City of Wichita

And

Sedgwick County

Economic Development Guidelines

October 2020

Table of Contents

Overview 2
Downtown Development **4**
Property Tax Abatement / Sales Tax Exemption **12**
Industrial Revenue Bonds 12
Property Tax Abatement 16
Abatement Percentage 17
Speculative Industrial/Flex/Office Buildings 18
Sales Tax Exemption 20
Economic Development Exemption 22
Property Tax Abatement 25
Abatement Percentage 26
Community Improvement District **29**
Eligible Costs 32
Tax Increment Financing **37**
Eligible Costs 39
Sales Tax and Revenue (STAR) Bond Financing **45**
Eligible Costs 46
Façade Improvement Program **51**
Eligible Improvements 52
Façade Improvement Area 57
Maps **51**
Redevelopment Area 52

OVERVIEW

A. Economic development incentives are necessary because of the inherent competition between localities for new businesses and jobs and therefore shall be used prudently on projects where incentives can make a difference to either remain or locate in Sedgwick County. The governing bodies of both the City and County have adopted these guidelines.

B. These guidelines have been prepared with the recognition that certain provisions are applicable to only one and not both jurisdictions. The intent of these guidelines is to complement any incentive program that may be adopted by other municipalities within Sedgwick County or by the State of Kansas. The City may consider other public improvements.

C. The following guidelines are intended to provide a framework for consideration of incentives, and may not be the only factors to consider regarding incentives. The guidelines are primarily quantitative considerations. Qualitative considerations should also factor into the decisions regarding the granting of incentives.

D. The objective of offering economic development incentives to businesses and developers shall be to encourage business and community development by:

1. Creating and retaining quality jobs;
2. Broadening and diversifying the tax base;
3. Encouraging capital investments;
4. Increasing the region's global competitiveness;
5. Promoting the growth and welfare of the City of Wichita and Sedgwick County.
6. Reducing crime.
7. Improving community reputation.
8. Redevelopment of key neighborhoods.
9. Encouraging regional cooperation.
10. Education of the community about public benefits.

E. Economic development incentives available from the City of Wichita and Sedgwick County may include (but are not limited to) property tax abatements, sales tax exemptions, Community Improvement Districts, Tax Increment Financing, Sales Tax and Revenue bond financing and Façade Improvement loans. The City Council or Board of County Commissioners may determine the amount, terms and conditions of incentives.

F. Each request for incentives will be evaluated on an individual basis. Changing economic conditions and availability of funds may cause the City of Wichita and Sedgwick County to modify, amend, or discontinue any economic development incentive program. Should an incentive program be discontinued, the City Council and Board of County

Commissioners will honor any incentive committed to before the discontinuance of the program.

G. Each incentive program has separate and varying fees. Fees can include, but are not limited to, application fees, deposit fees, administrative fees, third party consultant fees, outside legal counsel fees, costs of mailing and publishing, among others.

H. Staff will meet with companies, or developers, preliminarily to discuss projects, eligibility, submission requirements and timing, but will not process applications for City Council action until all application and deposit fees have been collected and all requisite applications and supporting documents have been submitted. A date for submission to the governing body will be selected by staff based upon available dates and staff work levels.

I. Any costs incurred by the company, or developer, prior to approval of an incentive(s) will not be reimbursable by any incentive funding.

J. Minimum private to public capital investment ratio should be 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. The City Council may waive this limit for projects of a substantial nature, or projects that diversify the local economy.

K. Application and deposit fees for specific incentive tools are to defray the cost of internal staff, external consultants, analysis, public notices and mailings necessary to administer and process applications. The overall goal is to ensure that the administration and processing of incentive applications are revenue neutral to the City.

L. Economic Incentives are considered at the discretion of the City Council or County Commission and are not by right. The City Council or County Commission can determine to cease the use of an incentive or incentive tools at any time.

DOWNTOWN DEVELOPMENT INCENTIVES

APPLICATION FEE

$5,000 – Non-refundable

DEPOSIT

The City shall require a minimum $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications as well as internal and or external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. For projects that are complex in nature, such as requesting multiple incentives, the City may require a $20,000 deposit to ensure adequate resources. Failure to replenish the deposit may result in City staff ceasing the processing of a project.

Parties requesting Downtown Development Incentives are also 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 "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. In addition, 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.

BACKGROUND AND PURPOSE

The Master Plan for Wichita, Project Downtown, was adopted by the City Council on December 14, 2010, as the official guide for the revitalization of downtown Wichita. Project Downtown recognizes that development in downtown often poses initial development costs that can be hard to address solely with mechanisms like special assessment districts; façade improvement financing; economic development incentives and industrial revenue bond benefits; community improvement district financing; or lead and asbestos abatement financing. 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 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 (hereinafter, "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
- STAR Bonds

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 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 Assistant City Manager/Development Services Director may be filed. The Assistant 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 Assistant City Manager, or other City Staff designated by the Assistant City Manager, will determine if the information provided is sufficient to undertake the evaluation process. If the Assistant City Manager, or other City Staff designated by the Assistant 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 Assistant City Manager, or other City Staff designated by the Assistant 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):
   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:

- Metropolitan Planning Department representative
- Assistant City Manager/Development Services Director
- Public Works
- Finance Department
- Law Department
- 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

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.
    - Infrastructure improvements not currently in the City's CIP but requested for the development will be considered a public investment when calculating the 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 – Project's return on public investment will be reviewed by the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model.
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 promotes sustainability
   c. Other public benefits identified by the developer
   d. Project helps accomplish Project Downtown vision and strategies
   e. Project enhances the community's economic base

<u>Proposed Project Characteristics</u>

1. Market Analysis – The project's market analysis will be evaluated on the following criteria:
   a. Extent that the current Project Downtown market analysis 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.

<u>Current Experience and Creditworthiness of Developer</u>

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 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 1) set forth the method and manner for disbursement of funds by the respective parties to pay for eligible project costs, 2) define the responsibilities of the respective parties, 3) define the minimum investment and 4) identify all milestones/benchmarks with associated timeframes for the project to achieve in order for it to maintain its eligibility for incentives. 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.

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 And Innovation Center (DDIC). Parties requesting Downtown Development Incentives must participate in the design review process established by the DDIC 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 detail the developer's progress towards completing all responsibilities and milestones of project completion identified in the Development Agreement. The City reserves the right to audit the account at its discretion and expense.

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.

PROPERTY TAX ABATEMENT / SALES TAX EXEMPTION

INDUSTRIAL REVENUE BONDS (IRBs)

A mechanism by which companies and developers may achieve either a property tax abatement, a sales tax exemption, or both. For consideration, a project must qualify under the guidelines listed below.

APPLICATION FEE

$2,500 - Industrial Revenue Bonds (sales tax exemption & property tax abatement)
$1,000 - (Sales tax exemption only)

ADMINISTRATIVE SERVICE FEE

$2,500 annual fee for maintenance of IRB accounts

BACKGROUND AND PURPOSE

A. Business Activity: To be eligible for any public incentives, a business must be engaged in one or more of the following activities:

1. *Advanced Manufacturing & Materials*. Determined by appropriate NAICS codes
2. *Professional Services*. 30% or more of revenues must be derived from transactions originating outside Sedgwick County.
3. *Research and Development*. The conducting of research, development or testing for aviation, scientific, medical, food product or industrial purposes.
4. *Warehousing and Distribution*. Majority of goods stored/shipped must be destined for end-users located outside Sedgwick County.
5. *Corporate Headquarters*. May include “back office” operations and customer service activities, but shall not include out-bound call centers. Majority of revenues must be derived from transactions originating outside the Sedgwick County.
6. *Transportation & Logistics*. Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel.
7. *Tourism*. Attractions considered likely to attract at least 30% of attendees from outside the Sedgwick County.
8. *Healthcare*. Regional medical centers and specialty hospitals considered likely to attract at least 30% of patients from outside the Sedgwick County.
9. *Speculative Industrial/Flex/Office Buildings.* As defined in paragraph IV. Incentives
10. *501(c) (3) Organizations*. Projects that are consistent with the organization’s charitable purpose.
11. Businesses that have a principal business activity, product or service identified by the *Regional Growth Plan*.

a. *Advanced Manufacturing & Materials*

b. *Aerospace*

c. *Agriculture*

d. *IT Systems & Support*

e. *Health Care*

f. *Energy*

g. *Transportation and Logistics*

B. Value Added Job: A value added job produces goods and/or services that are sold predominately outside of the Sedgwick County. Importing wealth into the community through value added jobs grows the local economy. Whereas non-value-added jobs typically re-circulate wealth within the community.

C. Wage and Salary Criteria: A business may be considered for public incentives only if the wages paid to its net new employees are equal to or greater than 120% of the median wages within Sedgwick County as determined by the Kansas Department of Labor Wage Survey. According to the 2019 edition of the Kansas Wage Survey, the median income of all occupations in Sedgwick County was $35,768. Therefore, 120% of the median income would be $42,921. In addition to meeting wage requirements, jobs created must include health care benefits. If health care benefits are not offered, wages must be 150% of the average wage as stated above.

D. Return on Public Investment (ROI): Requests for local incentives may require a cost/benefit analysis completed prior to consideration by the appropriate governing body as stated by State statute or local policy. A designated agent on behalf of the City and County will conduct the cost/benefit analyses and any fees associated with this application are the responsibility of the applicant. The ratio of public benefits to public costs, each on a present value basis, should be 1.0 to 1.0 for both the general and debt service funds for the City of Wichita; for Sedgwick County should be 1.0 overall. No cost/benefit analysis shall be required for projects seeking a sales tax exemption only, or for 501(C)(3) organizations, unless required in other sections of these guidelines.

E. Community and Workforce Development Benefits: Projects that provide additional community benefits may be considered for additional incentives or a reduced threshold to qualify for incentives based on the following criteria (must be defined in the application to the City or County):

1. *Community benefits (must meet one of the following):*

   a. *Location: Locating within a redevelopment area of the City, as defined by the City Council or providing employment to targeted populations.*

      Redevelopment Area is defined as a location where one of the following elements exist:

      (1) *More than 30% of the population lives at or below the federal poverty line ($26,200 for a family of four, as of March 1, 2020 according to HHS Guidelines).*

      (2) *More than 30% of the population is unemployed.*

      (3) *More than 30% of the structures are vacant or uninhabitable.*

(4) Located within an Urban Renewal or Opportunity Zone Area

(5) *Other factors or special areas as defined by the City Council*.

b. Population: Providing employment to a targeted population. A targeted population is defined by one of the following factors.

(1) Difficult to employ populations, including individuals with a criminal record.

(2) Living below 125% of the federal poverty line ($32,750 for a family of four, as of March 1, 2020 according to HHS Guidelines).

(3) Chronic unemployment

(4) Low skill/under employed workers.

c. Wages must be at, or above, 100% of the median wage within Sedgwick County as determined by the Kansas Department of Labor Wage Survey.

2. Any project must provide at least one of the additional benefits or training to employees in order to be considered for the Community and Workforce Development exemption.

a. Health care benefits (50%)

b. Job training and certification

(1) *Any job training, or certification programs, must be defined in the application to the* City or County

(2) Any job training, or certification programs, must be demonstratable/documentable (i.e. contracts with the State of Kansas, on-the-job training manuals, etc.)

(3) Any job training, or certification programs, identified in the application to the City must be documented at the five-year compliance review

c. Education: Provide tuition reimbursement or other form of continued education.

(1) Any tuition reimbursement, or other form of continued education, must be defined in the application

(2) Any tuition reimbursement, or other form on continued education, must be demonstratable/documentable (employment contract, HR forms, etc.)

(3) Any tuition reimbursement, or other continued education defined in the application must be documented at the five-year review

(4) Other methods of demonstrating/documenting tuition reimbursement, or other forms of continuing education could include any affiliations with programs offered through organizations such as WSU Tech, Butler County College, National Center for Aviation Training, receiving funds from the State from the Kansas Industrial Training program, or Kansas Industrial Retraining program (or other programs as may developed over time). This list is not exhaustive. Other programs will be considered as well.

F. In addition to the above provisions, the City Council or County Commission may consider the following information when deciding whether to approve an incentive.

1) The project is for a target industry as determined by the most recent strategic/cluster analysis for Economic Development for Sedgwick County/City of Wichita;
2) The size of the project based upon private investment in the site development, plant facilities and infrastructure;
3) The total number of net new jobs, wages, benefits and types of jobs created;
4) The relationship between job creation and total investment;
5) Potential for future expansion and increased employment;
6) Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company.
7) Potential for diversification of the regional economy;
8) Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.
9) Project specific issues that impact upon local infrastructure responsibilities of the City or County;
10) Project specific incentives that may be pursued to stimulate other development areas that the City or County may deem of significant benefit to the community;
11) Economic development incentives from other local governments and/or the State;
12) Financial impact and budget ramifications.
13) Community and Workforce Development Benefits.
14) Sustainable Development/Use of alternative energy.

G. The City or County may conduct legal and/or financial research regarding the company as part of eligibility determination.

H. Economic development incentives may not be transferred or otherwise conveyed to another party without approval of the City Council or Board of County Commissioners.

I. The governing body of either of the Issuers reserves the right to waive any or all of the foregoing requirements or exempt any Project therefrom in the event circumstances exist to warrant such waiver or exemption.

Implementation

All Economic Development Incentives will be formalized in a written agreement by the City of Wichita or Sedgwick County and the recipient company. The recipient company will be required to meet the following performance criteria:

A. Jobs created and payroll commitments

B. Capital investment in real property

C. Compliance with wage requirements

D. Compliance with all applicable governmental laws, rules and regulations

Compliance with any conditions imposed by the Economic Development Incentive Agreement.

Incentives

The City or County will only consider giving incentives to companies relocating from neighboring communities when existing local conditions preclude continued operations in that community.

When a project includes tax abatements/exemptions or infrastructure improvements, the private/public funding ratio of overall project costs must be 2 to 1. The present value of property and sales tax exemptions will be considered public funding.

A. Property Tax Abatement

1. The City of Wichita and Sedgwick County are authorized under State law to grant tax abatements on private business property either in connection with the issuance of Industrial Revenue Bonds (IRBs) or under Article 11 of the state constitution that enables Economic Development Exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of business included in the list of eligible businesses, EDX abatements are limited to expanding manufacturing, research and development and warehouse and distribution businesses that create or retain jobs. The City or County, as Issuer, will not issue Bonds for projects located outside of its organizational boundaries unless the Project is located in an industrial district or the requesting entity has its primary headquarters are located within such Issuer's organizational boundaries.
2. Property tax abatements require a public hearing prior to approval by the governing body. One public hearing will be held prior to the issuance of bonds. No additional public hearing will be required.
3. Property taxes may be abated for new improvements to real property and for newly acquired items of personal property not otherwise exempt under Kansas law, used by an eligible business in connection with an expansion or relocation of the business' operations in Wichita or Sedgwick County. Land and existing buildings are not generally eligible for property tax abatement. Existing buildings may only be considered for tax abatement if the building has been vacant for at least two years and is acquired by a party not related to the previous owner. Exceptions may be made for buildings used by target industries as determined by the most recent economic development strategic/cluster analysis for Sedgwick County/Wichita and in cases where reuse of the building within two years is deemed unlikely. Otherwise, no existing property will be removed from the tax rolls. Land will not be considered for tax abatements.
4. The term of tax abatement on real taxable property improvements under these guidelines shall be an initial term of five years, subject to the following clause, plus an additional five years subject to review and approval of the originating body at the end of the initial term. Tax abatement on eligible items of personal property shall be limited to a term of five years.
5. Any company committing to a five-year capital investment of at least $25,000,000, with annual bonds issues, where the nature of the investment is general improvements to facilities located on a business campus, shall be granted a 10-year tax abatement for those improvements.

6. The recommended percentage of property taxes to be abated shall be cumulative, based on new job creation, capital investment by the eligible business, and additional considerations as follows (cumulative):

• New Jobs	5-25	26-50	>50
	30%	40%	50%
• New Capital Investment	$1M-<$5M	$5M-10M	>$10M
	40%	50%	60%

- Additional Considerations
  - Regional Growth Plan sector 10%
  - Utilizing State, federal or utility incentives 10%
  - Sustainable Development/Alternative Energy use 15%
  - Investing in, or funding, entrepreneurship 25%
  - Talent attraction plan (must be documented) 25%
  - Locating in Redevelopment Area 25%
  - Community and Workforce Development Benefits 25%

- Example: If a company is projecting it would create 10 new jobs, it would qualify for a 30% abatement. If it is also investing $4,000,000 in facilities and/or machinery and equipment, it would qualify for an additional 40%, totaling 70%. If the company is in a Regional Growth Plan sector, add another 10% (now 80% total). If the company is also utilizing State of Kansas incentives, add another 10% for a total of a 90% abatement.

7. Payments-In-Lieu-of-Taxes (PILOTs): Any business receiving a tax abatement may be required to make payments in lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Sedgwick County Treasurer for proportional distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

8. Service Fee Payments: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of service fees through the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of the service fee shall be based on the tax rate of the applicable Unified School District and/or the Sedgwick County Fire District, and any service fees thus paid shall be remitted to such School and/or Fire District.

9. Speculative Industrial/Flex/Office Buildings:

   Applicable fees are the same as IRBs, as this incentive requires the issuance of IRBs.

   - **Definitions (source NAOIP):**

   a. Speculative Building:

   A building developed and constructed without any preleasing in place. Construction commences without a prelease when the developer believes there is so much demand for that type of building in that market or submarket that a lease commitment is bound to come through.

   b. Industrial Building:

   A structure used primarily for manufacturing, research and development, production, maintenance, and storage or distribution of goods or both. It can include some office space. Industrial buildings are divided into three primary classifications: manufacturing, warehouse or distribution, and flex. (The typical characteristics of the most common types of industrial buildings are shown in the Industrial Building Types Matrix. below).

   - Minimum 100,000 square foot building
   - Minimum clear height of 28'
   - Concrete tilt up preferred
   - Must have architectural façade on public street facing sides

   (1) *Minimum* lease must be for 25,000 square feet, or more

   (2) Must begin *construction* within 120 days of Council approval and complete construction within 15 months of Council approval

   (3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is *leased* at five-year mark

   c. Flex Facility:

   As its name suggests, an industrial building designed to be used in a variety of ways. It is usually located in an industrial park setting. Specialized flex buildings can include service centers, showrooms, offices, warehouses and more. (Typical characteristics are shown in the Industrial Building Types Matrix below)

   - Minimum 75,000 square foot building
   - Minimum of 30% of the space is office
   - Must have architectural façade on public street facing sides

   (1) Minimum lease must be for 10,000 square feet, or more

   (2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval

   (3) *Property* tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

d. Office Building:

A Class A building structure providing environments that are conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services.

- Minimum 60,000 square foot building (office space). Building may be mixed, use but minimum square footage applies only to office space.
- Must have architectural façade on public street facing sides

(1) Minimum lease must be for 7,500 square feet, or more (once the facility is 50% leased, the minimum shall be 3,000 square feet)

(2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval

(3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

(Source: NAIOP-Commercial Real Estate Terms and Definitions)

e. Time frame

Building must start construction within 120 days of approval of a Letter of Intent by the governing body, and must complete construction within 15 months from approval of a Letter of Intent in order to receive the full benefits of the program. Exceptions made be made to the requirement of the completion date if multiple buildings are projected. Such completion date will be defined in the Letter of Intent.

f. Industrial Revenue Bonds (IRB's) - Projects must utilize IRB's in order to qualify for the benefits.

Benefits:

(1) Sales tax exemption on materials.

(2) *95*% Abatement of the increased Real Estate Tax for the initial 5-year period once the Certificate of Occupancy is issued. Abatement of the increased Real Estate Tax for the second 5-year period will be 50%.

g. Annual Reporting - Developers shall provide an accounting to the City no later than 30 days following the end of the calendar year. The annual report shall provide an account of all lease activity within the spec project including the names of all companies, square footage occupied and prior location of company.

Industrial Building Types Matrix

Manufacturing		Warehouse				Flex	
Primary Type	General Purpose	General Purpose Warehouse	General Purpose Distribution	Truck Terminal	Fulfillment Center	General Purpose Flex	Service Center or Showroom
Primary Use	Manufacturing	Storage	Distribution	Truck Trans-shipment	Distribution	Research and Development, Cold Storage, Office, Lab, Light Manufacturing, High-tech, Data or Call Center	Retail Showroom
Subsets	Heavy, Light Manufacturing	Bulk Warehouse, Cold or Refrigerator Storage, Freezer Storage, High-Cube	Overnight Delivery Services, Air Cargo	Heavy, Light Manufacturing	Delivery directly to consumer		
Size (sf)	Any	Any	Any	Any	100,000 – 1,000,000 +	Any	Any
Clear Height (ft)	10+	16+	16+	12–16	32+	10–24	Any
Loading Docks or Doors	Yes	Yes	Yes	Cross-dock	Yes	Yes	Yes
Door-to-square-foot Ratio	Varies	1:5K–15K	1:3K–1K	1:50K–5K	Varies	1:15K+	1:10K
Office Percentage	< 20%	< 15%	< 20%	< 10%	< 20%	30–100%	30+%
Vehicle Parking Ratio	Varies	Low	Low	Varies	Very High	High	High
Truck-turning Radius (ft)	130	130	120–130	130	130	110	110

Note: This matrix is intended to be an aid in classifying the principal industrial building types. It is subject to the following considerations:

- These are intended to be typical characteristics of different properties, but actual characteristics may vary.
- In classifying properties, the owner should select the classification that most closely fits the design and use of the property.
- The most important characteristics of each type are highlighted. Although the characteristics are not "acid tests," they should guide the user in most instances.
- The truck-turning radius is an important consideration and varies by building size. Large, pure distribution facilities need a turning radius of at least 130 feet, medium to large facilities need 120 feet and smaller facilities typically need 110 feet.

26 | Commercial Real Estate Terms and Definitions

B. Sales Tax Exemptions

Sales tax exemptions may be provided for purchases financed by Industrial Revenue Bonds (IRBs) and are subject to approval by the City Council or the Board of County Commissioners.

1. **Requirements for Submitting a Proposal**

   Proposals shall be submitted to the Office of Economic Development for either governing body and shall contain the following:

   a. Completed Economic Development Application; and

   b. Application Fee: $2,500 for IRB / $1,000 for sales tax exemption only projects

   c. Cost/Benefit Analysis from Center for Economic Development and Business Research at Wichita State University (for tax abatement requests only)

2. **Compliance**

   a. Annual on-site reviews may be conducted by City or County staff to establish compliance with the written agreement between the City of Wichita and/or Sedgwick County and the recipient company.

   b. Tax abatements on real property will be reviewed after an initial term of five years; continued abatement is subject to review and approval by the City Council or Board of County Commissioners at the end of the initial term. The review will be based on the company's performance in meeting the terms and conditions in the written agreement and will include any statements provided in the initial application.

   c. The City of Wichita or Sedgwick County may amend an incentive agreement to reduce the recipient's obligations regarding employment levels, wage requirements, or noncompliance penalties in the event of a federally-declared disaster or economic downturn.

      An economic downturn is evidenced by a significant decline (at least a 5-point decline) in the WSU Current Economic Conditions Index from the point at which the incentive agreement was signed.

      In such event, the economic development incentives may be continued if a majority of compliance criteria are met, including capital investments, actual ROI, and temporarily achieving job creation commitments.

   d. Whenever practicable, the City or County will include "clawback" provisions (relating to repayment or cessation of incentives) in all incentive agreements, and the City or County may exercise such provisions when the terms of the incentive agreements have not been met. Such clawback provisions will include payment-in-lieu-of-taxes equal to the dollar value of the last ten years of abated property taxes if a business moves its operations to another city or county and ceases its operations in Wichita or Sedgwick County within five years of receiving such abatements. For each year the company stays in Wichita/Sedgwick County after the expiration of the tax abatement, the amount of repayment shall be reduced by 20%. For example, if a company leaves Wichita/Sedgwick County in the first year after the expiration of the tax abatement, it shall repay 100% of the last ten years of property taxes abated. If the company leaves in year two, it shall repay 80%, etc.

   e. In the event a company is determined to be in default, but remains in business in Wichita/Sedgwick County, the clawback would be a proportionate amount of the taxes abated. For example, if a company is 10% short of the projected job creation, the clawback would be 10% of the value of the abated taxes.

PROPERTY TAX ABATEMENT

ECONOMIC DEVELOPMENT EXEMPTION (EDXs)

A mechanism by which expanding, or relocating, companies may achieve a property tax abatement if the company is in a qualified industry as defined below. For consideration, a project must qualify under the guidelines listed below.

APPLICATION FEE

$2,500 – Economic Development Exemption

ADMINISTRATIVE SERVICE FEE

$2,500 annual fee for maintenance of EDX accounts

BACKGROUND AND PURPOSE

A. Business Activity: To be eligible for any public incentives, a business must be engaged in one or more of the following activities:
   1. Manufacturing. Determined by appropriate NAICS codes
   2. Research and Development. The conducting of research, development or testing for aviation, scientific, medical, food product or industrial purposes.
   3. Warehousing and Distribution. Majority of goods stored/shipped must be destined for end-users located outside the Wichita MSA.

B. Value Added Job: A value added job produces goods and/or services that are sold predominately outside of the MSA. Importing wealth into the community through value added jobs grows the local economy. Whereas non-value-added jobs typically re-circulate wealth within the community.

C. Wage and Salary Criteria: A business may be considered for public incentives only if the wages paid to its net new employees are equal to or greater than 120% of the median wages within Sedgwick County as determined by the Kansas Department of Labor Wage Survey. According to the 2019 edition of the Kansas Wage Survey, the median income of all occupations in Sedgwick County was $35,768. Therefore, 120% of the median income would be $42,921. In addition to meeting wage requirements, jobs created must include health care benefits. If health care benefits are not offered, wages must be 150% of the average wage as stated above. If a company is creating 15 jobs, but only 7 of the net new jobs meet the wage threshold, then only seven jobs will be included in the cost benefit analysis.

D. Return on Public Investment (ROI): All requests by businesses for local incentives will have a cost/benefit analysis completed prior to consideration by the appropriate governing body. A designated agent on behalf of the City and County will conduct the cost/benefit analyses and any fees associated with this application are the responsibility of the applicant. The ratio of public benefits to public costs, each on a present value basis, should be 1.0 to 1.0

for both the general and debt service funds for the City of Wichita; for Sedgwick County should not be less than 1.0 overall.

E. Community and Workforce Development Benefits: Projects that provide additional community benefits may be considered for additional incentives or a reduced threshold to qualify for incentives based on the following criteria (must be defined in the application to the City or County):

1. *Community benefits (must meet one of the following):*

   a. *Location: Locating within a redevelopment area of the City, as defined by the City Council or providing employment to targeted populations.*

      Redevelopment Area is defined as a location where one of the following elements exist:

      (1) More than 30% of the population lives at or below the federal poverty line ($26,200 for a family of four, as of March 1, 2020 according to HHS Guidelines).

      (2) More than 30% of the population is unemployed.

      (3) More than 30% of the structures are vacant or uninhabitable.

      (4) Located within an Urban Renewal or Opportunity Zone Area

      (5) *Other factors or special areas as defined by the City Council*.

   b. Population: Providing employment to a targeted population. A targeted population is defined by one of the following factors.

      (1) Difficult to employ populations, including individuals with a criminal record.

      (2) Living below 125% of the federal poverty line ($32,750 for a family of four, as of March 1, 2020 according to HHS Guidelines).

      (3) Chronic unemployment

      (4) Low skill/under employed workers.

   c. Wages must be at, or above, 100% of the median wage within Sedgwick County as determined by the Kansas Department of Labor Wage Survey.

2. Any project must provide at least one of the additional benefits or training to employees in order to be considered for the Community and Workforce Development exemption.

   a. *Health care benefits (50%)*

   b. *Job training and certification*

      (1) *Any job training, or certification programs, must be defined in the application to the* City or County

      (2) Any job training, or certification programs, must be demonstratable/documentable (i.e. contracts with the State of Kansas, on-the-job training manuals, etc.)

(3) Any job training, or certification programs, identified in the application to the City must be documented at the five-year compliance review

c. Education: Provide tuition reimbursement or other form of continued education.

(1) Any tuition reimbursement, or other form of continued education, must be defined in the application

(2) Any tuition reimbursement, or other form on continued education, must be demonstratable/documentable (employment contract, HR forms, etc.)

(3) Any tuition reimbursement, or other continued education defined in the application must be documented at the five-year review

(4) Other methods of demonstrating/documenting tuition reimbursement, or other forms of continuing education could include any affiliations with programs offered through organizations such as WSU Tech, Butler County College, National Center for Aviation Training, receiving funds from the State from the Kansas Industrial Training program, or Kansas Industrial Retraining program (or other programs as may developed over time). This list is not exhaustive. Other programs will be considered as well.

F. In addition to the above provisions, the City Council or County Commission may consider the following information when deciding whether to approve an incentive.

1) The project is for a target industry as determined by the most recent strategic/cluster analysis for Economic Development for Sedgwick County/City of Wichita;

2) The size of the project based upon private investment in the site development, plant facilities and infrastructure;

3) The total number of net new jobs, wages, benefits and types of jobs created;

4) The relationship between job creation and total investment;

5) Potential for future expansion and increased employment;

6) Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company.

7) Potential for diversification of the regional economy;

8) Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.

9) Project specific issues that impact upon local infrastructure responsibilities of the City or County;

10) Project specific incentives that may be pursued to stimulate other development areas that the City or County may deem of significant benefit to the community;

11) Economic development incentives from other local governments and/or the State;

12) Financial impact and budget ramifications.

13) Community and Workforce Development Benefits.

14) Sustainable Development/Use of alternative energy.

G. The City or County may conduct legal and/or financial research regarding the company as part of eligibility determination.
H. Economic development incentives may not be transferred or otherwise conveyed to another party without approval of the City Council or Board of County Commissioners.
I. The governing body of either of the Issuers reserves the right to waive any or all of the foregoing requirements or exempt any Project therefrom in the event circumstances exist to warrant such waiver or exemption.

Implementation

All Economic Development Incentives will be formalized in a written agreement by the City of Wichita or Sedgwick County and the recipient company. The recipient company will be required to meet the following performance criteria:

A. Jobs created and payroll commitments
B. Capital investment in real property
C. Compliance with wage requirements
D. Compliance with all applicable governmental laws, rules and regulations
E. Compliance with any conditions imposed by the Economic Development Incentive Agreement.

Incentives

The City or County will only consider giving incentives to companies relocating from neighboring communities when existing local conditions preclude continued operations in that community.

When a project includes tax abatements/exemptions or infrastructure improvements, the private/public funding ratio of overall project costs must be 2 to 1. The present value of property and sales tax exemptions will be considered public funding.

A. Property Tax Abatement

1. The City of Wichita and Sedgwick County are authorized under State law to grant tax abatements on private business property either in connection with the issuance of IRBs or under Article 11 of the state constitution that enables Economic Development Exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of business included in the list of eligible businesses, EDX abatements are limited to expanding manufacturing, research and development and warehouse and distribution businesses that create or retain jobs.

2. Property taxes may be abated for new improvements to real property and for newly acquired items of personal property not otherwise exempt under Kansas law, used by an eligible business in connection with an expansion or relocation of the business' operations in Wichita or Sedgwick County. Land and existing buildings are not generally eligible for property tax abatement. Existing buildings may only be considered for tax

abatement if the building has been vacant for at least two years and is acquired by a party not related to the previous owner. Exceptions may be made for buildings used by target industries as determined by the most recent economic development strategic/cluster analysis for Sedgwick County/Wichita and in cases where reuse of the building within two years is deemed unlikely. Otherwise, no existing property will be removed from the tax rolls. Land will not be considered for tax abatements.

3. The term of tax abatement on real taxable property improvements under these guidelines shall be an initial term of five years, plus an additional five years subject to review and approval of the originating body at the end of the initial term. Tax abatement on eligible items of personal property shall be limited to a term of five years.

4. The recommended percentage of property taxes to be abated shall be cumulative, based on new job creation, capital investment by the eligible business, and additional considerations as follows (cumulative):

• New Jobs	5-25	26-50	>50
	30%	40%	50%
• New Capital Investment	$1M-<$5M	$5M-10M	>$10M
	40%	50%	60%

- Additional Considerations
  - Regional Growth Plan sector 10%
  - Utilizing State, federal or utility incentives 10%
  - Sustainable Development/Alternative Energy use 15%
  - Investing in, or funding, entrepreneurship 25%
  - Talent attraction plan (must be documented) 25%
  - Locating in Redevelopment Area 25%
  - Community and Workforce Development Benefits 25%

- Example: If a company is projecting it would create 10 new jobs, it would qualify for a 30% abatement. If it is also investing $4,000,000 in facilities and/or machinery and equipment, it would qualify for an additional 40%, totaling 70%. If the company is in a Regional Growth Plan sector, add another 10% (now 80% total). If the company is also utilizing State of Kansas incentives, add another 10% for a total of a 90% abatement.

5. Payments-In-Lieu-of-Taxes (PILOTs): Any business receiving a tax abatement may be required to make payments in lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Sedgwick County Treasurer for proportional distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

6. Service Fee Payments: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of service fees through

the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of the service fee shall be based on the tax rate of the applicable Unified School District and/or the Sedgwick County Fire District, and any service fees thus paid shall be remitted to such School and/or Fire District.

B. Sales Tax Exemptions

There are no sales tax exemptions available under the EDX program.

1. **Requirements for Submitting a Proposal**

Proposals shall be submitted to the Office of Economic Development for either governing body and shall contain the following:

a. Completed Economic Development Application; and

b. Application Fee: $2,500 for EDX

2. Compliance

a. Annual on-site reviews may be conducted by City or County staff to establish compliance with the written agreement between the City of Wichita and/or Sedgwick County and the recipient company.

b. Tax abatements on real property will be reviewed after an initial term of five years; continued abatement is subject to review and approval by the City Council or Board of County Commissioners at the end of the initial term. The review will be based on the company's performance in meeting the terms and conditions in the written agreement.

c. The City of Wichita or Sedgwick County may amend an incentive agreement to reduce the recipient's obligations regarding employment levels, wage requirements, or noncompliance penalties in the event of a federally-declared disaster or economic downturn.

An economic downturn is evidenced by a significant decline (at least a 5 point decline) in the WSU Current Economic Conditions Index from the point at which the incentive agreement was signed.

In such event, the economic development incentives may be continued if a majority of compliance criteria are met, including capital investments, actual ROI, and temporarily achieving job creation commitments.

d. Whenever practicable, the City or County will include "clawback" provisions (relating to repayment or cessation of incentives) in all incentive agreements, and the City or County may exercise such provisions when the terms of the incentive agreements have not been met. Such clawback provisions will include payment-in-lieu-of-taxes equal to the dollar value of the last ten years of abated property taxes if a business moves its operations to another city or county and ceases its operations in Wichita or Sedgwick County within five years of receiving such abatements. For each year the company stays in Wichita /Sedgwick County after the expiration of the tax abatement, the amount of repayment shall be reduced by 20%. For example, if a company leaves Wichita/Sedgwick County in the first year after the expiration of the

tax abatement, it shall repay 100% of the last ten years of property taxes abated. If the company leaves in year two, it shall repay 80%, etc.

In the event a company is determined to be in default, but remains in business in Wichita/Sedgwick County, the clawback would be a proportionate amount of the taxes abated. For example, if a company is 10% short of the projected job creation, the clawback would be 10% of the value of the abated taxes

COMMUNITY IMPROVEMENT DISTRICT

FEES

Application Fee

$5,000 – Non-refundable for new CID petitions
$2,500 – Non-refundable for CID amendments

City Administrative Fees

For any approved CID, the City shall be paid an on-going administrative service fee, in an amount equal to 5% of the total CID revenues received by the City.

CID Origination Fee

The City and Developer will negotiate an Origination Fee that will be collected in one of the two ways listed below or a combination of the two, at the City's discretion:

A. District Improvements/maintenance: The City will retain on an annual basis an amount equal to no less than 10% and no more than 25% of the CID revenue collected. Funds will be used for improvements and/or maintenance to public assets within the District.
B. At Large: The fee will be deposited in a dedicated fund within the City and utilized to support the Land Bank in securing and maintaining additional Land Bank properties. The Developer will have the option to make payment upon approval of the CID or in equal annual payments for the term of the CID.

DEPOSIT

The City shall require a $5,000 deposit as well. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal. This fee shall be replenished by the applicant if at any time the fund drops below $2,500. The applicant shall replenish the fund to the $5,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit will result in City staff ceasing the processing of that project.

CID amendments will require a $2,500 deposit and be required to be replenished when the balance falls below $1,000.

PURPOSE AND BACKGROUND

In 2009, the Kansas Legislature enacted the Community Improvement District Act (the "CID Act"), pursuant to which municipalities may create districts in which certain special taxes imposed and the revenue used to fund certain public and private improvements and the payment of certain ongoing operating costs within the geographic bounds of the specified district. The creation of a Community Improvement District ("CID") is a particularly useful tool of economic development in that it can help facilitate beneficial private development and redevelopment without negatively impacting the tax base of the approving municipality.

It is the standard of the City of Wichita to utilize the provisions of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects that meet the local eligibility criteria outlined below, subject to certain special local standard limitations outlined below. A CID can exist for a maximum of 22 years.

LOCAL ELIGIBILITY CRITERIA

It shall be the intention of the City to create a CID if, in the opinion of the City Council, the petition satisfies all statutory requirements of the CID Act and if creation of such CID would meet the following criteria:

A. The CID will attract development which would enhance the economic climate of the City, act as a catalyst for future development or otherwise benefit the City or its residents.

B. The CID will result in the construction of public or private property improvements and infrastructure, or the provision of ongoing services, that would otherwise not be financially feasible.

C. The CID will promote redevelopment or rejuvenation of properties within the City which would otherwise be unlikely to happen. Special consideration will be given to projects located in the existing target areas including: Opportunity Zone census tracts, the Central Business District, Urban Renewal, Redevelopment Areas or an area for which a neighborhood plan, a corridor plan or a redevelopment plan have been adopted by the City of Wichita.

   (1) A list of current Neighborhood Plans is available on the Wichita - Sedgwick County Planning site, Wichita.gov/planning, and choosing Advanced Plans.

D. The CID will be used to assist the development of commercial, industrial and mixed-use projects, and for common area amenities in residential developments that are called for in the Parks, Recreation and Open Space (PROS) Plan.

E. The CID will not be used for projects that consist solely or primarily of operating costs; or projects in which construction has begun prior to approval by the City; or projects that are inconsistent with a neighborhood plan; or projects that include any of the following: sexually oriented businesses, community correctional facilities, half-way houses, drug or alcohol rehabilitation facilities, new or used car lots, multi-game, casino-style gambling facilities, and commercial billboard siting.

F. The CID will support projects with total costs of not less than $5,000,000 for projects where bonds are issued up front. This does not apply to pay-as-you-go projects.

G. Minimum private to public capital investment ratio of 3 to 1 for CID-only projects, otherwise it shall be 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.

H. Restaurant chains will not be considered for CIDs in Greenfield projects
I. Staff may consider market demand and saturation when evaluating the project.

CID PETITION PROCESS

A CID is formed by the petition of landowners within the proposed CID. According to the CID Act, a petition to create a CID must be signed by the owners of at least 55% of the total land area and total assessed property value within the proposed district. However, it is the standard of the City of Wichita that only petitions signed by 100% of property owners will be accepted. Upon receipt of the petition, the City Council may approve the CID. In cases in which no special sales tax is requested (i.e. only special property tax assessments are requested), the City Council may create the requested CID without notice or a public hearing. If a special sales tax is requested, the City Council must give notice and hold a public hearing pursuant to the CID Act. The City shall be paid a non-refundable application fee of $5,000 with the formal submittal of any CID petition.

A CID petition must contain:

1. the general nature of the proposed CID project;
2. a statement of the public purpose being served by the use of CID financing;
3. the estimated cost of the proposed CID project including maximum amount of CID funding to be paid prior to termination of CID, based on 125% of the total estimated amount of CID revenue during the term of the CID or otherwise determined by the CID Cost Cap defined below;
4. the proposed method of financing the project (special assessments or special sales tax);
5. the proposed amount and method of assessment;
6. the proposed method of financing (pay-as-you-go or special obligation bonds);
7. a map of the proposed CID; and
8. the legal description of the boundaries of the proposed CID.

SOURCES OF FUNDING FOR CID IMPROVEMENTS

Landowners or developers seeking to form a CID may request to draw upon one of the following two revenue sources, or a combination of both, to fund eligible improvements:

A. Special property tax assessments on the property within the district, or

B. A special sales tax of up to 2% on all taxable sales within the district. The level of sales tax a project may receive will be determined by the project size:

1. Projects under $5,000,000 may receive up to 1%
2. Projects $5,000,000 to $10,000,000 may receive up to 1.5%
3. Projects over $10,000,000 may receive up to 2%

Upon the creation of a CID by the City Council, revenue generated by these sources is available to pay for eligible improvements and costs. This can occur in one of two ways: a bond issuance or a pay-as-you-go dedicated account.

CID Cost Cap – The maximum eligible project costs amount will be negotiated per project on a case-by-case basis to establish a "CID Cost Cap". Projects will be evaluated to minimize the sales tax rate, CID term and maximum reimbursement. But shall not exceed 125% of the total estimated amount of CID revenue during the term of the CID.

Bond Issuance – In cases in which a bond issuance is requested, the City's Economic Development Office will work with the landowners within the CID to calculate how much revenue will be raised from the CID revenues (the special property tax and/or special sales tax levied within the CID) and the principal amount of bonds that can be issued based on the CID revenue stream and a minimum 1.2 debt service coverage ratio. The City may then issue bonds in that amount and use the CID revenue to retire the debt. The proceeds from the sale of the bonds will be used on eligible improvements and costs pursuant to the development agreement.

While the CID Act permits the issuance of either full-faith and credit general obligation bonds or special obligation bonds, payable solely from the CID revenue, it is the standard of the City of Wichita to issue only special obligation CID bonds. For projects desiring to request full-faith and credit bonds to assist in financing the City will use special consideration and will review on a case-by-case basis. Developer must present a case that justifies City issuance of full-faith and credit bonds.

Pay-As-You-Go Account – As an alternative to a bond issuance, the landowners within the CID may request the establishment of a pay-as-you-go account. This account will be a dedicated account into which the CID revenues will be deposited and will be available to be used as funds accrue to pay eligible costs.

Funds used to pay eligible CID costs, whether from bond proceeds or a pay-as-you-go account, will be held by the City or a third-party trustee, and disbursed to pay actual costs pursuant to a development agreement. Preference will be given to projects that use pay-as-you-go financing.

ELIGIBLE CID COSTS

The CID Act provides an exclusive list of eligible improvements and costs that may be paid for with CID funding. CID funds may be used to plan, design, engineer, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip, extend or finance:

(1) Land acquisition may be an eligible cost
(2) Buildings, structures, and facilities;
(3) Site improvements, including without limit sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, and water mains and extensions;
(4) Parking;
(5) Streetscape, lighting, streetlight fixtures, streetlight connections, streetlight facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;

(6) Parks, lawns, trees and other landscaping;
(7) Communication and information booths, bus stops and other shelters, stations, terminals, hangars, rest rooms and kiosks;
(8) Paintings, murals, display cases sculptures, fountains and other cultural amenities visible to the public from public rights of way;
(9) Airports, railroads, light rail and other mass transit facilities; and lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.

The Act also permits the use of CID funds to pay ongoing operating expenses, including security, entertainment, public events, business promotion, employee training, and market studies; however, it is the standard of the City of Wichita that CID funds may only be used to pay eligible operating costs up to the maximum amount identified in the petition and may not be used for operating costs in residential developments.

PROCESS FOR CREATING A CID

All of the projects will be subject to the notice and hearing process.

PRELIMINARY REVIEW MEETING

Prior to consideration by the City Council, parties intending to request the creation of a CID shall submit a draft CID packet to the Economic Development Staff. Such draft CID packet shall include a draft CID petition, site plans, elevations and a project pro-forma. The draft petition need not be signed by any landowners within the proposed district until such time as it is formally submitted for consideration by the City Council. Following the submission of a draft CID packet, Economic Development Staff, will hold a pre-petition meeting with the submitting party to evaluate the sufficiency thereof and gather information needed to determine the eligibility of the project.

"GAP" FINANCING REQUIREMENT

All CID projects will be analyzed to determine the need for financial assistance. CID projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.

Projects financed with special obligation bonds will not be approved without a financial analysis that demonstrates that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

BACKGROUND CHECK

The City will conduct a background check on all CID applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Such information will be treated as confidential information to the maximum extent allowed by the KORA.

A. Approval Process

1. The City Council may adopt a resolution giving notice of a public hearing to consider the advisability of creating the CID.
   i) Such resolution shall be published once each week for two consecutive weeks in the City's official newspaper and shall be sent by certified mail to all owners and occupants of property within the proposed district.
   ii) The second publication of such resolution shall occur at least seven (7) days prior to the date of the hearing and the certified mailed notice shall be sent at least ten (10) days prior to the hearing.
   iii) Such resolution shall contain the following information:
      (1) Time and place of the hearing;
      (2) General nature of the proposed district;
      (3) Estimated cost of the project;
      (4) Proposed method of financing the project, including, if applicable, the issuance of full-faith and credit bonds;
      (5) The proposed amount of the CID sales tax, if any;
      (6) The proposed amount and method of assessment, if any;
      (7) A map of the proposed district; and
      (8) A legal description of the proposed district.
2. Following the hearing, the City Council may by majority vote approve the CID by ordinance.
   i) The ordinance shall:
      (1) Authorize the project;
      (2) Approve the estimated costs of the project;
      (3) Contain a legal description and map of the proposed district;
      (4) Levy the CID sales tax, if any;
      (5) Approve the maximum amount and method of assessment, if any; and
      (6) Approve the method of financing.
   ii) Such ordinance shall become effective upon publication once in the newspaper.
   iii) The ordinance shall also be submitted for recording in the office of the register of deeds of the county in which the district is located.

DEVELOPMENT AGREEMENT REQUIRED

Concurrently with, or prior to, the creation of a CID by the City Council, the City and the petitioner shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed CID. The Development Agreement will include the following:

A. Site plan and elevation drawings or renderings of the CID project

B. Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used
C. Milestones and benchmarks for the performance of the Developer.
D. Milestones shall include specific timelines for the construction and/or demolition within the District.
E. Failure to reach established milestones can result in the elimination or reduction in the CID.
F. Set forth the method and manner for disbursement of CID funds by the City, including the proceeds of bonds paid with CID funds.

The assignment of Development Agreement rights shall be limited to a collateral assignment of all rights to a lender with written notice to the City, or assignment of all rights to any third party assignee with the written consent of the City or City Representative, at the discretion of the City. The assignment of rights shall not impair the City's right to determine the eligibility of CID costs nor require the City to subdivide any CID funds due to the developer.

In addition, the agreement shall provide for rapid repayment of the bonds and termination of the tax. City administrative fees and costs of issuance shall be paid from CID funds. For "pay-as-you-go" CID projects, the agreement will set forth the method and manner of disbursement of CID funds to the developers and shall include provisions for the termination of the CID taxes when developers have been fully reimbursed for eligible CID costs.

Financial Reporting – For projects that utilize CID bonds or for pay-as-you-go CIDs that use funds to pay ongoing operating expenses, the Developer will provide a certified annual accounting to the City on the amount and use of CID funds used to pay CID costs, by June 1 of the following year. City reserves the right to audit the use of CID financing at its discretion and expense.

Prioritization of Hard Costs – CID use will prioritize the funding of project hard costs. Hard costs include demolition, site improvements and actual construction of foundation, framing and equipment. CID funds may not be used to pay development fees or project management fees.

RELOCATION RESTRICTIONS

The relocation of existing businesses or tenants will not be permitted, unless the tenant will otherwise cease operations in the City or County. Projects will be evaluated to establish a reasonable distance radius around the development that restricts the relocation as well as a time period for which the restrictions will exist.

STANDARD DESIGN GUIDELINES GOVERN

CID will be used as a tool to encourage design and construction of a project at a level higher than required per City policies and ordinances. All property improvements commenced under an approved CID 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. Approval of CID for a project will not be considered approval of the aforementioned or other City regulations. In addition, project plans and renderings shall be reviewed by the City's staff and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

PUBLIC DISCLOSURE

The City shall establish and maintain a special website, linked to the City's official website, which lists all approved CIDs existing within the City and provides a description of the CID, including a map of its location, the amount of CID taxes and the intended use of CID funding.

In addition, developers will be responsible for signs being posted adjacent to the main entrance of every retail establishment within the CID where a special sales tax is charged. The signs must be at least 24 square inches in size and contain the words: "THIS PROJECT MADE POSSIBLE BY COMMUNITY IMPROVEMENT DISTRICT FINANCING" using type face of at least 18 points in size, and "FOR MORE INFORMATION GO TO WWW.WICHITA.GOV/CID" using type face of at least 12 points in size. Continuing failure to comply with this requirement will result in termination of CID reimbursement payments.

TERMINATION AND AMENDMENT OF CIDS

Subject to provisions contained in development agreements, the City shall take appropriate action to terminate or reduce CIDs when the project does not meet established performance measures such as milestones. Once all eligible project costs have been fully paid, including the principal and interest on any special obligation CID bonds or in the case of pay-as-you-go projects, the maximum CID funding amount provided in the petition the City will take the appropriate action to terminate the CID.

Should the Developer request an amendment to the CID or related development agreement the applicant shall pay an amendment fee of $2,500. The City will require a $5,000 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third party consultants.

WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular CID application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

TAX INCREMENT FINANCING

APPLICATION FEE

$5,000 – Non-refundable
$2,500 for Amendments to TIF Districts – Non-refundable

DEPOSIT FEE

The City shall require a $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project. Amendments to TIF districts require a $2,500 deposit that will require replenishment if the funds drops below $1,000.

PURPOSE OF GUIDELINES

Tax Increment Financing ("TIF") provides an urban development strategy for financing redevelopment in communities throughout the country. TIF creates incentives for private investment in urban redevelopment by applying the incremental growth in tax revenues resulting from private investment to achieve the overall purposes of redevelopment. TIF does not increase tax rates within a TIF district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Wichita's guidelines and requirements for TIF. As applicable, these guidelines shall apply to Sales Tax And Revenue ("STAR") financing as well as TIF.

BACKGROUND

The Kansas Legislature first authorized tax increment financing in 1976 through passage of K.S.A. 12-1770 *et seq*. The act allows for the issuance of special obligation or full faith and credit tax increment bonds, or pay-as-you-go tax increment financing, for qualified redevelopment projects.

Tax Increment Financing allows for the increase in tax revenues within the redevelopment district to pay for eligible redevelopment project costs. The "tax increment" is the increase in tax revenue resulting from the difference between aggregate assessed valuation of the property in the district after redevelopment compared with the value at the time of establishment of the redevelopment district ("Base Year"). The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year valuation continue to go to all taxing districts. TIF revenues may be used to pay principal and interest on City bonds issued to finance eligible project costs or to reimburse developers for such costs on a "pay-as-you-go" basis.

GENERAL GUIDELINES

While TIF is an important and useful tool for revitalizing economically challenged areas of the community, it is essential that it is used appropriately to accomplish the City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City is therefore required to determine that the project would not occur as proposed "but for" the assistance provided through TIF. The City may require documentation similar in form and substance as private financing institutions when asked to consider the use of TIF for a project.

The City shall consider using TIF in cases that serve to accomplish the City's targeted goals for economic development as they may change over time. These goals include projects that would result in redevelopment of underutilized areas, increase in the tax base, remove blight, revitalize targeted neighborhood areas, retain viability in Downtown and retain and expand businesses. The City may place special emphasis/priority on the use of TIF for specific categories of projects that serve to stimulate, revitalize the Wichita economy, redevelop identified properties or enhance the quality of life in the City of Wichita.

INCENTIVE OBJECTIVES

The City will use tax increment financing to accomplish these *major* objectives:

A. Eliminate blighting influences throughout the city and/or encourage redevelopment of underutilized commercial and industrial areas in the city that result in high quality redevelopment and private investment.
B. Increase the city's property tax base by providing high quality development.
C. Encourage additional private development surrounding the redevelopment.
D. Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the river corridor and historic structures.
E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to its highest potential without the use of TIF.
F. To support the implementation of City Council approved neighborhood plans.

ELIGIBLE AREAS

The City will consider the establishment of redevelopment districts pursuant to TIF statutes for areas meeting one or more of the following criteria and where the conservation, development or redevelopment of such area is found to be necessary to promote the general and economic welfare of the City:

A. *Blighted Areas*: To qualify for establishment of a redevelopment district under this criteria, the area must meet the conditions set forth in K.S.A. 12-1770a(c), except that areas located in a 100-year flood plain will only be considered if all property in the district not needed for drainage improvements is to be removed from the flood plain by the redevelopment project.
B. *Conservation Areas*: Areas in eminent danger of becoming blighted in which a majority of the existing structures are over 35 years old may be considered for establishment of a redevelopment district, as set forth in K.S.A. 12-1770a(d).
C. *Enterprise Zones*: Areas within a city that were designated as an enterprise zone prior to July 1, 1992 may be considered for establishment of a redevelopment district, as set forth in

K.S.A. 12-1770a(h). A map showing the location of pre-1992 Enterprise Zones in Wichita is available for viewing in the Office of Economic Development.

D. *Opportunity Zones*: Established in the Tax Cuts and Jobs Act of 2017, Opportunity Zones provide tax incentives for investment in designated census tracts supporting new investments and redevelopments in the community.
E. *Minimum Size*: Generally, a redevelopment district should be large enough to make a visible difference to the character of the greater area in which it is located, once it is redeveloped. As a guideline, outside of the downtown area, redevelopment districts should be at least five (5) acres in size and at least two (2) acres within downtown.

ELIGIBLE TIF COSTS

A. The City of Wichita will use Tax Increment Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
B. Projects intending to use tax increment financing must provide a public purpose statement to identify the public benefit served by the development.
C. Tax Increment Financing will only be used in cases where the City has the financial capacity to provide the needed public assistance, the City Council deems it fiscally prudent to provide such assistance and the developer can clearly demonstrate that the development will be able to meet its financial and public purpose commitments.
D. Alternatives, such as “pay-as-you-go” financing and reimbursing front-end public redevelopment costs with tax increment revenues, are preferable to bond financing and are to be considered and used when appropriate.
E. Full faith and credit TIF bonds will be used only when Special Obligation bonds are not financially feasible.
F. Only those public improvements and public redevelopment costs directly associated with the proposed development plan or project should be financed through tax increment.
G. Tax increment revenues shall be used primarily for public infrastructure and public improvements. Eligible expenses are defined pursuant to K.S.A. 12-1770a(o). The City approved uses include:
   1. Property acquisition
   2. relocation costs;
   3. site preparation, including demolition and environmental soil remediation;
   4. sanitary and storm sewers and lift stations;
   5. utility relocations and extensions;
   6. landscaping; lighting; paving, including parking lots;
   7. public streets;
   8. drainage conduits, channels, levees and river walk canal facilities;
   9. plazas and arcades;
   10. parking facilities, including multi-level parking structures; and
   11. costs associated with above uses, such as design and financing.

   Excluded uses are costs related to building construction, except for multi-level public parking structures and other uses specifically authorized by statute.

PROJECT REQUIREMENTS

A. Tax increment financing will only be used as a final effort for funding. Developer must prove all other financing efforts have been exhausted.
B. Projects should provide the highest possible private to public financial investment ratio. For TIF-only projects the ratio shall be 3 to 1, otherwise it shall be 2 to 1.
C. TIF projects and development agreements will be prepared in a way to not place additional ongoing financial burden on the City, including operating costs of TIF funded improvements.
D. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
E. Developer shall adequately demonstrate, to the City's satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors including the size and scope of the proposed project. City may request, at the developer's expense, a third party analysis of the developer's capacity.
F. An appropriate portion of the TIF proceeds should be used to pay for additional municipal facilities or public infrastructure beneficial to the TIF project. If the Developer requests infrastructure improvements benefitting the project, TIF funds will be prioritized for said improvements. The adequate proportion will be negotiated per project.
G. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.
H. Any developer controlled land will have deed restrictions placed to ensure use and disposition of property cannot change without approval from the City.

PROJECT QUALIFICATIONS

All TIF projects considered by the City of Wichita must meet all of the following requirements:
A. Eligibility under state law;
B. Project shall result in a minimum value increase of 3 times the Base Year assessed value;
C. The developer shall demonstrate that the project is not financially feasible without the use of TIF;
D. The project must be consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances;
E. The project shall serve a majority of the public purposes identified in Section IV.

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

A. Gap Analysis
All TIF projects will be analyzed to determine the need for financial assistance. TIF projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.

Applicants will be required to provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment based on current market capitalization rates identified by a qualified third party.

TIF projects financed with bonds will not be approved without a financial analysis that demonstrates the project would not otherwise be possible without the use of TIF bond financing.

B. Financial Feasibility Analysis
A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for TIF financing.

C. Return On Public Investment
Return on Public Investment – Project's return on public investment will be reviewed by the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model.

D. Equity Contribution
TIF shall not be used to supplant cash equity. Developer cash equity contribution shall be at least 15%. Tax credits will be considered equity but a minimum of 5% equity must be developer cash. Deferred developer fees will not be considered equity.

E. Developer (Personal) Guarantee

1. Developer will be required to personally guarantee 100% of the tax increment required to meet annual debt service payments on City bonds issued to finance TIF project costs. Letters of credit, bond insurance, pledged collateral or other acceptable form of credit enhancement will be required as additional security for the obligation.
2. Developer will agree to not protest the value assessed by County Appraiser's Office during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.

F. Market Study
Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects. City may require a third-party market study when appropriate.

G. Term
The maximum term for a TIF project, per statute, is 20 years.

H. Bond Issuance
In cases in which a bond issuance is requested, the City's Staff will work with the developer to calculate how much revenue will be raised from the TIF district and the principal amount of bonds that can be issued based on the tax revenue stream and a 1.3 debt service coverage ratio. Proceeds from the sale of the bonds will be used to pay for eligible improvements and costs pursuant to the Statute and development agreement.

I. Background Check
The City will conduct a background check on all TIF applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.

PROCEDURES FOR TIF APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of Tax Increment Financing will prepare and submit a Project Application Packet to the Office of Economic Development, along with a $5,000 application fee and $10,000 deposit fee. An application will contain the following information:

1. Conceptual Project Plan – A preliminary plan that outlines the scope of the project including:
    a. A description of the proposed project, including a public purpose.
    b. Market study of the area that demonstrates the need and feasibility of the project.
    c. Listing of project milestones.
    d. A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan – Information regarding the proposed uses or changes to the land including:
    a. Preliminary site plan of the proposed project and/or improvements
    b. Proposed changes to current land use and infrastructure.
    c. Any known environmental concerns.
    d. Visual depictions of proposed project renderings or elevations.
3. Project Team – Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation – Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. City Fees

The City shall be paid a non-refundable application fee of $5,000 as well as a $10,000 deposit fee. The $10,000 deposit fee shall be applied toward staff time, expenses for any mailing or publications, internal or external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 30 days of notice that it has dropped below $5,000.

C. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

D. TIF District Creation Process

As prescribed by state law, the TIF district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the redevelopment district. Upon conclusion of the public hearing the City Council will vote to determine if a redevelopment district should be established.

Once established, one or more redevelopment projects may be undertaken within the district, either consecutively or concurrently.

E. Sedgwick County and School District Approval

The governing bodies of the county and school district have 30 days in which to make a determination as to whether the TIF will create an adverse impact and veto the establishment of the district. Sedgwick County has established a formal policy regarding review and approval/denial of a TIF redevelopment district.

Click here to view the County TIF Policy.

REQUIREMENTS TO APPROVE TIF PROJECT

A. **TIF Project Approval Process Overview**
Each application for TIF assistance received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of TIF meets the purpose, objectives and requirements of the City's TIF Guidelines, and (ii) the financial and experiential capacity of the developer.

Before TIF funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing.

B. **Project Plan**
In those instances where City staff believes the use of TIF assistance is appropriate, it shall then prepare a project plan with the developer for adoption by the City. The project plan per K.S.A 12-1772 (a)(1)(2), will contain:

1. Feasibility Study Summary, which includes:
   i) Whether a redevelopment project's benefits in terms of tax increment revenue and other available revenues are expected to exceed or be sufficient to pay for the redevelopment costs; and
   ii) The effect, if any, the redevelopment project costs will have on any outstanding special obligation bonds per K.S.A. 12-1774 (a)(1)(D); and
   iii) A statement of how the taxes obtained from the project will contribute significantly to the economic development of the area.
2. A reference to the district plan per under K.S.A. 12-1771.
3. A description and map of the redevelopment area.
4. A relocation assistance plan if required.
5. A detailed description of the buildings and facilities proposed to be constructed or improved.

C. **Development Agreement**
The Development Agreement will outline the general obligations of the City and Developer in regards to the TIF project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within one year of City Council approval unless extended by the City Council.
   i. Due to the limited term of TIF financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.

3. Developer will provide a “shortfall guarantee” that obligates the developer to make up the difference any year that TIF revenue is not sufficient to pay bond obligations.
4. Developer will agree to not protest the value assessed by County Appraisers during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.
5. City’s obligations are conditioned on final approval of use of TIF and other City funding.
6. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
   i. Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,
   ii. City’s satisfaction with the costs associated with the project in accordance with the City’s plans, drawings and specifications, as needed,
   iii. All approvals from the Historic Preservation Board and all similar approvals needed for development of the Project have been obtained in writing.
7. Developer will provide to County Appraiser, on an annual basis, an economic performance report including the Net Operating Income no later than March 1 of each year.

D. **Periodic Reporting**
1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the TIF Plan and include:
2. Existing development to date,
   a. Development projected to be built within the reporting period, and
   b. Proposed revisions to the Development Plan, if any.
3. Economic performance report to the County Appraiser on NOI no later than March 1 of each year for the previous calendar year.
4. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Wichita no later than March 1 of each year for the previous calendar year.

E. **City Council Adoption**
Before TIF funds can be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility. Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing.

F. **Amendment of TIF**
For any amendments to the TIF Project Plan or related development agreement the Developer shall pay an amendment fee of $2,500. The City will require a $5,000 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third party consultants.

I. WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular TIF application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

SALE TAX AND REVENUE (STAR) BOND FINANCING

APPLICATION FEE

$25,000 – Non-refundable

DEPOSIT

The City shall require a $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel, bond counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project.

PURPOSE OF GUIDELINES

Sales Tax and Revenue financing ("STAR") provides a strategy for financing development of major commercial entertainment and tourism areas within the City. STAR creates incentives for private investment by applying the incremental growth in sales tax revenues resulting from private investment to achieve the overall purposes of development. STAR does not increase sales tax rates within a STAR district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Wichita's guidelines and requirements for STAR. The ultimate goal for STAR bond projects is to increase tourism and sales tax generation for the region and State. The Kansas Department of Commerce has the final input and approval for any STAR Bond districts and projects.

BACKGROUND

STAR Financing is an economic development tool authorized by the State of Kansas and requiring local participation. STAR allows for the increase in sales tax revenues within the district to pay for eligible project costs. The "tax increment" is the increase in sales tax revenue resulting from the difference between sales tax collection in the year a STAR bond district is established and the increased taxes collected following development of the commercial and tourism attraction. The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year revenue continue to go to all taxing districts. All or a portion of the increased state sales and use tax revenues also may be used to repay the bonds, which typically have a 20-year repayment period.

GENERAL GUIDELINES

While STAR is an important and useful tool for creating a more vibrant and attractive City, it is essential that it is used appropriately to accomplish the State and City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City may require

documentation similar in form and substance as private financing institutions when asked to consider the use of STAR for a project.

INCENTIVE OBJECTIVES

The City will support STAR financing to accomplish these *major* objectives:

A. Encourage the development of facilities that make Wichita a desirable place to live but additionally create a development that generates positive tourism and visitation opportunities.
B. Increase the city's property tax base by providing high quality development.
C. Encourage additional private development surrounding the redevelopment.
D. Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the river corridor and historic structures.
E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to its highest potential without the use of STAR.
F. To support the implementation of City Council approved plans.

ELIGIBLE STAR COSTS

A. The City of Wichita will use STAR Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
B. Projects intending to use STAR financing must provide a public purpose statement to identify the public benefit served by the development.
C. Only those public improvements and public development costs directly associated with the proposed commercial entertainment and tourism portion will be paid for with STAR bonds. Infrastructure costs related to the remainder of the development will be paid for privately or with Special Assessment financing.
D. STAR revenues shall be used primarily for infrastructure and public improvements and only for expenses incurred after City and State approval. Eligible expenses are defined pursuant to K.S.A. 12-17, 160. The City approved uses include:
   a. relocation costs;
   b. site preparation;
   c. sanitary and storm sewers and lift stations;
   d. utility relocations and extensions;
   e. landscaping; lighting; paving, including parking lots;
   f. streets;
   g. drainage conduits, channels, levees and river walk canal facilities;
   h. parking facilities, including multi-level parking structures; and
   i. construction of a multi-sport athletic facilities;
   j. costs associated with above uses, such as design and financing.
E. Property acquisition may be a permitted use of STAR funds.

PROJECT REQUIREMENTS

A. A project with at least a $50 million capital investment and $50 million in projected gross annual sales revenues;

B. A project located outside of a metropolitan statistical area that has been found by the Secretary of Commerce to be in an eligible area under Tax Increment Financing law and of regional or statewide importance;
C. A major commercial entertainment and tourism area as determined by the Secretary of Commerce (Secretary);
D. Auto racetrack facilities, multi-sport athletic complexes, riverwalk canal facilities, historic theaters, the Manhattan Discovery Center, the Wyandotte County Schlitterbahn Project, museum facilities, or a major motorsports complex in Shawnee County;
E. A project involving buildings 65-years-old or older and include contiguous lots that are vacant or condemned
F. Projects should provide the highest possible private to public financial investment ratio (minimum 2 to 1).
G. STAR projects and development agreements will be prepared in a way to not place additional ongoing financial burden on the City, including operating costs of STAR funded improvements.
H. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
I. Developer shall adequately demonstrate, to the City's satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors including the size and scope of the proposed project. City may request, at the developer's expense, a third-party analysis of the developer's capacity.
J. Whenever possible, an appropriate portion of the STAR bond proceeds should be used to pay for additional municipal facilities or infrastructure.
K. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

A. Financial Feasibility Analysis: All applicants will be required to provide City Staff with pro forma cash flow analysis and sources and uses of funds. A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for STAR financing.
B. Return On Public Investment: The ratio of public benefits to public costs should be 1.0 to 1.0 as determined by a third-party analysis approved by the City.
C. Equity Contribution: STAR shall not be used to supplant cash equity. Developer cash equity contribution shall be at least 15%. Deferred developer fees will not be considered equity.
D. Market Study: Developer shall be able to demonstrate a market demand for a proposed project. STAR shall not be used to support purely speculative projects. City may require a third party market study when appropriate.
E. Background Check: The City will conduct a background check on all STAR applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.

PROCEDURES FOR STAR APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of STAR Financing will prepare and submit a Project Application Packet to the Office of Economic Development, along with a $25,000 application fee. An application will contain the following information:

1. Conceptual Project Plan – A preliminary plan that outlines the scope of the project including:
   i) A description of the proposed project, including a public purpose.
   ii) Market study of the area that demonstrates the need and feasibility of the project.
   iii) Listing of project milestones.
   iv) A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan – Information regarding the proposed uses or changes to the land including:
   i) Preliminary site plan of the proposed project and/or improvements
   ii) Proposed changes to current land use and infrastructure.
   iii) Any known environmental concerns.
   iv) Visual depictions of proposed project renderings or elevations.
3. Project Team – Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation – Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

C. STAR Bond District Creation Process

As prescribed by state law, the STAR district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the STAR district. Upon conclusion of the public hearing the City Council will vote to determine if a STAR district should be established. STAR Bond districts and projects require approval from the Kansas Department of Commerce.

Once established, one or more STAR projects may be undertaken within the district, either consecutively or concurrently.

REQUIREMENTS TO APPROVE STAR PROJECT

A. STAR Project Approval Process Overview

Each application for STAR Bond financing received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of STAR meets the purpose, objectives and requirements of the City's STAR Guidelines and underwriting guidelines, and (ii) the financial and experiential capacity of the developer.

Before STAR funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission; then adopted by city ordinance, passed by 2/3 majority vote following a public hearing; and finally approved by the Kansas Department of Commerce.

B. Development Agreement

The Development Agreement will outline the general obligations of the City and Developer in regards to the STAR project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within the timeframe defined in the Development Agreement.
   a. Due to the limited term of STAR financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.
3. City's obligations are conditioned on final approval of use of STAR and other City funding.
4. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
   a. Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,
   b. City's satisfaction with the costs associated with the project in accordance with the City's plans, drawings and specifications, as needed,

C. Periodic Reporting

1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the STAR Plan and include:
   a. Existing development to date,
   b. Development projected to be built within the reporting period, and
   c. Proposed revisions to the Development Plan, if any.
2. Semi-annual report of the current and proposed retailers to locate within the STAR Bond District.
3. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Wichita no later than March 1 of each year for the previous calendar year.

D. Amendment of STAR

For any amendments to the STAR Project Plan or related development agreement the Developer shall pay an amendment fee of $7,500. The City will require a $7,500 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel

RELOCATION RESTRICTION

The relocation of existing businesses or tenants will not be permitted, unless the tenant will otherwise cease operations in the City or County. Projects will be evaluated to establish a reasonable distance radius around the development that restricts the relocation as well as a time period for which the restrictions will exist.

II. WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular STAR application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

FAÇADE IMPROVEMENT PROGRAM

APPLICATION FEE

$1,000 – Non-refundable

Summary

The Facade Improvement Program is designed to enhance the visual aesthetics of Wichita's downtown and revitalization areas and provide an incentive for businesses to invest in redevelopment of their property. Low cost loan financing combined with a forgiveness provision for a portion of the loan (for non-high-rise buildings) makes an attractive financing package for owners or tenants seeking to renovate or restore building facades. Borrowers under this program are expected to match the City's financing package with other funding for the overall redevelopment project. The minimum façade improvement project size is $50,000.

What is the Facade Improvement Program?

The program provides low cost financing (based on market conditions) over a fifteen-year period to renovate or restore a visible facade. For non high-rise buildings, the City assistance may include a grant of up to 25% of the project cost, subject to recapture (as liquidated damages) if the owner fails to maintain the façade during the term of the façade financing. The maximum City of Wichita assistance (grant) is $10,000 (or 25% of the total project cost, whichever is lower) for one facade. Up to $30,000 (or 25% of total project costs, whichever is lower) is available for a corner building with two visible facades. City grant funds are limited and when the grant fund balance reaches $0, the grant component will no longer be available. The balance of the City's financing package (up to 75% of the facade improvement costs) will be made available through a fifteen-year special assessment against the real property. The property owner must sign the special assessment petition and the facade easement conveying the facade to the City of Wichita during the term of the special assessment financing. When the loan is repaid, the facade easement will be released.

High-rise building requirements

- The high-rise facility must be more than three stories in height.
- Grants will be not be permitted for high-rise buildings or façade projects over $500,000.
- Assistance beyond two sides of the building may be approved if circumstances warrant.

Who can apply for financing?

Any building owner or tenant with lease authority and approval of the owner may apply for façade funding. The building must be located within approved areas (see map). Owner or tenants cannot be delinquent on any current City charges, taxes or assessments or have defaulted on any previous City assistance. Owner must provide evidence of additional private investment in the redevelopment of the property, equal to or greater than the amount of City façade funding. Private investment may include the cost of consolidating land ownership.

What is the target area?

Buildings with frontages on arterial streets in select commercial corridors (as identified in the attached map), Redevelopment Areas and adopted neighborhood plan areas are also eligible.

Adopted neighborhood plans are available on the Wichita/Sedgwick County planning site. Those neighborhoods include but are not limited to:

- Arena Neighborhood Redevelopment Plan
- Center City Neighborhood Plan (C.O.R.E.)
- Delano Neighborhood Revitalization Plan
- 21st St. North Corridor Redevelopment (International Marketplace)
- South Central Neighborhood Plan (South Broadway area)
- Historic Midtown Neighborhood Plan
- McAdams Neighborhood Revitalization Plan
- Central Northeast Area Plan
- Douglas Design District
- Downtown Self-Supporting Municipal Improvement District (SSMID)
- Opportunity Zones
- Places 4 People Nodes

The City Council will also have the option for a case-by-case review of individual properties located outside of the target areas.

What types of improvements are eligible? (subject to City approval)
Masonry repairs and tuckpointing
Repair/replace/preserve historically significant architectural details
Storefront reconstruction
Cornice repair
Power washing (subject to approval by historic preservation officer)
Exterior painting and stucco
Awnings and canopies
Window and door repair or replacement
Permanent exterior signage integrated into the storefront design
Exterior lighting
Repair/replacement of gutters and downspouts
Facade building code items
Visible roof repairs in conjunction with structural improvements
Public art attached to the building (such as murals)
Utility/trash enclosures attached to the building
Sidewalks
Decorative fencing attached to the building
Decking and stairs attached to the building
Architectural, engineering or design fees
Conversion of use on a case by case basis

What items are not eligible?
Landscaping
Non-visible roofing
Attached, hanging or projecting signs unrelated to the architecture of the building
Mechanical equipment enclosures (non-visible)
Parking lots
Billboards

Interior renovation
Temporary, portable or non-permanent improvements (useful life less than term of façade loan)
Non-visible or side façade (unless on an arterial street) and rear facades
New construction
Property acquisition
Expansion of building area
Working capital
Developer fees
Refinance of existing debt
Improvements (including design work) in progress or completed prior to loan/grant approval
Loans for speculative purposes
Single family residential properties

These lists are not intended to be exhaustive. All improvements are subject to City Council approval.

Are there any design guidelines?

All Facade Improvement Program projects must be reviewed and approved by representatives of the Historic Preservation Board and the City Design Council prior to approval of the loan or issuance of a building permit. Where historic structures are involved, review by the Historic Preservation Board is required prior to start of construction. This includes properties located within a historic district and any property within 500 feet of a listed historic property (environs). All construction must comply with City code. All construction must conform to the ADA Accessibility Guidelines for Buildings and Facilities (ADAAG).

What other requirements are there?

A. All work must be accomplished using private contractors through competitive bidding from at least three qualified companies pre-approved by the City of Wichita.
B. Requires the use of professional design assistance (including providing elevations and renderings).
C. Project must result in visible improvement of overall facade (e.g. not just sign replacement). Borrower agrees to maintain the facade for the term of the façade loan.
D. Façade loans will be offered on a one-time basis unless a phased project receives prior City Council approval.
E. Owner shall convey a facade easement to the City of Wichita before the start of construction, which shall run for the full term of the façade loan. Ownership verification is required.
F. All approved projects must be completed within six months (180 days) of approval of the application, unless approved for phasing. A construction schedule is required for high-rise projects and façade loans over $500,000.
G. The City will conduct a background check on all applicants and applicants' project partners.
H. Owner shall provide financial information that substantiates the need for the City's façade loan in order to complete the redevelopment project, including the overall sources and uses of funds and pro forma cash flow analysis that shows a reasonable return on owner's investment.
I. The overall redevelopment project must include significant private investment (other than the facade loan) in an amount equal to or greater than the amount financed by the Facade Improvement Program, proof of which must be provided prior to disbursement of any façade loan proceeds.

J. Special assessment financing of façade loans shall be for a 15-year term unless 20-year financing is recommended by the Development Coordinating Committee, based on financial need.
K. Special assessment financing for façade loans over $500,000 requires the use of taxable bonds, whose interest rate will be higher than tax-exempt bonds. Use of tax-exempt bonds for façade loans less than $500,000 depends on the City's legal capacity to issue tax-exempt bonds for non-exempt projects.
L. Façade improvements will be financed up-front by the Developer and reimbursed when the façade project is complete. Standard payment request forms, AIA recommended, will be used for all reimbursement, including detailed invoices from project participants, including contractors and consultants, with sufficient documentation to show expenses were actually incurred.
M. A current independent appraisal that estimates both "as-is" and "as-built" property values is required for high-rise buildings and façade projects over $500,000. A bank appraisal associated with private investment may be used. Cost of a separate appraisal may be financed with the façade loan.
N. Projects will be evaluated for the level of risk to the City. The loan portion of the façade will be limited to no more than 25% of the projected value of the project once complete. When necessary, the City will seek additional guarantees for the façade loan following staff and/or third party analysis.

Where do I apply? Applications are available in the Office of Economic Development, 13th floor, City Hall, 455 North Main. The program coordinator is Mark Elder, Office of Economic Development, (316) 268- 4627, and melder@wichita.gov. Application forms are also available online at the City of Wichita web site: www.wichita.gov on the Economic Development webpage.

What is the process?

Step 1: Meet with appropriate City staff to review the preliminary design, expected timelines and next steps. This may include the Department of Public Works, Office of Central Inspection and the Metropolitan Area Planning Department.

Step 2: Finalize the renovation plans. This step should include consultation with an architect or engineer to discuss improvements and alterations to the building exterior.

Step 3: Obtain a complete preliminary cost estimate from a licensed contractor which covers the work to be accomplished. Cost estimate shall be a not-to-exceed amount and may include a 10% contingency. City will add a 2% Engineering Administrative Fee and financing costs, including construction interest and costs of bond issuance. For façade loans over $500,000, a debt service reserve equal to one year's debt service will be added to the loan amount (reserve will be held in trust by the City and used to pay final year's special assessment payment.

Step 4: Submit a completed Facade Improvement Program application form to: Mark Elder, Office Economic Development, 13th Floor, City Hall, 455 North Main, Wichita, Kansas 67202. Include a completed Facade Easement form with application.

Step 5: City formally reviews the application and performs background checks on applicant(s). Approvals are required by representatives of the Public Works Department, Office of Economic Development, City Design Council, Department of Finance and Historic Preservation Board (as appropriate).

Step 6: Obtain approval by City Council by means of a maximum assessment ordinance.

Step 7: City notifies the applicant of approval and any pertinent requirements. The applicant has six months (180 days) from the date of application approval to complete the project. If there is no activity during this time, the application approval will expire and any City funding will be released for other applications.

Step 8: Initiate competitive bidding for facade work. Obtain building permit and planning permits (as applicable). Submit copies of permit and competitive bidding to Mark Elder in Economic Development. Applicant commences improvements.

Step 10: Applicant submits proof of final expenses to Mark Elder in Economic Development. Economic Development processes applicant final reimbursement and issues a Statement of Final Project Cost.

Step 11: Special Assessment payments will appear on the Sedgwick County Property Tax Statements starting with the next tax statement (following year).

Are there companion programs that I may also be eligible for?

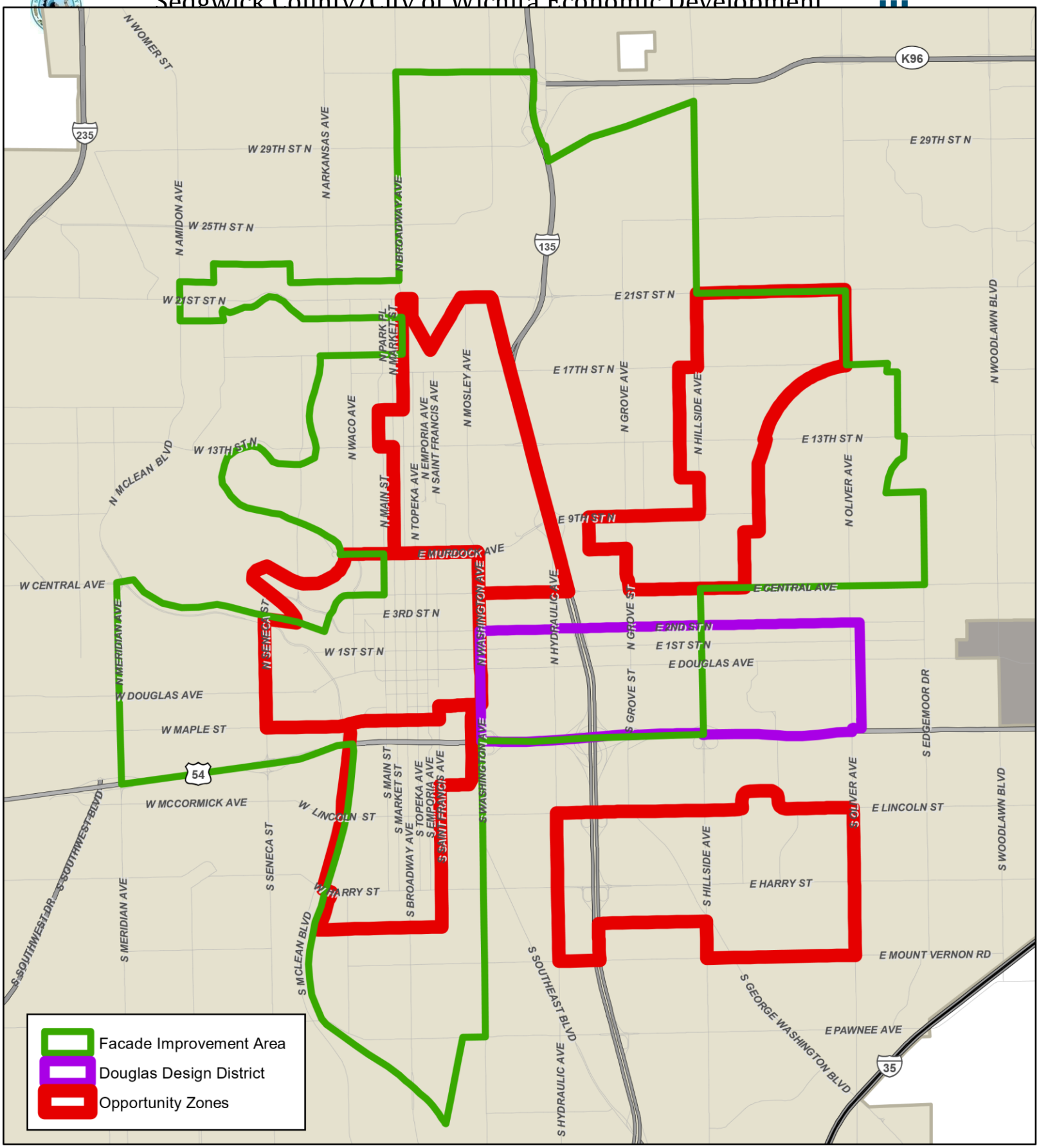
Applicants may wish to review the following programs:

State and Federal Rehabilitation Tax Credits	Kansas State Historical Society 6425 SW Sixth Avenue Topeka, Kansas 66615-1099 (785) 272-8681 ext. 213 Kristen Johnston kjohnston@kshs.org
Building Permit Fee Waiver	Metropolitan Area Building and Construction Department 271 W. 3rd St. N. Suite 101 Wichita, KS 67202 (316) 660-1840 Kortney Capello kortney.capello@sedgwick.gov
Historic Revolving Loan Program	Preservation Office 10th Floor City Hall 455 North Main Wichita, Kansas 67202 (316) 268-4392 Kathy Morgan, Senior Planner-Historic Preservation kmorgan@wichita.gov

Asbestos/Lead-based Paint Mitigation Program	Economic Development Office 13th Floor City Hall 455 North Main Wichita, Kansas 67202 (316) 268-4524 Mark Elder, Development Analyst melder@wichita.gov

City of Wichita Facade Improvement Area

Sedgwick County/City of Wichita Economic Development



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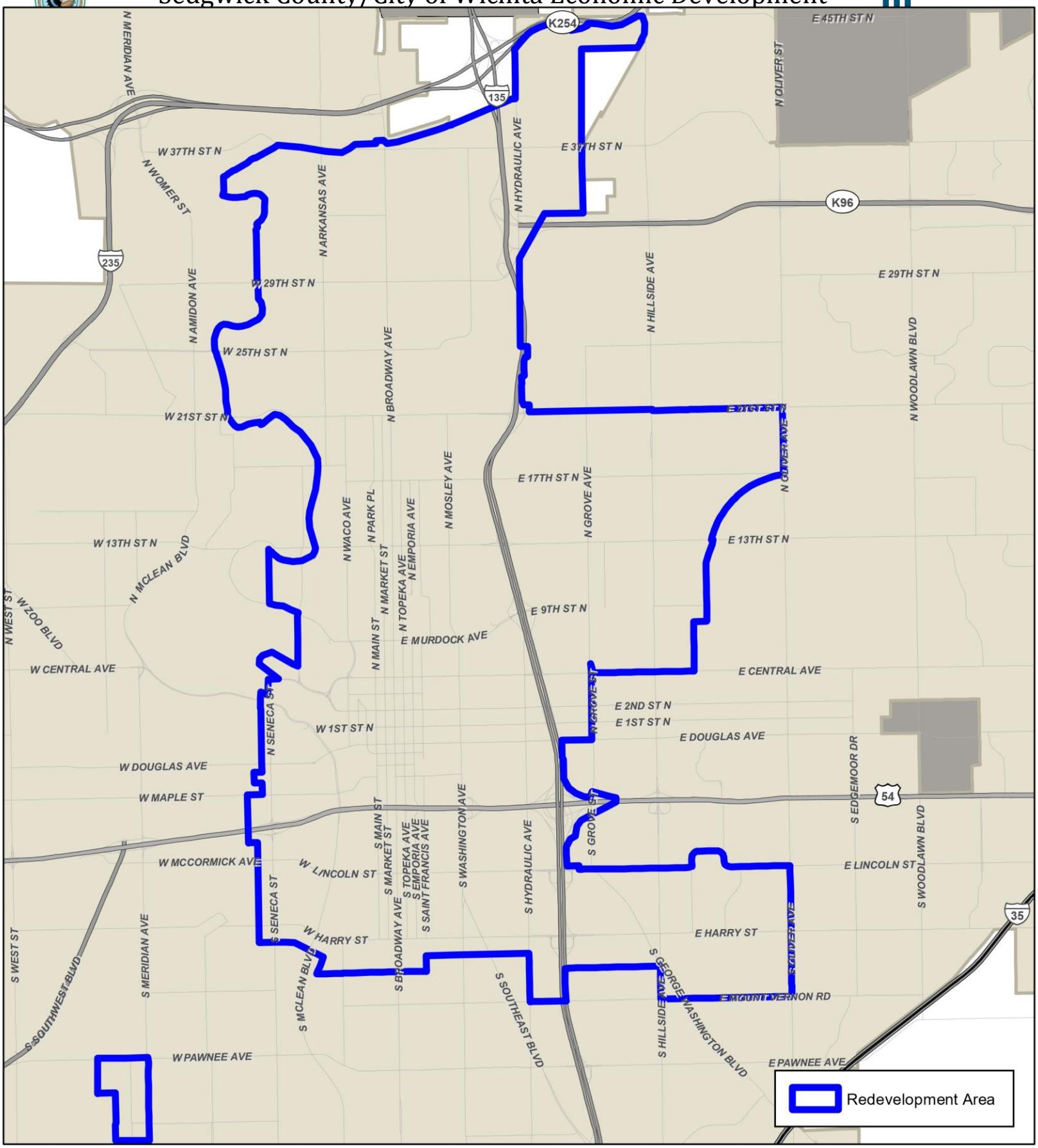
City of Wichita Redevelopment Area

Sedgwick County/City of Wichita Economic Development



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