


## COUNCIL COMMUNICATION

	Number:	<b>20-354</b>	Meeting:	<b>August 17, 2020</b>
	Agenda Item:	<b>31</b>	Roll Call:	<b>20-1332</b>
	Submitted by:	<b>Erin Olson-Douglas, Economic Development Director</b>		

### AGENDA HEADING:

Resolution approving the 1st Amendment to the Merle Hay Mall Phase 3 Urban Renewal Development Agreement.

### SYNOPSIS:

As part of the existing Merle Hay Mall Phase 3 development agreement between the City and Merle Hay Investors, LLC (Elizabeth Holland, CEO/General Counsel, Abbell Credit Corporation, LLC, 30 North LaSalle Street, Suite 2120, Chicago, IL, 60602-2509), Merle Hay Investors agreed that if they were to acquire the Sears site, they would provide a Master Plan for the entire mall site (including Des Moines and Urbandale property), as well as a Conceptual Development Plan for the Sears site within 18 months of the effective date of the agreement (September 25, 2020). The Sears site has not yet been acquired and the developer is now asking for an extension of that deadline to May 1, 2021.

Merle Hay Investors continues to work with Sears to buy the property; however, conversations about the level of environmental contamination and overall price of the property have taken longer than expected and a contract has not yet been finalized. Merle Hay Investors would prefer to wait until the Sears acquisition is finalized before they submit a Master Plan and Conceptual Development Plan for review and approval.

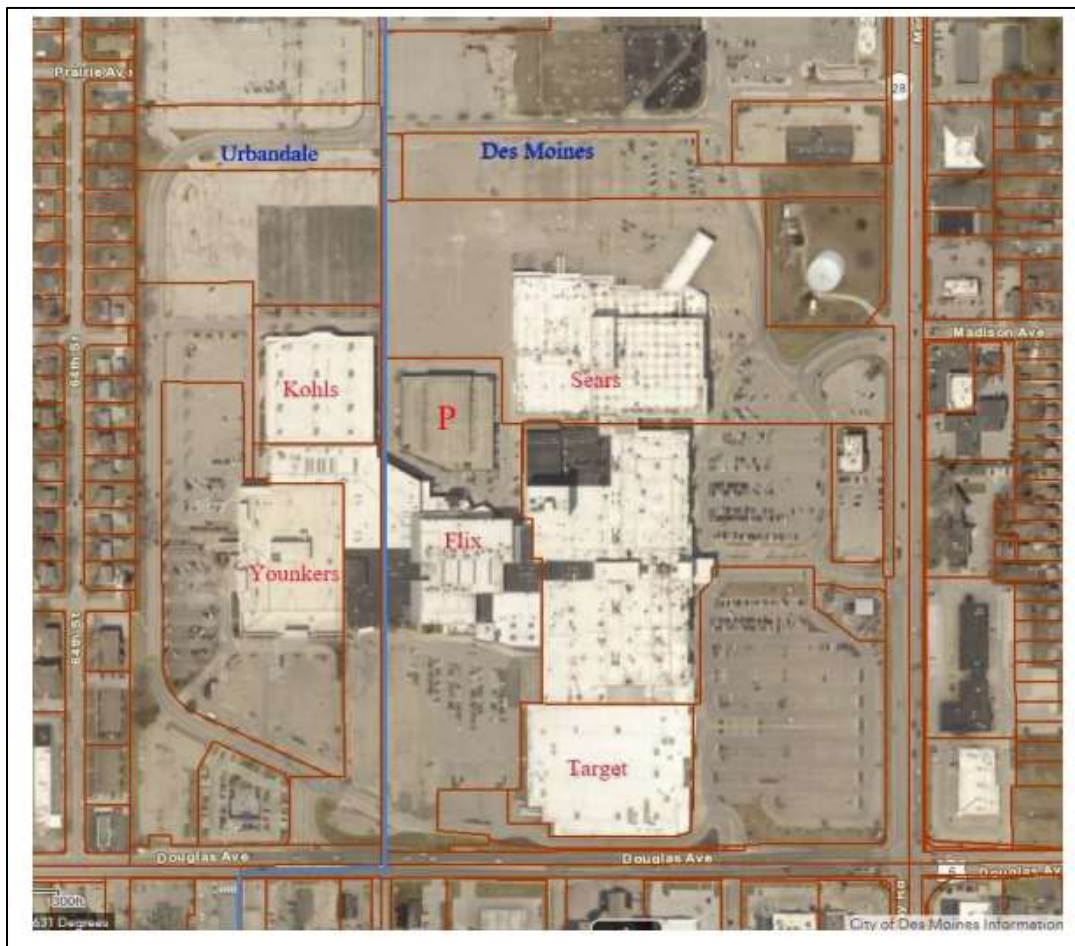
The development agreement provides a deadline of July 1, 2021 for acquisition of Sears in order to be considered for additional incentives. The developer intends to meet that deadline. The only amendment to the development agreement is for the timeline for the Master Plan and Conceptual Development Plan.

### FISCAL IMPACT: NONE

### ADDITIONAL INFORMATION:

- Merle Hay Mall is an approximately 975,000-square-foot enclosed mall, sitting on 75-acres in the northwest area of Des Moines. The mall is located at the intersection of Merle Hay Road and Douglas Avenue, which is one (1) of the busiest intersections in Iowa at 47,000 vehicles per day. It is a regional asset and is one (1) of two (2) designated regional nodes in Plan DSM, the City's Comprehensive Plan. The mall opened in 1959, and after more than 59 years of continuous operation, Sears and Younkers closed within 45 days of each other.

- Other deadlines pertaining to the development agreement include:
  - March 25, 2019 – Effective Date
  - August 23, 2019 – DART bus service re-established at Merle Hay Mall
  - April 1, 2020 – Engaged with benchmarking program; report findings to City; create improvement schedule
  - September 1, 2020 – Apply for Brownfield/Grayfield tax credits
  - *September 25, 2020* (18 months from effective date) – Submit Master Plan for Master Plan Area
  - *September 25, 2020* (18 months from effective date) – Submit Conceptual Plan for Phase B Improvements
  - July 1, 2021 – Purchase deadline for Parcel 10, Sears lot
  - *November 1, 2021* (120 days after acquisition of Parcel 10) – Commence improvements
  - *November 1, 2021* (120 days after acquisition of Parcel 10) – Phase B Minimum Assessment Agreement
  - September 1, 2021 – Apply for Brownfield/Grayfield tax credits
  - ~~April 1, 2022 – Occupy existing building (75,000 square feet) OR~~
  - April 1, 2022 – Demolish existing building
  - September 1, 2022 – Apply for Brownfield/Grayfield tax credits
  - *January 1, 2023* (18 months after acquisition of Parcel 10) – Complete improvements
  - September 1, 2023 – Apply for Brownfield/Grayfield tax credits
  - September 15, 2023 – Replace with new building (75,000 square feet)



**PREVIOUS COUNCIL ACTION(S):**

Date: March 25, 2019

Roll Call Number: [19-0479](#)

Action: Urban Renewal Development Agreement with Merle Hay Investors, LLC (Elizabeth Holland, CEO) for rehabilitation of existing Merle Hay Mall property and repurposing Sears site. ([Council Communication No. 19-140](#)) Moved by Gray to approve. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Should mall ownership buy the Sears site:

- Approval of Master Plan – Urban Design Review Board and City Council
- Approval of Conceptual Development Plan – Urban Design Review Board and City Council
- Approval of Minimum Assessment Agreement

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).