


## COUNCIL COMMUNICATION

	Number:	<b>21-562</b>	Meeting:	<b>December 20, 2021</b>
	Agenda Item:	<b>68</b>	Roll Call:	<b>21-1955</b>
	Submitted by:	<b>Erin Olson-Douglas, Development Services Department Director</b>		

### AGENDA HEADING:

Resolution approving consent to Assignment and Assumption of Amended and Restated Urban Renewal Development Agreement with Macerich Southridge Mall, LLC, the Macerich Partnership, L.P., and Genesis Health Club Sports Complex S. E. LLC, and Macerich Adjacent, LLC, to Genesis Health Club Sports Complex S.E. LLC, approving amendment to Conceptual Development Plan and approving a Second Amendment to Amended and Restated Urban Renewal Development Agreement with Macerich Southridge Mall LLC, the Macerich Partnership, L.P., and Genesis Health Clubs Sports Complex S.E. LLC, for the redevelopment and repurposing of Southridge Mall to include a Genesis Health Club and Multi-Sports Facility.

### SYNOPSIS:

On August 16, 2020, the City Council approved final terms of a first amendment to the Amended and Restated Development Agreement with Macerich Southridge Mall, LLC, and Southridge Adjacent, LLC, for the redevelopment and repurposing of the former Sears and Roebuck Department Store to include a Genesis Health Club and multi-sports facility. Genesis Health Clubs Sports Complex S.E. LLC (Rodney Steven II, President, 6100 E Central, Wichita, KS 67208), plans to close on the acquisition of the property and begin construction in winter 2021 with project completion estimated for winter 2022.

Each individual project in the plan area is required to be acknowledged through an update of the Southridge Master Conceptual Development Plan and to undergo review by the Urban Design Review Board, per the Amended and Restated Urban Renewal Development Agreement between the City and Macerich Southridge Mall, LLC and Southridge Adjacent, LLC. Staff recommends approval for both the updated Southridge Master Conceptual Development Plan and the Assignment and Assumption Agreement.

Genesis Health Clubs Sports Complex S.E., LLC has agreed to increase the subsidy amounts that they will provide towards the costs for children in low to moderate income households to participate in the health club programs by \$125,000 for a new total amount of \$3,075,000. The proposed schedule showing the minimum amount of annual subsidies that Genesis will provide households is in the additional information section below.

### FISCAL IMPACT:

Approval of the amended Southridge Master Conceptual Development Plan, the Assignment and Assumption Agreement and the Second Amendment to Amended and Restated Urban Renewal Development Agreement have no impact to the financial assistance previously approved by the City

Council. The second amendment only increases the total amount of scholarships and subsidies that Genesis Health Clubs Sports Complex S.E. LLC must provide. The Southridge Master Conceptual Development Plan now reflects the Genesis Project as an approved project phase in the master plan. The Assignment and Assumption Agreement assigns the previously approved tax increment financing incentives from Macerich Southridge Mall, LLC and Macerich Adjacent, LLC, to Genesis Health Clubs Sports Complex S.E. LLC.

#### **ADDITIONAL INFORMATION:**

- Genesis Health Clubs will repurpose the retail space that was formerly the Sears and Roebuck Department Store at Southridge Mall (vacant since 2016) into a state-of-the-art health club, adding to the variety of services and amenities located in the area, as part of the continued redevelopment and re-purposing efforts at Southridge. The Genesis Health Club will provide important health and wellness opportunities for the community. The former Sears occupied 108,807 square feet.
- The development agreement requires Genesis to provide a subsidy of 50% of the costs for children of households earning an annual gross income equal to or less than 50% of the annual median income threshold for Polk County for a 4-person household to participate in sports leagues and classes offered by Genesis. The income thresholds change annually. As of April 1, 2021, the income threshold would apply to households earning at or below \$45,650 in gross annual income. The second amendment includes an update to the proposed schedule of subsidies as follows:

<u>Current Subsidy Schedule</u>		<u>Amended Subsidy Schedule</u>	
\$ -	Year 1	\$ -	Year 1
\$ 50,000	Year 2	\$ 75,000	Year 2
\$ 50,000	Year 3	\$ 100,000	Year 3
\$ 75,000	Year 4	\$ 100,000	Year 4
\$ 75,000	Year 5	\$ 100,000	Year 5
\$ 100,000	Year 6	\$ 100,000	Year 6
\$ 100,000	Year 7	\$ 100,000	Year 7
\$ 150,000	Year 8	\$ 150,000	Year 8
\$ 150,000	Year 9	\$ 150,000	Year 9
\$ 200,000	Year 10	\$ 200,000	Year 10
\$ 200,000	Year 11	\$ 200,000	Year 11
\$ 200,000	Year 12	\$ 200,000	Year 12
\$ 200,000	Year 13	\$ 200,000	Year 13
\$ 200,000	Year 14	\$ 200,000	Year 14
\$ 200,000	Year 15	\$ 200,000	Year 15
\$ 200,000	Year 16	\$ 200,000	Year 16
\$ 200,000	Year 17	\$ 200,000	Year 17
\$ 200,000	Year 18	\$ 200,000	Year 18
\$ 200,000	Year 19	\$ 200,000	Year 19
\$ 200,000	Year 20	\$ 200,000	Year 20
\$ 2,950,000	Cash Total	\$ 3,075,000	Cash Total
\$ 1,717,192	NPV Total	\$ 1,824,926	NPV Total

- The west portion of the space will be designated for league basketball, and will be set up for volleyball, as well. The west portion consists of 42,406 square feet of space, which will include five (5) high school regulation basketball courts (each sized 84-feet by 50-feet).
- The building structure will be modified to provide column free floor space, and the ceiling will be raised to provide proper clearances, as required for basketball and volleyball.
- The east portion of the building will be repurposed as a Genesis Health Club. The health club will include two (2) luxury locker rooms – each with a steam room, black granite showers, and high-quality wood lockers. The entry to the locker rooms is from a living room space that functions as a buffer to the club activities. The south side of the locker rooms will open directly into a natatorium.
- The natatorium’s main pool will be a 5-lane, 25-yard lap pool, generally 4-feet deep, to facilitate water aerobics and swimming laps. The natatorium will include a hot tub, cold dip pool, and a dry sauna. To create space for the main pool, the structure will be modified, with the removal of several columns.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 17, 2020

Roll Call Number: [20-1334](#)

Action: [Final](#) terms of a first amendment to the Amended and Restated Urban Renewal Development Agreement with Macerich Southridge Mall, LLC, Southridge Adjacent, LLC, for the Southridge Mall to include a Genesis Health Club and multi-sports facility by Genesis Health Club Sports Complex S.E., LLC. ([Council Communication No. 20-353](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S):**

Board: Urban Design Review Board

Date: October 5, 2021

Resolution Number: N/A

Action: Motion by Rypma to recommend approval of the preliminary design as presented. Seconded by Ward. Motion carried. Yes – 7, No – 0, Abstain – 0, Absent – 4.

Board: Urban Design Review Board

Date: August 3, 2021

Resolution Number: N/A

Action: Motion by Hanley to recommend approval of the proposed project design as presented. Seconded by Hielkema. Motion carried. Yes – 7, No – 0, Abstain – 0, Absent – 4.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Certificate of Completion for the Genesis Health Club project
- Future projects under the Southridge Mall Redevelopment Plan

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