

Minutes

The City Council of the City of Leawood, Kansas, met for a Work Session Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday, October 15, 2012. Mayor Peggy Dunn presided.

Councilmembers present: Debra Filla, Jim Rawlings, Julie Cain, Gary Bussing, Carrie Rezac, James Azeltine, Andrew Osman, and Lou Rasmussen via teleconference.

Staff present: Scott Lambers, City Administrator
Joe Johnson, Public Works Director
Mark Klein, Planning Official
Deb Harper, City Clerk
Patty Bennett, City Attorney
Richard Coleman, Comm. Dev. Director
Dawn Long, Finance Director

Others Present: John Petersen, Esq., Polsinelli Shughart
Amy Grant, Paralegal, Polsinelli Shughart
Bob Regnier, General Partner, Ranchmart North LLC
Otto Westerfield, JOCO Management, Director of Real Estate
Henry Klover, Klover Architects
James Harpool, MD Development

Review Community Improvement Development [CID] Application for Ranchmart North

- 1. Presentation by applicant**
- 2. Discussion by Governing Body**

Welcome by the Mayor

Mayor Dunn called the meeting to order at 6:10 P.M. Introductions were made by those present.

Mr. Petersen, in making the presentation, stated this CID application is for the Ranchmart North Shopping center in an effort to modernize this 50-year old shopping center and continue to bring revenues to the owner and the City of Leawood. The bank on the east side of the project was constructed in 1999, and the McDonalds Restaurant was built in 1992. McDonalds is under separate ownership and is not part of the CID. The old post office building is included in this application. Mr. Petersen feels confident an agreement has been reached with the residents and their concerns have been satisfied regarding the zoning application for the Slab 'n Pickle restaurant. This will be brought before the Planning Commission on October 23rd.

Improvements will include the perimeter parking lots, masonry wall, drives, lighting improvements, building exterior façade, landscaping, pedestrian amenities, fencing; incorporating some of the improvements that were made to Ranchmart South, located on the south side of 95th Street.

The development is premised on a phasing concept. Phase I would include the renovation of parking lot and perimeter street landscaping along the entire frontage along 95th & Mission Road and the façade on the Seasonal Concept building. Phase II would be the Hallmark component, bringing the same architectural treatment around the corner on the west and turns to the north. Phase III would include the façade improvements along store frontages around the corner to the north that faces Mission Road. Phase IV and V would include the northern part of the project that would be identified as the ‘bowling alley’ and the ‘Gant Sisters’ parts of the project.

The Streetscaping will be similar to Ranchmart South, utilizing the current landscaping combination of masonry wall system, entry features, and decorative fencing; replacing parking lot lighting; islands placed within the lot to coincide with current code regulations in an effort to create a true sense of streetscape that will have a nice visual impact from the street for the entire frontage on 95th Street as well as Mission Road, thus improving the quality of the shopping center and providing for a more inviting shopping experience.

Mr. Petersen confirmed with Mayor Dunn that the pictures shown are features that are from Ranchmart South and similar to the features desired. If the application is approved, they would provide pictures of exact features that will be used.

Mr. Peterson confirmed with Mr. Lambers the design decision for these amenities has not been made, however, the quality level would be the same as Ranchmart South. The features will be similar but may not be exactly the same as across the street. Mr. Lambers stated this would be a good base if the architectural features and amenities are going to be consistent with Ranchmart South. Mr. Petersen confirmed with Mayor Dunn that the red awning would be brought into with a consistent color subject to any lease requirements.

Phase I of the project, which includes the entire parking lot and Seasonal Concepts building, is projected to be completed by the summer of 2014. Estimated Phase I total cost is \$13,379,638. Not all of these costs are covered under the City’s CID policy, however, they are allowed under the state statute. Of that total, just over approximately \$7.7 Million are statute eligible costs. With a 50% private investment component, the shared cost is reduced to \$6,689,819.

Scott Lambers stated currently, financial costs are not included under the City’s policy. The Council will need to determine if the financial costs should be included in the policy. It is an eligible cost under the statute. The cost for future phases is \$7,782,117. The total project cost is estimated just over \$21 Million, which includes all 5 phases. Approximately \$13,151,905 will be eligible for CID costs under the statute.

Mr. Petersen confirmed with Councilmember Cain no completion date has been set for the entire project; only a completion date for the Phase I.

Mayor Dunn stated Councilmember Rasmussen has the following concerns regarding this application.

1. McDonalds should be included

2. Improvements should include pedestrian sidewalks along Mission Road all the way to 95th Street
3. Zoning of Lot 3 should be determined prior to this CID application's approval or denial.

Mr. Peterson stated they will ascertain from McDonalds if they would like to be incorporated into the project. It would be tight to get a public sidewalk along Mission Road, if McDonalds was not included in the project area, as they could not use McDonald's property without obtaining sidewalk easements, which could impact their parking and landscape areas; however they will explore that option. He agrees that the zoning of Lot 3 should be determined before or in conjunction with the CID application.

Councilmember Rezac stated in City's policy the approval of applications is based upon the economic payoff expectations of the project and its significance to the community. Have there been any feasibility financial projections studies conducted on the part of the owner that can see an economic benefit from the improvements.

Mr. Petersen stated they recently completed a CID on Corinth in Prairie Village. Because this is a pay as you go project that carries a significant amount of financial risk, some of this is intuitive and market experience, and not based upon any concrete study. The benefit is good for the developer, surrounding neighbors, and the city as it enhances the retail base. If sales tax are not generated the developer won't have the revenue to pay back the CID cost.

Mr. Regnier stated the development dynamics have changed dramatically since 2008. They are counting on attracting better tenants and better rental rates. This will be an attractive center. The only significant change to the center was signage done in the 90's.

Councilmember Bussing stated he will be requesting more detailed information on the time frames for the potential developments of the phasing levels, and a projected completion time for the entire project, if this application progresses to the point of executing a Development Agreement.

Mr. Regnier responded as the policy states, this will be pay-as-you-go instead of a bonding process which is dramatically different.

Mr. Regnier confirmed with Councilmember Bussing since this shopping center has not had any significant improvements for the last 20 years, if this CID application is not accepted, the alternative plan would be a phased approach, but with a less elaborate design plan.

Mr. Lambers confirmed with Councilmember Azeltine the interest cost is not currently in the City's policy. Since this is pay-as-you-go, and not a bonded project, there should be no interest costs. He feels this defeats the purpose of having the pay-as-you-go feature in the CID policy. This is a significant policy decision the Council needs to make. Mr. Regnier stated this would have a substantial impact on this project.

Mayor Dunn stated she would like to see more information before a decision is made. Specifically, the actual elevations on Ranchmart North that depict a lot of stone including the monument sign; additional landscaped islands for the entire Ranchmart North including the north and east sides; view the architectural tie-in to the south side of 95th Street. She doesn't see the significance of calling this Ranchmart north when Ranchmart on the south side is just identified as 'Ranchmart.' She would also like to see what the developer will do to improve the interior of the stores located within the shopping center. The roof appears to need total replacement. Mr. Klover confirmed with Mayor Dunn that the roof on Ranchmart South is wood shake shingle.

Mr. Lambers stated the issues that need clarification is whether to include interest costs in the City's policy, and whether McDonald's will be included in the project.

Mayor Dunn stated she would also like to see a more definitive time frame for the phasing of and completion of the project.

Councilmember Rezac asked that a column be included in the spread sheet that identifies the eligible costs for the City's CID policy.

Deb Harper, City Clerk