
MEMORANDUM

To: Mayor and City Council Members
From: Gregg Mandsager, City Administrator
Date: May 31, 2016
Re: Mall TIF Agreement

Staff has been working with the new owner of the Mall to end the current mall TIF. This was not addressed in the sale of the property and at present the three owners noted on the agreement have no ability to make improvements going forward, however they do maintain their interest in the TIF agreement.

The current agreement is set to expire in in FY 2028/29. After the current year, there are 13 years left on the agreement. The City has not yet made the rebate payments for the current year. So, there are currently 14 years (28 semi-annual payments) remaining under the original agreement.

It is in the City's best interest to work with the mall as this is an outstanding liability that counts against our debt limit. This will remove \$5,174,263 from our legal debt limit (originally this was \$5,325,000). In exchange for canceling the agreement, the previous mall owners would accept the current fiscal year payment of \$42,033 and the first half of next fiscal years estimated payment in the amount of \$19,000. Additionally, one owner continues to own property adjacent to the Mall, but which is currently covered by the mall TIF. This owner has requested a 10 year, 50% basic TIF (to include annual appropriation, which the current agreement does not include) for the planned improvements to the site using the base established by the current agreement. In general, those improvements include a total investment in the range \$1.3 million (not all of that will be in assessed value) and a 22,500 SF store (job numbers forthcoming).

2016-2017 tentative work schedule:

- July rework the pylon sign at the southeast corner of the property
- August Start Exterior renovations of former Sears and Sam's Bar space for new tenant that will occupy the balance of the building. Cut new openings, install new aluminum windows, façade and stone veneer.
- September complete the last 25% of the front parking lot asphalt overlay
- September start interior renovations for new tenant, work to be completed in January 2017
- Turn over completed store to new tenant February 1st 2017
- Store opens March 1st 2017

Next steps in this process: If there is Council consensus to move forward, Staff will bring forward a document forward for City Council approval ending the current TIF agreement and begin the process of establishing a new TIF agreement for the two adjacent parcels.