Gateway MOU Frequently Asked Questions

At their December 21, 2016 meeting, the Mission City Council will consider a Non-Binding Memorandum of Understanding (MOU) with the Gateway Developer. Included below are answers to some of the more frequently asked questions we’ve heard about this agenda item:

Q: What is a Memorandum of Understanding or MOU?
A: The MOU is a non-binding document in which the Developer and City state their current mutual understanding with respect to development of the project at the former Mission Mall site. The MOU simply recites the additional steps anticipated on the part of both the Developer and the City to bring the project to completion.

Q: Why is the City being asked to consider this MOU?
A: Gateway Developer Tom Valenti recently approached the City to advise that he and his partners have secured private financing which would allow them to begin construction on a portion of their project. They propose to start building the apartments over retail that front Johnson Drive/Roeland Drive.

Q: What is the Developer asking to build?
A: The MOU says the Developer intends to construct a mixed-use project on the site, consistent with the preliminary site plan approved in January 2016, with the exception that the Walmart store shown in that plan will be replaced with multiple retailers. The Developer proposes a phased approach in which they would assume the initial financial risk to complete the first portion of the project.

Q: So, no Walmart, right?
A: Right. The plan would include 168 apartments built over approximately 50,000 sq. ft. of retail, a hotel, the potential for an office building, and several smaller retailers in the area where the Walmart was previously shown on the plans.

Q: What other retailers are going to be in this project?
A: The Developer doesn’t have any specific retailers committed to the project to replace Walmart today. Part of their motivation to get the project started is to show prospective retailers that the project is moving forward.
Q: How much in public incentives does this MOU commit to the project?

A: The MOU does not commit any specific dollar amount of incentives to be contributed to the project. It simply states that the Developer intends to request various development incentives, and that the City agrees to consider those requests in good faith.

Q: Why such a “rush” now?

A: Assuming all planning and zoning approvals line up as anticipated, the Developer would like to be under construction in March 2017. This requires consideration of the MOU in December.

Q: Why didn’t the public have any chance to comment on the MOU?

A: The MOU does not take the place of any of the public discussions, public hearings and other meetings that will be required for this project. It is being considered to allow the Developer to accelerate construction with private financing.

Q: What is the risk to the City?

A: The Developer will undertake this first phase of the project with 100% of the risk. The MOU is not something that is commonly used, but the Developer sees it as important to communicate their assertion that development incentives are necessary to make it financially feasible to construct the project.

Q: What happens next?

A: Following approval of the MOU, the developer will focus their attention on securing final plan approval for the project. Final plan approval is required before the City could issue any building permits for construction.

Q: Where can I get more information?

A: Contact City Administrator Laura Smith at lsmith@missionks.org or by phone at (913) 676-8352.