, the business plan recommends that public investments in downtown redevelopment projects be timed with and supportive of private investment but be limited to public assets that have lasting public benefits and facilitate additional private investment. The purpose of this document is to outline the criteria by which the City of Wichita will consider public-private partnerships for downtown redevelopment projects.

GETTING STARTED

The Downtown Design Resource Center (DDRC) is a partnership between the Wichita Downtown Development Corporation and the City of Wichita to assist developers with gaining access to the resources necessary to make downtown redevelopment projects happen. The DDRC also will determine if a project's design is consistent with Project Downtown's design guidelines in order that it may be eligible for public investment through a public-private partnership. Developers are encouraged to contact the DDRC as early as possible in the project planning phase.

Upon initial contact, a meeting will be scheduled with the DDRC leadership team to learn about the project. The various resources available to assist the project will be discussed along with the requirements of the assistance programs. An approach to project assistance will be determined. Based on this approach, follow-up meetings with various members of the DDRC will be scheduled as necessary to assist the developer with applying for assistance.

Initial contact should be directed to either the Wichita Downtown Development Corporation or the City of Wichita.

Wichita Downtown Development Corporation

Jason Gregory, Executive Vice President

316.264.6005

jason@downtownwichita.org

City of Wichita

Scott Knebel, Downtown Revitalization Manager

316.268.4456

sknebel@wichita.gov

APPLICABLE INCENTIVES

Each developer requesting general public sources of funding shall participate in this evaluation process in order for the City of Wichita to consider public investment. Such public funding sources are as follows: Tax Increment Financing (TIF), Capital Improvement Projects (CIP), Guest Tax (Bed Tax), STAR Bonds, Forgivable Loans, land and direct cash investment. There are additional incentive programs, however, which do not require this evaluation process. Each incentive program has its own set of qualification requirements which can be reviewed in the [Downtown Development Guide](#).

EVALUATION CRITERIA

In considering a public-private partnership for a downtown redevelopment project, criteria will be evaluated regarding the public benefit of the project, the business plan for the project, and the developer's background. An evaluation matrix (attached) will be used to evaluate projects on each criteria category. A project will need to receive 70% of the available points in each of the three criteria categories in order to be considered. Additionally, minimum threshold criteria for the



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developer and the project also must be met for a public-private partnership to be considered. The minimum threshold and categorical criteria are described below. The DDRRC can assist developers with any questions regarding these criteria.

MINIMUM SUBMITTAL CRITERIA FOR 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 SUBMITTAL CRITERIA FOR PROJECT

1. Consistency with Project Downtown's [General Design Guidelines](#) and [Project Development Criteria](#). A [Preliminary 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



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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. Dun & Bradstreet Financial Stress Score
 - d. Certificate of Good Standing from the Secretary of State and Tax Clearance Certificate from the Department of Revenue
 - e. Previous credit defaults by developer or key partners
 - f. Experience with similar projects
 - g. Number of projects completed by the development team
 - h. Past project experience with the City of Wichita
 - i. References, especially from other municipal partners

SUBMITTAL REQUIREMENTS

A pre-proposal meeting as described in the “Getting Started” section above is required prior to submitting a proposal for a public-private partnership for a downtown redevelopment project. A proposal must include the items described below. To assist with the evaluation process, proposals should be prepared in the order listed below and include a table of contents and page numbering. If desired, proposals will be held in confidence by the City of Wichita, until such time as formal action on the proposal is considered by the Wichita City Council. The DDRRC can assist developers with questions that may arise during the preparation of a proposal.

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 above.
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 above.
4. Description of the development team, including details of how the development team meets the “Threshold Criteria” and the “Developer Background” criteria described above.



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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. Sources and uses of capital, including:
 - a. Evidence of developer equity
 - b. Third party rating of financial stability of lenders
 - c. 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. See [Third Party Financial Analysis Process](#) for details.
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 municipal partners
4. Banking references, including:
 - a. Credit history reports, including past credit defaults
 - 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)
 - c. Only one (1) copy of the Applicant Disclosure Questionnaire should be submitted, and for confidentiality, it should be submitted separately from the remainder of the application.

In addition to the information listed above, a [City of Wichita Application for Development Incentives Form](#) must be submitted. Sixteen (16) printed copies and a PDF of the application form and proposal must be submitted to:

Allen Bell, Urban Development Director
Office of Urban Development
City Hall – 13th Floor
455 N. Main St.
Wichita, KS 67202
abell@wichita.gov



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EVALUATION FEE

A non-refundable evaluation fee of \$8,500 shall be remitted to the City of Wichita with each proposal. Developers also are responsible for paying the fee charged by the [Third Party Financial Analysis](#) consultant for preparing a summary report of the developer's financial statements. Developers also 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.

EVALUATION PROCESS

Evaluations will be conducted by an evaluation team, which will use the attached evaluation matrix. 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
- 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
- Analyst (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. If the evaluation determines that a public-private partnership 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, developers may modify proposals after the initial evaluation in order to improve the terms through a subsequent evaluation. Final approval of any public investment will be by the Wichita City Council.



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