

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: May 7, 2012
	Agenda Item No. <input type="text"/> Roll Call No. <input type="text"/> Communication No. <u>12-233</u> Submitted by: Terrance N. Vorbrich, Acting Economic Development Administrator

AGENDA HEADING:

Approving Final Terms of Agreement with Macerich Southridge Mall L.L.C. and Southridge Adjacent, L.L.C. for the Redevelopment and Repurposing of Southridge Mall at SE 14th Street and Army Post Road.

SYNOPSIS:

On March 12, 2012, by Roll Call No. 12-0423, City Council approved preliminary terms of an Urban Renewal development agreement with Macerich Southridge Mall, L.L.C., (Eric Salo, Executive Vice President, 401 Wilshire Blvd, Suite 700, Santa Monica, CA 90401), (hereinafter referred to as the Developer), to undertake the redevelopment and repurposing of Southridge Mall. The Project Area collectively includes the mall buildings and 30 acres of developer owned outparcels. The mixed use development project will be completed in phases under a conceptual development plan that is incorporated as part of the development agreement. Phase I improvements are specified in the conceptual development agreement. Specific details on new development projects in future phases will come forward as amendments to the conceptual development plan and undergo review and recommendation by the Urban Design Review Board and approval by City Council.

The Developer will make an initial investment under the Phase I improvements estimated at \$27 million. All economic development assistance will be project generated, based on the increase in assessed valuations in the Project Area.

FISCAL IMPACT:

Amount: Economic development grant is to be paid in semi-annual installments over 15 years, solely from the new incremental property taxes paid on the increase over the current assessed valuation of \$23.8 million within the Project Area.

First 20 semi-annual installments (10 years) will be equal to 100% of the new property tax increment revenues paid within the project area on the new incremental increases in assessed valuations on the improvements; the next ten semi-annual installments (5 years) will be equal to 75% of the new property tax increment revenues paid within the project area on the new incremental increases in assessed valuations on the improvements

Funding Source: Southside Economic Development District tax increment revenues paid on the new incremental taxable valuations resulting from the improvements within the project area, as cash is available within the overall district

In 1999, the Project Area was assessed at over \$64 million and has substantially declined to an assessed valuation of about \$23.8 million. Investments of an estimated \$27 million in the Phase I improvements are anticipated to result in potential incremental increases in assessed valuation in the Project Area of between \$7 and \$10 million. Upon completion of all phases of development, the potential incremental increase in assessed valuation in the Project Area is estimated to be \$17 million.

ADDITIONAL INFORMATION:

The Developer has presented a conceptual development plan to create an open-air retail, commercial, educational, and recreational mixed-use development by repurposing the current mall building into new retail spaces, facilitating the redevelopment of outparcels for commercial, retail and high density residential use, coordinating the location of Des Moines Area Community College, the Iowa Soccer Association/Barnstormers athletic facility and providing improvements to current retail anchor stores.

The location of DMACC and the athletic facility are intended to generate foot traffic and population that will drive additional investment in retail uses such as restaurants, shops, hotels, as well as investment in high density residential housing for students, athletes and others.

The first phase of improvements will involve partial demolition of the existing mall, providing new open air store fronts to existing anchor tenants Sears and Younkers, a new outside pedestrian plaza, new pylon and wayfinding signage, corridors for pedestrian access, construction of new parking area and renovation of existing parking areas. Approximately 100,000 square feet will be available for new retail uses. Marketing is currently underway to attract retail tenants to these spaces. Under the development agreement terms, the first phase of improvements must be substantially complete by December 31, 2012.

Planning for DART transit needs and pedestrian options is being incorporated. The Developer has agreed to follow sustainable development principles by recycling materials as possible and promoting efficiencies in design. The redevelopment of outlots will encourage best management practices for stormwater management and proactive natural resource inventory. The Developer will work with staff to either present an application for rezoning the Project Area to a Planned Unit Development (PUD) within one year or, in the alternative, submit an amendment to the Conceptual Development Plan to define the intent for the Project Area to function in a comprehensive and unified manner while retaining the C-4 Zoning District status. Under either planning approach, future phases are to be more specifically defined by amendments to the Conceptual Development Plan. Amendments to the conceptual development plan are subject to review and recommendation by the Urban Design Review Board and approval by City Council. Only improvements approved by amendment to the Conceptual Design Plan are eligible for inclusion in the economic development grant calculation.

The Developer may elect to exclude parcels for redevelopment from the conceptual development plan. If the Developer excludes a redevelopment parcel, the parcel is excluded from inclusion in the economic development grant calculation, but remains subject to a restrictive covenant that prohibits certain uses that staff believes may be detrimental to the planned redevelopment of the Project Area.

PREVIOUS COUNCIL ACTION(S):

Date: March 12, 2012

Roll Call Number: [12-0423](#)

Action: [Preliminary](#) Terms of Agreement with Macerich Southridge Mall LLC for the repurposing of Southridge Mall at SE 14th Street and Army Post Road. ([Council Communication No. 12-127](#)) Moved by Meyer to approve the preliminary terms of agreement as identified in Council Communication No. 12-127; to authorize and direct the City Manager and Office of Economic Development to negotiate an Urban Renewal Development Agreement with Macerich upon terms consistent with Council Communication No. 12-127 for consideration by the City Council at the earliest opportunity; and to authorize and direct the City Manager and Office of Economic Development to study and report back to the City Council regarding the potential to redesignate the Southside Economic Development District Urban Renewal Area under the slum and blight criteria. Motion Carried 7-0.

Date: January 23, 2012

Roll Call Number: [12-0113](#)

Action: [On](#) request from SDG Macerich Properties, LP for an amendment to “C-4” Preliminary Development Plan for Southridge Mall, 1111 E. Army Post Rd., to redevelop a portion of the mall in the vicinity of the food court as a 133,777 square foot area for retail/office/assembly uses accessed from an outdoor plaza on the north side of the mall and a 94,000 square foot area for athletic/fitness/assembly uses on the west side of the mall, subject to conditions. Moved by Meyer to adopt, and to amend the C-4 Southridge Mall Preliminary Development Plan. Motion Carried 7-0.

Date: January 9, 2012

Roll Call Number: [12-0034](#)

Action: [On](#) request from SDG Macerich Properties, LP for an amendment to “C-4” Preliminary Development Plan for Southridge Mall, 1111 E. Army Post Rd., to redevelop a portion of the mall in the vicinity of the food court for retail/office/assembly uses accessed from an outdoor plaza on the north side of the mall and a 94,000 square foot area for athletic/fitness/assembly uses on the west side of the mall, subject to conditions, (1-23-12). Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 19, 2011

Roll Call Number: [11-2152](#)

Action: [Regarding](#) negotiation of preliminary terms of agreement with SDG Macerich Properties, LP for redevelopment of Southridge Mall. ([Council Communication No. 11-768](#)) Moved by Meyer to authorize and direct the City Manager to negotiate preliminary terms of agreement with SDG Macerich Properties, LP for economic Development financial assistance for the redevelopment of the Southridge Mall consistent with Council Communication No. 11-768 for consideration by the City Council at the earliest opportunity. Motion Carried 7-0.

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. Moved by Meyer to receive and file. Motion Carried 7-0.
- (B) [Resolution](#) of Necessity finding the Urban Renewal Area to be an economic development area appropriate for redevelopment for commercial use. Moved by Meyer to adopt. Motion Carried 7-0.
- (C) [Hearing](#) on the proposed Urban Renewal Plan and adopting the Plan. Moved by Meyer to adopt. Motion Carried 7-0.
- (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). Moved by Meyer that this ordinance be considered and given first vote for passage. Motion Carried 7-0.

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](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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](#)) Moved by Meyer to receive and file, and to authorize the City Manager to prepare an urban renewal plan and related information and documents in general accordance with the Council Communication. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: March 20, 2012

Resolution Number: N/A

Action: Motion for final approval of proposed design and financial assistance by Mormann. Seconded by Wattier. Motion carried.

Board: Urban Design Review Board

Date: February 7, 2012

Resolution Number: N/A

Action: Informational review of the proposed conceptual redevelopment plan, board input and comments, no formal action taken

Board: Urban Design Review Board

Date: December 20, 2011

Resolution Number: N/A

Action: Informational review, no action taken. Consider sustainable design principles, opportunities for collective energy and water management, build on unique collective mixed uses in the area, explore unique development concepts that will make the area distinct, rely on mix of clear guidelines and UDRB project review through the development agreement, and require UDRB review of projects in plan area.

Board: Plan & Zoning Commission

Date: December 15, 2011

Resolution Number: N/A

Action: Greg Jones moved staff recommendation to approve the submitted "C-4" Development Plan amendment subject to the following conditions:

1. Any Site Plan for reconfigured off-street parking areas shall conform to interior lot landscaping requirements.
2. Any Site Plan shall coordinate with DART for incorporation of appropriate transit stations where necessary as part of the design. Motion passed 12-0.

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. Motion passed 12-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Future conceptual development plan amendments and project review will be presented to the Urban Design Review Board and City Council.

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