

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	August 10, 2015
	Agenda Item No.	41
	Roll Call No.	<u>15-1389</u>
	Communication No.	<u>15-434</u>
	Submitted by:	Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving Revised Amended and Restated Agreement with Macerich Southridge Mall LLC and Southridge Adjacent LLC for the redevelopment and repurposing of Southridge Mall at SE 14th and Army Post Road.

SYNOPSIS:

On June 22, 2015, by Roll Call No.15-1035, City Council approved an Amended and Restated Urban Renewal Development Agreement with SDG Macerich Southridge Mall, LLC and Southridge Adjacent, LLC (Eric Salo, Executive Vice President, 401 Wilshire Boulevard, Suite 700 Santa Monica, CA, 90401) for the redevelopment and repurposing of Southridge Mall at SE 14th and Army Post Road. An amended Conceptual Development Plan for the project was also approved.

The original development agreement contemplated multiple phases of work under the umbrella of a single economic development grant to be paid from project generated tax increment. SDG Macerich, LLC requested that the original agreement be amended to replace the single grant with separate grants for each phase of the improvements, with the grant for each phase to be based only upon the incremental taxes generated by the parcels redeveloped in that phase. This amendment is consistent with the original intent of the multi-phased improvement project, and will allow the company optimum flexibility to work to attract new tenants to the area.

This action repeals and replaces the action taken on June 22, 2015, by Roll Call No. 15-1035. This action was recommended by staff, but additional discussion between the parties leading up to the meeting resulted in the developer’s request to remove the amended and restated agreement from the agenda, and request action on only the Conceptual Development Plan. Inadvertently, the Roll Call was not revised and action was taken on both matters.

By separate resolution, the City Council is asked to approve the conveyance of a portion of the Southridge Mall campus and the associated rights under the Amended and Restated Agreement to Southridge Senior Lofts, LLC, represented by Pete Schwiegeraht, with Miller Valentine Group (9349 Water Stone Boulevard., Cincinnati, Ohio 45249) for the construction of a senior housing project with approximately 52 units in conformance with the amended Conceptual Development Plan approved with the Amended and Restated Agreement.

FISCAL IMPACT:

Amount: The economic development grants are to be paid in semi-annual installments over 15 years solely from the new incremental property taxes paid on the increase over the base valuation for each project. The first 20 semi-annual installments (10-years) will be equal to 100% of the new property tax

increment revenues paid for each project on the new incremental increase in assessed valuations on the improvements; the next 10 semi-annual installments (5-years) will be equal to 75% of the new property tax increment revenues paid for each project on the new incremental increase in assessed valuations on the improvements. The final installment on the grant for the completed first phase of the improvements will be due and payable on May 10, 2031. The final installment on the grants for all future phases shall be the earlier of the 30th semi-annual installment on each grant or the installment due on May 10, 2036.

Funding Source: Southside Economic Development District Tax increment revenues as such revenues become available within the overall increment district.

ADDITIONAL INFORMATION:

Approximately \$27M has been invested to date in the multi-phased project, welcoming several new retailers as well as Des Moines Area Community College (DMACC). Additional phases will include residential development to add density to the area and more retail and commercial uses, all designed to provide new investment, activity and new taxable valuation.

In 1999, the Southridge Area properties was assessed at over \$64M. By 2011, building vacancy facility age and condition had resulted in a significant decline in valuation to \$23.8M. The commitment made by SDG Macerich, LLC to re-invest millions of dollars in Southridge and work to repurpose the property into an open air retail, commercial, recreational, educational and mixed-use destination was a substantial undertaking with a great deal of front end risk to the company. Phase I improvements have to date provided new energy, new activity and have already resulted in an increase in taxable valuation to the formerly declining property.

Future phases will continue this upward movement, potentially adding uses such as a hotel, restaurants, other retail and commercial services, and residential uses. The next phase of the improvements to Southridge is expected to be the construction of the Southridge Senior Lofts, which will qualify for a separate economic development grant as described above.

PREVIOUS COUNCIL ACTION(S):

Date: June 22, 2015

Roll Call Number: [15-1035](#)

Action: [Amended](#) and Restated Urban Renewal Agreement with Macerich Southridge Mall LLC and Southridge Adjacent LLC for the redevelopment and repurposing of Southridge Mall at SE 14th Street and E. Army Post Road and approving amended Conceptual Plan. ([Council Communication No. 15-349](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: February 11, 2013

Roll Call Number: [13-0224](#)

Action: [Issuance](#) of Certificate of Completion for Phase 1 of the Southridge Redevelopment Project in the Southside Economic Development District Urban Renewal Area. ([Council Communication No. 13-068](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: May 7, 2012

Roll Call Number: [12-0745](#)

Action: [Approving](#) Agreement with Macerich Southridge Mall LLC and Southridge Adjacent LLC for the redevelopment and repurposing of Southridge Mall at SE 14th Street and E. Army Post Road. ([Council Communication No. 12-233](#)) Moved by Meyer to adopt. Motion Carried 7-0.

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 Road, 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 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, (Hearing Set for 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.

BOARD/COMMISSION ACTION(S):

Board: Urban Design Review Board

Date: June 16, 2015

Resolution Number: N/A

Action: Motion to approve the Amended Conceptual Master Plan as presented by Reynolds. Seconded by Hielkema. Yes:9 No:0 Absent:2.

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 of the proposed conceptual redevelopment plan; board input and comments, no formal action taken.

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 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 phases of the project will return to City Council in the form of amendments to the Master Conceptual Plan.

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