

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: December 19, 2011
	Agenda Item No. <input type="text"/> Roll Call No. <u>11-2152</u> Communication No. <u>11-768</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Communication from the Office of Economic Development regarding negotiation of preliminary terms of agreement with SDG Macerich Properties, L.P. for redevelopment of Southridge Mall.

SYNOPSIS:

SDG Macerich Properties, L.P., Eric Salo, Executive Vice President, 401 Willshire Blvd, Suite 700, Santa Monica, CA, 90401, is the owner of Southridge Mall at SE 14th and Army Post Road, in the Southside Economic Development District, and is preparing a redevelopment plan for Southridge Mall.

The Southridge Mall redevelopment plan proposes repurposing the former J.C. Penney’s 63,361 square foot space for use by Des Moines Area Community College; constructing a 94,000 square foot area on the west side of the mall as the location of the Iowa Soccer Association/ Iowa Barnstormers State Indoor Training Center; the redevelopment of 133,777 square feet for new retail uses; and the future development of high density housing, a destination hotel, and development of several outparcels for commercial/retail use. This significant redevelopment project is intended to re-launch Southridge Mall as a regional destination area, with educational, athletic, cultural, housing and retail uses that will create an active and diverse mixed-use district.

Macerich Properties, L.P. is requesting that the City of Des Moines approve economic development financial assistance for the project, funded from tax increment generated by the increase in taxable valuation that the project will provide. The economic development assistance would be provided in annual payments over an approved term on a cash available basis. A conceptual development plan and anticipated development schedule will be provided by the developer, with minimum development requirements and Urban Design Board review of each project required as conditions for assistance.

It is recommended that the City Council authorize and direct the City Manager and the City’s Office of Economic Development to negotiate preliminary terms of agreement with SDG Macerich Properties, L.P., for economic development financial assistance for the redevelopment of Southridge Mall consistent with this Council Communication, for consideration by City Council at the earliest opportunity.

FISCAL IMPACT:

Amount: Unknown at this time

Funding Source: Southside Economic Development District tax increment revenues produced by the Southridge redevelopment project.

ADDITIONAL INFORMATION:

Southridge Mall was originally constructed in 1975, and has served the south side, the City of Des Moines, and the Greater Des Moines region as a destination retail center for decades. The addition of new retail centers in the Greater Des Moines region, as well as population shifts and changes to the retail trade share area, have impacted Southridge Mall significantly. SDG Macerich has conducted physical improvements to the mall buildings over the years, worked to attract new national retailers and retain existing retail tenants. Despite these on-going efforts, and the prime location of Southridge Mall along major transportation corridors with access to Highway 65/5, the ability to recapture both local and regional retail patrons has not been achieved.

With the departure of several retail tenants in the past two years, vacancies have risen to a level that has prompted development of a new strategy for Southridge Mall. City elected officials and the City Manager have conducted numerous conversations with SDG Macerich representatives, exploring opportunities to repurpose the current facility and facilitate new private economic investment. Discussions have focused on how to introduce unique elements that would add population and patrons to the area, and create a mixed-use destination district.

Recent public announcements on Des Moines Area Community College, the Iowa Soccer Association and the Iowa Barnstormers selecting Southridge Mall as the location for their new ventures has created a great deal of excitement, and reinforced SDG Macerich's commitment to the area. Work will continue on developing preliminary terms of agreement and a conceptual development plan for presentation to City Council in January 2012.

Southridge Mall is located at a junction of the existing City of Des Moines, and an area that the City may grow into over the next several decades. City services to accommodate current and future residents have been part of discussions and plans for this area, as well as the rest of the city. Library and aquatic services are two services that have been discussed. The City is proposing to undertake a comprehensive assessment of these services in order to determine the most cost-effective number and location of future library and aquatic facilities. The assessment will be city-wide in scope, and will include Southridge Mall as a possible future location for aquatic and library facilities. The Council may be asked to allocate future resources to provide for these assessments, and to determine specific areas of the city where these services will be needed. Opportunities for public private partnerships, cost savings, and other efficiencies will be fully explored.

PREVIOUS COUNCIL ACTION(S):

Date: December 6, 2010

Roll Call Number: 10-2020

Action: Items regarding proposed Southside Economic Development District Urban Renewal Area:
([Council Communication No. 10-730](#))

(A) [Communication](#) from the Plan and Zoning Commission.

- (B) [Resolution](#) of Necessity finding the Urban Renewal Area to be an economic development area appropriate for redevelopment for commercial use.
- (C) [Hearing](#) on the proposed Urban Renewal Plan and adopting the Plan.
- (D) [First](#) consideration of ordinance providing for the division of general property taxes levied and collected each year in the Urban Renewal Area to allow for the use of Tax Increment Financing (TIF).

Date: November 8, 2010

Roll Call Number: 10-1839

Action: [On](#) proposed Urban Renewal Plan for the Southeast Economic Development District Urban Renewal Area, (12-6-10). ([Council Communication No. 10-673](#))

Date: October 11, 2010

Roll Call Number: 10-1694

Action: [Regarding](#) proposed SE Economic Development District Urban Renewal Area and preparation of an urban renewal plan and creation of tax increment financing (TIF) district. ([Council Communication No. 10-619](#))

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: November 16, 2010

Resolution Number: N/A

Action: Consider sustainable design principles, opportunities for collective energy and water management, build on unique collective mixed uses in area, explore unique development concepts that will make the area distinct, rely on mix of clear guidelines and UDRB project review through development agreements, and require UDRB review of projects in plan area. Motion to approve Southside Economic Development District Urban Renewal Plan by Todd, seconded by Mormann. Motion carried.

Board: Plan & Zoning Commission

Date: December 2, 2010

Resolution Number: N/A

Action: Greg Jones moved staff recommendation to find the Southside Economic Development District Urban Renewal Plan in conformance with the 2020 Community Character Plan.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Return to City Council with Preliminary Terms of Agreement in January.

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