

**AGENDA**

**CITY OF BESSEMER  
DOWNTOWN DEVELOPMENT AUTHORITY**

Regular meeting of the City of Bessemer Downtown Development Authority to be held in the DDA office, City Hall, on Thursday, February 13th, 2020, at 4:00 p.m.

**CALL TO ORDER**

**BOARD MEMBERS: Zak, Osier, Whitburn, Leskoviansky, Filippini, Bjorkquist, Olsen, Meinke**

**ROLL CALL**

**APPROVAL OF MINUTES:**

**BUSINESS ITEMS:**

- 1) **Training**
- 2) **Financials**
- 3) **PopUp Shop Funding (none)**
- 4) **Façade Funding (none)**

Item	Description	Responsible Individual	Action Steps
Wayfinding on US-2	Discuss Mine St lot, ROW 5.5 blocks east of downtown, update banner. 4' by 4' sign costs \$120-\$150 plus poles	Charly	Design Sign
Christmas lights			
Broadband in Downtown	Am waiting for quotes	Charly	
Marketing Grant Opportunity	We are covered through April for social media costs from the grant.		
Co-working Spaces Downtown/ Expanding PopUp Shop Program	library grant		
Parking Lot	Kevin Kimball is concerned about splitting up parcel but open to a discussion. Our assessor values downtown land at \$45/ linear foot. The parking lot is about 60'x180'		

	so 60'*\$45 = \$2,700. This is for the whole lot and doesn't include asphalt.		
Ethnic Commons access	Done, needs restoration. Contacted Durkee		
Welcome Signs	\$7,500/ apiece.		
Meetings for state requirements			
2021 Project	Discuss if we want stamped concrete in bulbouts at corners.		

- 5) **Historical Society Lease**
- 6) **Public comment**

**ADJOURN    Next Meeting: Thursday, March 12<sup>th</sup> at 4:00**

**A regular meeting of the Downtown Development Authority for the City of Bessemer  
was held in the DDA meeting room on  
Thursday, December 9th, 2020 at 4:00**

Call to order at 4:00

Present: Osier, Fillippini, Kryshak (In for Zak), Bjorkquist, Olsen, Meinke, Whitburn, Leskoviansky

Absent:

A quorum was present

Olsen made motion to approve November's minutes, Osier seconded, passed unanimously

Board discussed the training materials regarding fiber internet in rural America.

The board discussed the finances. Olsen made a motion to accept the financials. Osier seconded it and it passed unanimously.

Item	Description	Responsible Individual	Action Steps
Wayfinding on US-2	Discuss Mine St lot, ROW 5.5 blocks east of downtown, update banner. 4' by 4' sign costs \$120-\$150 plus poles	Charly, Dustin	Design Sign
Christmas lights			
Broadband in Downtown	Continue contacting companies to move this forward including PFN, Charter, and Gogebicrange.net. Look into the cost of laying it ourselves.	Charly	
Marketing Grant Opportunity	We are covered through April for social media costs from the grant.		
Co-working Spaces Downtown/ Expanding PopUp Shop Program	library grant		
Parking Lot	Look into purchasing part of Big Dollar Parking Lot, look at angle parking on Mary St, look next to the Grasshopper		
Ethnic Commons access	Done, needs restoration. Contacted Durkee		
Welcome Signs	\$7,500/ apiece.		

Meetings for state requirements			
2021 Project	Discussed wanting trees, bulbouts (if can be plowed), and looking at long lasting solutions for filling in bulb-outs		

Whitburn made a motion to change the PopUp Shop program to 3 months of full reimbursement up to \$500 and then the next 6 months up to 50% reimbursement up to \$250/ month. Leskovlansky seconded it and it passed unanimously.

Kryshak made a motion to have the PopUp Shop owners check in the with DDA every three months until their funding expires to inform the board on how they are doing. Bjorkquist seconded it and it passed unanimously.

Whitburn made a motion to allow building owners who start a business to access the PopUp Shop funding in the same amounts as the traditional PopUp business for partial reimbursement Kryshak seconded it and it passed unanimously.

Kryshak made a motion to accept the 2020 schedule as presented. Meinke seconded it. It passed unanimously.

Kryshak made a motion to adjourn, Osler seconded. Passed unanimously. Adjourned at 5:10 PM

Business

# Malls are dying. The thriving ones are spending millions to reinvent themselves.

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By Abha Bhattarai

November 22

Abdul Mannan was perched on a stool, scrolling through his phone, on a recent afternoon at Lakeforest Mall in suburban Washington. He was two hours into his shift at a jewelry kiosk and had yet to exchange words with a single customer.

There was a time, he says, when business was brisk, and the Gaithersburg, Md., shopping center teemed with shoppers. But that was before the J.C. Penney at the end of the corridor closed this summer. The Lord & Taylor went dark a few months later, and soon Sears will be gone, too.

“Some days, we don’t sell anything,” Mannan, 28, said. “Not one penny. You see the mall? It’s empty.”

Lakeforest’s slow decline mirrors the all-too familiar narrative of the American mall, particularly the mid-tier cookie cutters that proliferated in the ’70s, ’80s and ’90s. In their heyday, they were monuments to consumerism that doubled as cultural touchstone, inspiring films like “Mallrats” and board games like Mall Madness. But in the past decade, as shopping dollars migrated online and a parade of well-known retailers toppled, the malls that didn’t evolve fast enough stumbled into a devastating cycle of dwindling traffic, lower sales and disappearing storefronts. One in four U.S. malls is expected to close by 2022, according to a 2017 report by Credit Suisse.

Those that are thriving are spending millions reinventing themselves as integrated lifestyle hubs — adding yoga studios, medical clinics and microbreweries — populated with more upscale shops. But such targeted

investments are often coming at the expense of mall operators' lower-tier properties — and analysts say the divide between rich malls and poor malls is widening.

“There is an accelerating polarization between the ‘best’ and the ‘rest,’ ” said Neil Saunders, managing director of research firm GlobalData Retail. “Newer, nicer malls have become magnets for consumers, pulling them away from struggling properties.”

As of mid-November, retailers have announced plans to close more than 10,600 stores nationwide, according to real estate research firm Costar; that compares with 5,400 for all of 2018. Payless ShoeSource, which filed for Chapter 11 protection in February, shuttered all 2,100 of its U.S. stores, while Gymboree and Charlotte Russe have closed more than 500 stores apiece, many of them in malls. Mall vacancies, meanwhile, are at an eight-year high.

Even retailers on relatively stable financial footing, including Macy's, are pruning hundreds of underperforming stores to focus on flagship locations. These closures, analysts say, are also having a disproportionate effect on lower-tier malls and shopping centers, making properties like Lakeforest Mall a kind of ground zero for America's changing retail landscape.

“Traditionally we kept our shopping separate from our living from our recreation,” said Amanda Nicholson, a professor of retail practice at Syracuse University. “That's not what the world wants anymore. Malls need to be more creative about getting people outside their homes — it can't just be stores, stores and more stores.”

## **The American Dream**

When it opened four decades ago, Lakeforest Mall was the pride of Montgomery County.

It had an Olympic-size ice skating rink, a glass-enclosed elevator and an indoor amphitheater with a water-filled moat. Among its attractions was a 201,000-square-foot Sears that could fill just about any household need: power tools, clothes, appliances, furniture, tires, even fine jewelry.

The recent demise of three of its four anchors — only Macy's remains — follows nearly a dozen bankruptcy-fueled closures since 2017, including Charlotte Russe, Gymboree and Brookstone. And many of the remaining tenants say they're operating on short-term leases.

For decades, malls like Lakeforest tethered their fortunes to department stores with prominent mall entrances and sprawling parking lots, in hopes they would attract loyal shoppers. But as chains like Sears and J.C. Penney have struggled and closed hundreds of stores, it's had a rippling effect on the malls they once anchored.

These days, the most successful malls tend to be dominated by brands that appeal to higher earners, like Nordstrom, Apple and Lululemon, as well as up-and-comers like Untuckit and Peloton. They also tend to have invested heavily in restaurants, spas and specialty gyms that keep customers coming back, week after week, even if they're doing more of their shopping online, Saunders said.

Some mall operators are taking that to extremes. The American Dream — a 15-year, \$5 billion shopping center that will be completed next spring in East Rutherford, N.J. — will feature indoor ski slopes, a water park and aquarium alongside 350 stores, including Hermès, Uniqlo and Zara. By the time it's done, it will surpass the Mall of America in Minnesota, as the nation's largest, by square footage.

Both malls are owned by Triple Five Group. Next up for the company: a \$4 billion megamall in Miami.

“Everybody talks about the future of retail and the future of entertainment, and how you merge the two,” Don Ghermezian, president of Triple Five Group, said last month. “There really isn’t a center on the planet that has done it to the degree that we’ve done in here.”

But even America’s most ambitious shopping center is not immune to industry turmoil. American Dream lost a key tenant this year when struggling department store chain Lord & Taylor pulled out of a 120,000-square-foot lease.

It wasn’t long before Barneys New York swooped in as a replacement. But it filed for bankruptcy in August. It sold off assets and it is liquidating its Manhattan flagship, and now its future at the mall is uncertain.

“Nobody is immune,” said Mark Cohen, director of retail studies at Columbia Business School. “The shopping mall as we know it is past its prime.”

## **Zombie malls**

Malls were in trouble, retail experts say, long before the advent of online shopping.

The nation’s first shopping center opened in Edina, Minn., in 1956. Renowned architect Frank Lloyd Wright was unimpressed, as it had “all the evils of the village street and none of its charm.” But Americans were mesmerized, and almost immediately developers began looking for new opportunities to build shopping destinations for captive consumers.

What followed was hundreds of imitations, with sprawling layouts and the same national chains.

“There was an explosion of one-level malls with four anchor stores, a dreary food court and a carousel in the middle,” said Nicholson of Syracuse. “Developers realized they could put a large, flat building in the middle of a field and quickly make money — so for decades, in the ’60s, ’70s and ’80s, that’s what they did.”



The result, she said, was that “every mall looked the same, and there were way too many of them.”

Developers built 750 U.S. malls from 1970 to 2000, according to the International Council of Shopping Centers.

By 2008, their numbers had swelled to 1,100 — many of them in rapid decline — as the United States was gripped by its worst recession in decades. Americans lost more than 8 million jobs, home values plummeted and stocks lost nearly half of their value. Consumers were pulling back, and when they did spend, it was increasingly online.

“During the Great Recession, it became clear that there was no way all of these stores would survive,” said Cohen, of Columbia Business School. “Those closures have accelerated over the past decade, and now we’re left with hundreds of ‘zombie malls’ — properties that are still operating but are clomping around more dead than alive.”

That, locals say, is certainly the case at Lakeforest Mall, which has been struggling for years. It was sold to U.S. Bank in a foreclosure auction in 2017 and changed hands again this summer when South Carolina-based retail

developer WRS paid \$22.5 million for much of the sprawling property. The company plans to turn it into a mixed-use development.

There are a few national chains left, including Aeropostale, Claire's and Bath & Body Works, but mostly the mall has become a collection of mom-and-pop shops with names like French Perfumes, Magic Health Plus, Grace's Place and Ronky Creative Hair Salon.

At Free Style, a beauty supply store that sells \$69.99 wigs and \$2.99 foam rollers, employee Ahmad Kabir said sales have been declining for years. But J.C. Penney's closure was the biggest blow yet. The store has posted losses every month since the department store closed, he said, forcing managers to cut back to two weekend employees, from three.

"Three-fourths of our traffic is gone," he said, adding that the store's owner closed two other locations during the past recession. "Even on Fridays and Saturdays, our sales are poor now."

On the other end of the mall, Destini Robert, 20, snacked on a pretzel at Auntie Anne's while watching her 3-year-old brother run around an indoor playscape. It was drizzling outside, and they had decided to come to the mall for the toddler's haircut.

"This mall has become the lowest of the low malls," said Robert, who grew up visiting the mall's Santa Claus and Easter Bunny as a child. "I have so many childhood memories here, but so many new places opened up and upgraded, and this one stayed the same."

Nearby, 90-year-old Norman Heim was finishing his daily walk around the mall. Much has changed, he said, in the 21 years he's been shopping at Lakeforest.

"Oh boy, it used to be busy," said Heim, a retired music professor who has never bought anything online. "It's all disappeared."

Over at the soon-to-close Sears, everything had been picked through and marked down.

Among the last items to remain were the headless mannequins in a far corner. “Available for sale!!!,” neon price tags said: \$35 for a child-size mold or women’s legs, \$45 for men’s torsos.

Downstairs, shoppers shuffled through bathing suits and parkas marked 60 percent off. Treadmills were half off, while mattresses had been discounted 70 percent.

“There is nothing here,” said Pam Davis, 70, who made weekly trips to Lakeforest Mall for years and had stopped in one last time to see if there was anything worth buying. “It’s like a graveyard.”

## Boutiques and pop-ups

Across the Potomac River, Tysons Corner Center started out much like Lakeforest Mall did, with a handful of anchor stores and a few dozen assorted storefronts.

But over the past 51 years, the property has reinvented itself into a launchpad for big-name brands. Apple opened its first retail store at Tysons Corner Center, as did Spanx. The mall is brightly lit and modern, and its surroundings are constantly being updated, with landscaped sidewalks and a glass-enclosed walkway that connects shoppers to a newly added Metro stop. As it has grown, the shopping center has helped spawn a neighboring community of high-rise office buildings and \$1.2 million condominiums.

On a recent weekday morning, Tysons Corner Center was bustling with hundreds of visitors. Large red signs hawked photos with Santa and holiday cookie-decorating sessions. Freshly packed sushi made its way down a conveyor belt in a first-floor restaurant. There was free WiFi, and a valet service with while-you-shop carwashes, and hundreds of stores, including Nordstrom, Louis Vuitton and a newly opened 7-Eleven. But despite its reinvention, Tysons still isn’t fully immune to the problems afflicting malls: One of its anchors, Lord & Taylor, is closing in January.

“It’s like a one-stop shop for everything I like: Nordstrom, Zara, Uniqlo and Nespresso,” said Jameela Hussain, 28, who lives nearby and frequents the mall four times a week. She prefers to shop on weekday mornings, she said, because it gets so busy on weekends “that sometimes you can’t even walk around this place.”

Judi Raiken, 76, had stopped by in search of high-heel all-weather boots and fleece leggings. She meets her friends at the mall at least five days a week, she said, to walk and window-shop.

“When I started shopping here 40 years ago, it was all sweatpants, mothers and strollers,” she said. “But now you’ve got all these boutiques and pop-ups, even a movie theater.”

Plus, she added, there was one more attraction: “The restaurants here have happy hour.”

*Rachel Siegel contributed to this report.*

*Correction: An earlier version of this story misspelled the last name of Norman Heim. It is Heim, not Hein.*

**Abha Bhattarai**

User: JIM  
 DB: Bessemer

PERIOD ENDING 01/31/2020  
 2019-20  
 AMENDED BUDGET NORMAL (ABNORMAL) YTD BALANCE 01/31/2020 ACTIVITY FOR MONTH 01/31/2020 INCREASE (DECREASE) AVAILABLE BALANCE NORMAL (ABNORMAL) % BUDGET USED

Fund 248 - Downtown Development Authority

GL NUMBER	DESCRIPTION	AMENDED BUDGET	NORMAL (ABNORMAL)	YTD BALANCE 01/31/2020	ACTIVITY FOR MONTH 01/31/2020 INCREASE (DECREASE)	AVAILABLE BALANCE NORMAL (ABNORMAL)	% BUDGET USED
Revenues							
Dept 000 - General	Current Tax Revenue	49,800.00		36,803.05	0.00	12,996.95	73.90
248-000-402.00	Interest Income	75.00		307.92	0.00	(232.92)	410.56
Total Dept 000 - General		49,875.00		37,110.97	0.00	12,764.03	74.41
TOTAL REVENUES		49,875.00		37,110.97	0.00	12,764.03	74.41

Expenditures							
Dept 200 - Spartan Project	Flower/Beautification Projects	0.00		300.00	0.00	(300.00)	100.00
248-200-881.00							
Total Dept 200 - Spartan Project		0.00		300.00	0.00	(300.00)	100.00

Dept 728 - Projects and activities							
248-728-702.00	Salaries	3,000.00		0.00	0.00	3,000.00	0.00
248-728-715.00	Social Security	0.00		227.44	0.00	(227.44)	100.00
248-728-880.00	Advertising/Community Promotion	500.00		4,908.86	4,358.86	(4,408.86)	981.77
248-728-881.00	Flower/Beautification Projects	2,500.00		2,713.99	0.00	(213.99)	108.56
248-728-881.01	CHRISTMAS LIGHTS	1,500.00		355.16	0.00	1,144.84	23.68
248-728-881.02	WELCOME SIGNS	15,000.00		8,430.00	0.00	6,570.00	56.20
248-728-882.03	SIDEWALK SNOW REMOVAL	3,000.00		0.00	0.00	3,000.00	0.00
248-728-940.00	POP-UP SHOP RENT	21,000.00		6,900.00	0.00	14,100.00	32.86
248-728-940.01	FACADE IMPROVEMENT GRANTS	14,000.00		6,710.58	0.00	7,289.42	47.93
248-728-963.00	Miscellaneous	2,000.00		2,000.00	0.00	0.00	100.00
Total Dept 728 - Projects and activities		62,500.00		32,246.03	4,358.86	30,253.97	51.59
TOTAL EXPENDITURES		62,500.00		32,546.03	4,358.86	29,953.97	52.07

Fund 248 - Downtown Development Authority:							
TOTAL REVENUES		49,875.00		37,110.97	0.00	12,764.03	74.41
TOTAL EXPENDITURES		62,500.00		32,546.03	4,358.86	29,953.97	52.07
NET OF REVENUES & EXPENDITURES		(12,625.00)		4,564.94	(4,358.86)	(17,189.94)	36.16

GL Number	Description	Balance
<b>Assets ***</b>		
248-000-001.00	Cash Checking	4,132.27
248-000-002.00	Cash Savings	12,494.70
248-000-002.02	Cash Money Market	7,556.54
248-000-003.32	CERTIFICATE OF DEPOSIT GRB	50,751.68
248-000-084.00	Due From General Fund	3,671.00
<b>Total Assets</b>		<b>78,606.19</b>
<b>Liabilities ***</b>		
248-000-202.00	Accounts Payable	(1,905.08)
<b>Total Liabilities</b>		<b>(1,905.08)</b>
<b>Fund Balance ***</b>		
248-000-390.00	Fund Balance	75,946.33
<b>Total Fund Balance</b>		<b>75,946.33</b>
<b>Beginning Fund Balance</b>		
Net of Revenues VS Expenditures		
Fund Balance Adjustments		
Ending Fund Balance		
Total Liabilities And Fund Balance		
		78,606.19
		80,511.27
		3,300.00
		4,564.94
		72,646.33

# Journal Detail

TRANSACTIONS FROM 01/01/2020 TO 01/31/2020

POST DATE	JE#	GL #	JNL	REFN	DESC	DR	CR
01/08/20	21300	248-728-880.00	CD	35508	Advertising/Community Promotio	1,450.00	
01/10/20	21342	248-728-880.00	AP	E327	Advertising/Community Promotio	2,908.86	
						<u>4,358.86</u>	
					Net Change		4358.86