

Staff Report

North Grand Mall Update

July 12, 2011

Background

At the request of North Grand Mall owner GK Development, Inc., in July 2007 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. (Lot 2 is the northern part of the Mall containing the enclosed mall and everything up to 30th Street. Lot 1 contains the former Sears store and everything south to 24th Street. Lot 3 is the Walgreen's site. The fourth lot is designated as Outlot A which is an undeveloped green space west of Ferndale Avenue.) 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 specified certain responsibilities for the mall owner, one of which is to reconfigure the parking area adjacent to the enclosed mall to

“...comply with the minimum off-street parking standards in the Ames Municipal Code **in a manner consistent with an approved site plan** and with the parking lots on Lots 1 and 3 not later than one year from the recording date of the final plat [July 18, 2007]” [emphasis added].

This requirement was placed in the development agreement because the final plat for Streets of North Grand created a non-conformity on Lot 2. The parking supply on Lot 2 was not adequate to meet the parking requirements of the code for the amount of retail space on Lot 2. A bond of nearly \$480,000 is held by the City to ensure compliance with the development agreement.

The mall owners requested, and the City Council granted, one-year extensions to the terms of the development agreement in July 2008 and July 2009. In July 2010 and January 2011, the Council granted six-month extensions upon request of the mall owner. The current extension will expire on July 18, 2011.

The adaptive reuse plan approved by the City Council shows the new parking configuration of the three lots of North Grand Mall. The reconfiguration will bring Lot 2 into compliance with the numerical parking requirements by providing enough parking spaces on the lot to satisfy the Code requirements.

However, the development agreement requires more than meeting the numerical requirements of the parking code. As noted above, the agreement requires compliance with the parking standards “consistent with an approved site plan.” While the approved site plan meets the numerical parking requirements, the

development agreement through the approved site plan also commits the mall owner to improve the visual attractiveness and amenities through reorienting parking aisles, providing upgraded traffic islands with improved landscaping, installing pedestrian-scale light poles in the parking lot, and encircling the entire parking lot with enhanced landscaping including over-story and ornamental trees. It also enhances safety by providing improved pedestrian access from 30th Street and Grand Avenue to the mall building with enhanced sidewalks and marked pedestrian crossings. The approved site plan sheets showing the hardscape and landscape improvements are attached.

The bond that the City is holding would pay for the reorienting of the parking aisles, new traffic islands, the patching of the asphalt parking lot, and the relocation of some light poles and electric transformers. It would not pay for the enhanced pedestrian access or the landscaping. The bond amount covers only those minimum aspects of the approved plan that will bring the parking configuration into compliance with the code requirements.

It should be remembered that no bonding is ever required to assure completion of *private improvements* approved by a site plan. A project is assumed to go forward, in which case the plan is binding as regards the expectation of the completed project. However, in some instances, the project may never commence, in which case the plan carries no commitment. In this instance, the mall went forward with the partial realization of the plan by the construction of the Walgreens store on Lot 3. Therefore, the mall owner should be expected to complete the improvements reflected in the approved plan or seek approval of a new plan.

It is important to note that since the development agreement and site plan were approved, the City Council amended the City's parking standards to allow "remote parking" in the Planned Regional Commercial (PRC) zoning district. Under this 2009 code amendment, the mall could submit a new site plan and remote parking agreement and request that the City Council approve them to allow parking demand on one lot in the PRC district to be satisfied by the excess supply on another lot in the PRC district. The current parking supply on Lots 1 and 2 is 1,952 spaces. The current requirement for all the commercial space on the two lots is 1,701. The deficiency in parking spaces on Lot 2 (108 spaces) could be rectified, should the City Council choose, by approving a remote parking agreement with the mall, along with a new approved site plan.

At this point, there are several options which the City Council might want to consider.

Options

A. The City Council can grant an additional extension of up to one year to the terms of the development agreement.

This option retains the status quo with no improvements to the mall. The City would retain the bond with its fixed value of nearly \$480,000. Under this option,

the mall owners would continue to seek tenants and redesign their proposed improvements to suit those tenants. Once tenants were signed, the mall owners would then likely need to seek approval of a new site development plan.

B. The City Council can deny the extension to the terms of the development agreement and draw upon the bond to complete the parking lot improvements.

This option would result in an improved parking lot for the mall, but possibly only after a protracted legal action with the mall owners and their bonding company before the City would be allowed to draw upon the bond. The bond will pay for only improvements to the parking lot on Lot 2.

The mall owner has advised that the parking reconfiguration might have to be reconstructed based on the ultimate plan and layout for Lot 1.

C. The City Council can grant an additional extension of up to one year to the terms of the development agreement in return for the mall to commit to some other improvements identified on the approved site plan.

For example, the City Council could grant an additional extension of time to complete the parking lot reconfiguration provided the mall owners commit – prior to the expiration of the extension time period – to install the trees along the perimeter of the site as is currently required in the adaptive reuse plan.

These trees along the perimeter of the site would provide a visual enhancement of the mall property from all adjacent streets and neighborhoods and would not be disturbed during the eventual, later reconstruction of the parking lot. Further, by approving the attractiveness of at least the perimeter of the mall, the landscaping could help in attracting customers and new tenants.

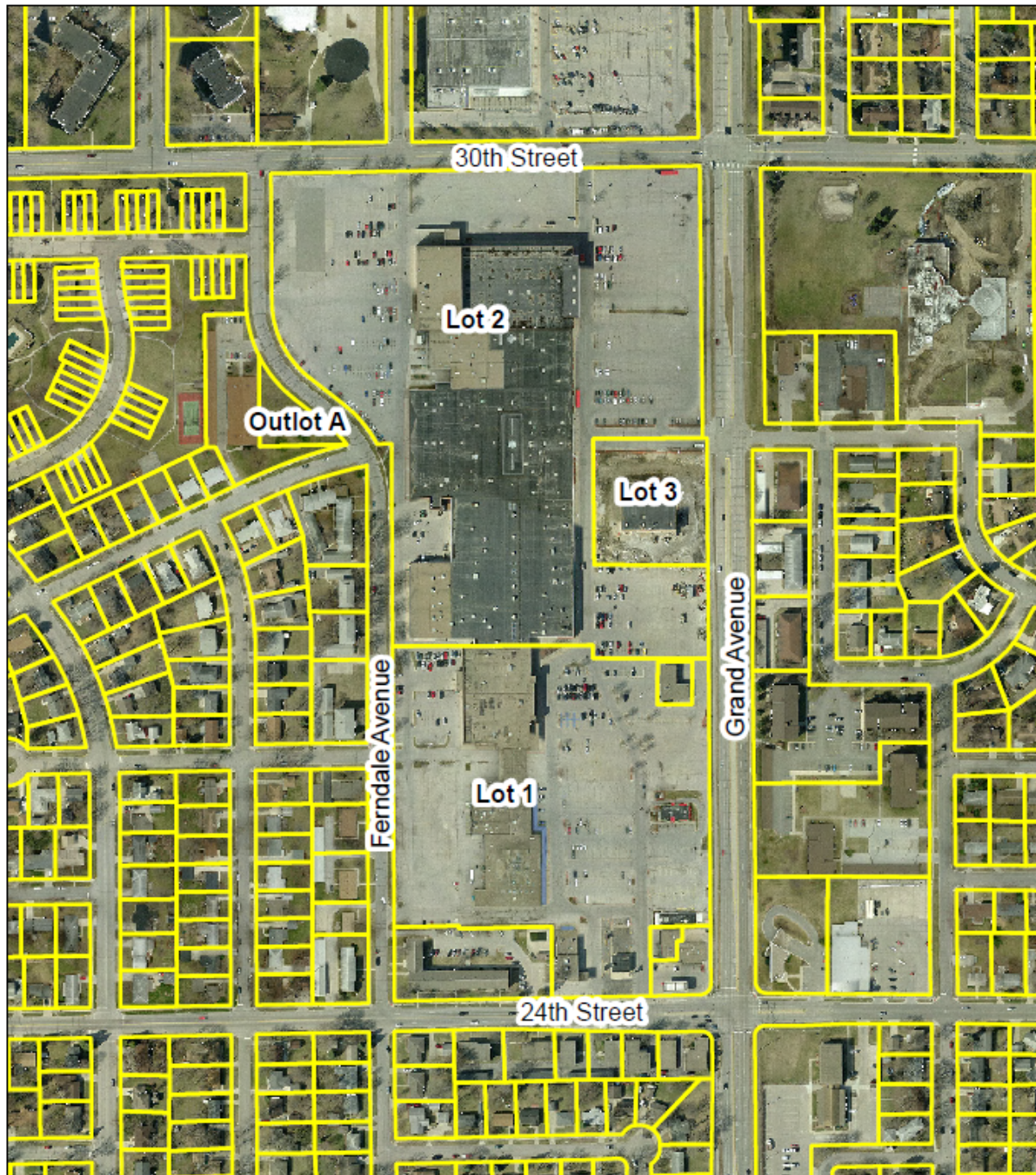
D. The owners of North Grand Mall could prepare and seek approval of a new site plan along with a request for approval of a remote parking agreement.

It is apparent that the owner of the mall no longer intends to renovate the lots as depicted on the approved plan for the Streets of North Grand. Given the new code provision that allows for shared parking in Regional Commercial areas, it might be possible to develop a new site plan with a remote parking agreement that will eliminate the nonconformity identified at the time of platting. If the Council approves such a plan, the requirement for parking improvements and the corresponding bond security might no longer be an issue. To accomplish this option, the development agreement would need to be extended to allow time for the new site plan to be prepared and approved.

E. The owners of North Grand Mall could prepare and seek approval of a new site plan along with a replat of the property back to one lot.

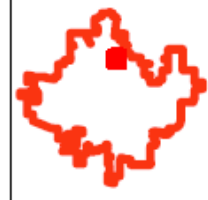
It was the division of the mall property which required the bond in order to resolve a non-conformity. By replatting Lots 1 and 2 into a single lot, the entire site would provide enough parking to satisfy the requirements. This option would, like the previous option, retain the status quo. However, this option probably is not a viable option due to the mall owners' financing requirements for current and future buildings. To accomplish this option, the development agreement would need to be extended to allow time for the new site plan to be prepared and approved.

ATTACHMENT 1: LOCATION MAP

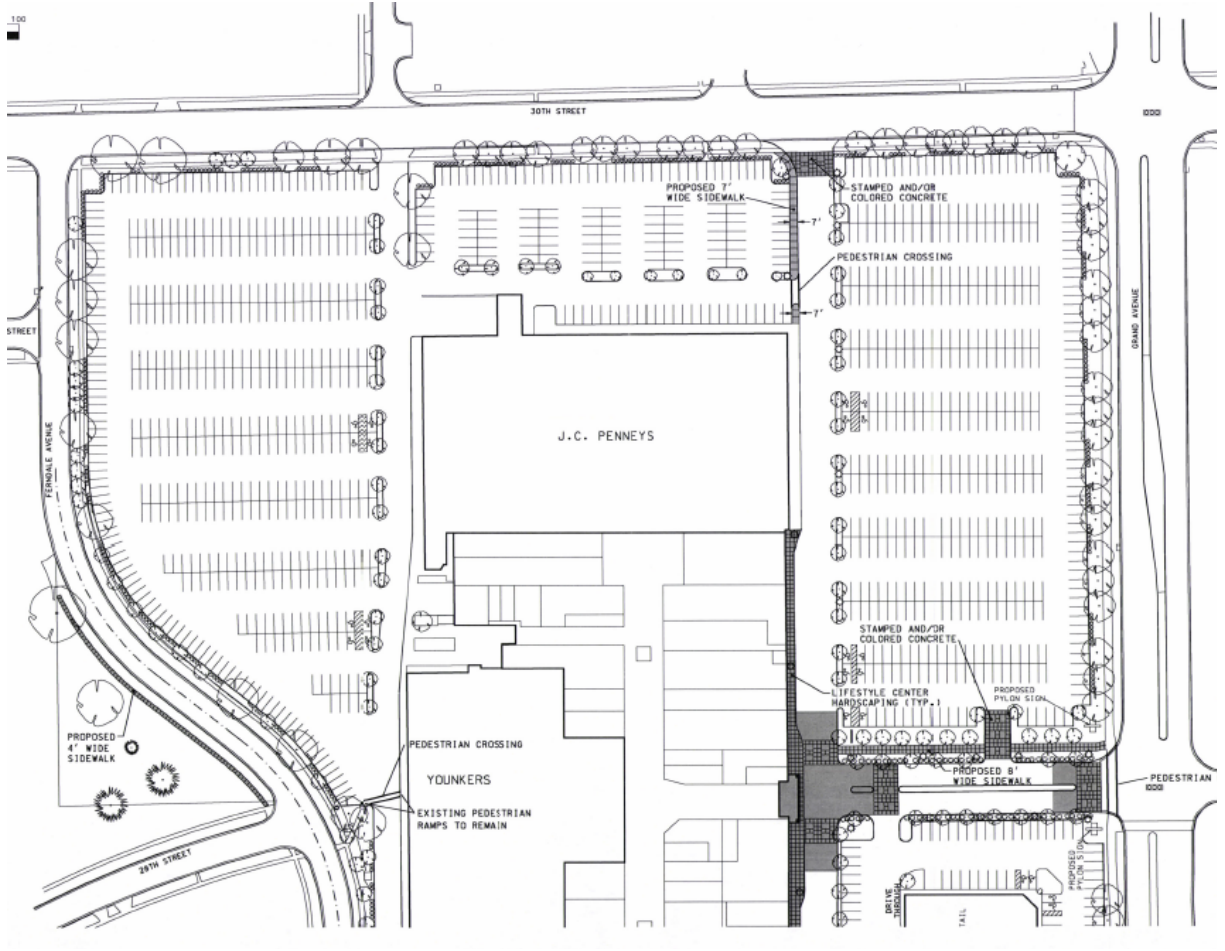


0 75 150 300 Feet

Lots of North Grand Mall



ATTACHMENT B: HARDSCAPE IMPROVEMENTS





ATTACHMENT C: LANDSCAPE IMPROVEMENTS

