

COUNCIL ACTION FORM

**SUBJECT: TIME EXTENSION REQUEST FOR PARKING LOT IMPROVEMENTS
AT NORTH GRAND MALL (STREETS OF NORTH GRAND)**

BACKGROUND:

In July 2007, at the request of GK Development, Inc., the City Council approved a final plat, adaptive reuse plan, and development agreement for the Streets of North Grand. At that time, it was envisioned that the North Grand Mall area, which is subdivided into four lots, would include expanded retail space in the form of a new life-style center. This life-style center would involve the demolition of the former Sears building and everything south, while the enclosed mall would remain. The development agreement created certain responsibilities for the mall owner, one of which is to reconfigure the parking area adjacent to the enclosed mall to comply with the City's minimum off-street parking standards by no later than one year from the recording of the final plat.

Because of the downturn in the economy, no progress was made towards implementing this vision. In response to the mall owner's request, in July 2008 the City Council granted a one-year extension to the obligation to improve the parking lot. As the economy failed to improve, the owners once again requested and received a second extension in July 2009. In July 2010, the owners requested a third extension—this time for six months—to allow time to lease space and prepare a new adaptive reuse plan. The owners indicated that they have abandoned the Streets of North Grand plan and now want to reutilize as much of the existing Sears space as they can while reconstructing the building to the south of Sears.

The most recent extension expires on January 18, 2011, and GK Development is now requesting a fourth extension. In a December 14, 2010 letter to the City Council, they state that they are in "advanced discussions" with an anchor tenant that will require the demolition of the building south of the former Sears store and the construction of a new building. This will require the preparation of a new adaptive reuse plan and action by the City Council. A preliminary concept plan was reviewed by staff in July, but no further information has been submitted for review.

If the extension is not granted, the City will be able to cash in a bond that was provided as security for this obligation and hire a contractor to reconfigure the lot as required in the development agreement.

ALTERNATIVES:

1. The City Council can approve the request from the owners of North Grand Mall to extend the deadline for reconfiguring the parking on Lot 2 for six months, to July 18, 2011. This extension provides additional time for the owners to continue their leasing discussions and to work with City staff to prepare a new site/adaptive reuse plan for Council consideration.
2. The City Council can approve the request from the owners of North Grand Mall to extend the deadline for reconfiguring the parking on Lot 2 for some time period other than six months.
3. The City Council can deny the request from the owners of North Grand Mall to extend the deadline for reconfiguring the parking on Lot 2 for six months. Under this option, Council can direct staff to cash in the bond provided as security for this obligation and prepare to hire a contractor to reconfigure the lot as required in the approved development agreement.

MANAGER'S RECOMMENDED ACTION:

The leasing of commercial space at North Grand Mall is critical to our community. While retail development and redevelopment has continued in the South Duff Avenue corridor, redevelopment of the North Grand Mall appears slower. However, given the uncertainties of the retail sector, the City Council may wish to exercise continued patience with the owners of the property, even though their renovation plans are not proceeding as swiftly as originally planned.

Staff understands the frustrations of the community with the lack of action to redevelop North Grand Mall. However, cashing the bond and reconfiguring the parking lot will not, in and of itself, lead to a revitalized retail center. Since the final design of the reconfigured mall property is still uncertain, the work to reconfigure the parking lot could be time and money wasted.

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #1, thereby granting the request from the owners of North Grand Mall to extend the deadline for reconfiguring the parking on Lot 2 for an additional six months to July 18, 2011.



*Around dais 12-14-10
Copy: Steve Osguthorpe*

December 14, 2010

City of Ames
Mayor Ann Campbell & City Council Members
515 Clark Avenue
Ames, IA 50010

RE: Status Report and Request for Extension of
Streets of North Grand Adaptive Reuse Plan

Dear Mayor and City Council Members:

When we last came before the Council in July, we were well along in discussions with two key anchor tenants for our Grand Center redevelopment plan. However, after an initial expansion period last spring, the economy sputtered again in late summer. This caused one of these key tenants to put their planned Ames store on hold because sales had fallen below expectations at their other Iowa stores. While much progress has been made on the project and we are currently well down the road in securing an anchor for the former Sears building, the loss of the second anchor for the southern portion of the property has hampered our ability to complete planning and move forward with the redevelopment.

We are pleased to report, that during the first week of December we began advanced discussions with another anchor tenant for the project. This tenant has a larger footprint, requiring demolition of the existing building south of Sears and construction of a new building. This changes the plan to reutilize the existing structure that was envisioned last July. There will also be additional modifications to the parking field in order to meet the needs of the proposed anchor tenants. Based on our current timetable, construction would begin in the second half of next year, with opening to occur in 2012.

A six month extension of the current Adaptive Reuse Agreement is requested as we work with these anchor tenants and the City's planning staff to complete site and building plans based on the revised leasing plan. While the need to make this request must be as frustrating to the community as it is to us, we greatly appreciate and need the Council's patience and support as we work to achieve the successful completion of this project. We are excited by the proposed retail line up for Grand Center, and believe the merchandise mix will fill a much needed void. We fully intend to deliver on our promise to create a high quality retail environment which complements both North Grand Mall and the City of Ames.

Sincerely,
GK DEVELOPMENT, INC.

Gregory Kveton
Principal - Development

