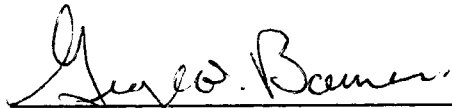
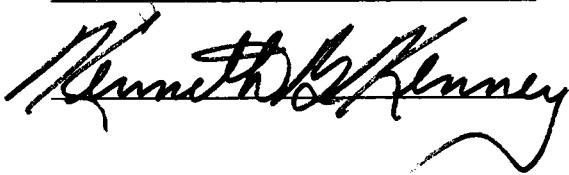


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George E. Bowen, Major Professor

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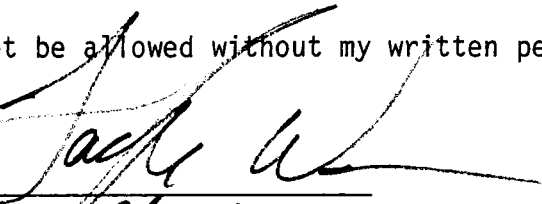
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A REGIONAL MALL'S DEVELOPMENT PROCESS:
A CASE STUDY OF EAST TOWNE MALL

A Thesis
Presented for the
Master of Science in Planning
Degree
The University of Tennessee, Knoxville

Taylor Warner
August 1985

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ABSTRACT

The purpose of this study was to analyze the development process of a regional retail center. Because such a project can completely alter the character of an area, its development process should be understood in detail by the planners whose community will be impacted. A complete understanding of what issues should be addressed and who is responsible for such decisions is needed by the planner if the resulting problems of uncontrolled growth are to be dealt with in a responsible manner.

East Towne Mall in Knoxville, Tennessee, was chosen as the case study example of a regional retail center's development process. East Towne had been in operation for one year at the time of this study, and, as a result, the various processes conducted during its development were readily ascertainable.

The method of analysis included personal and telephone interviews of both the primary public and private sector actors involved in East Towne's development. Such interviews were conducted in order to obtain information necessary for a complete understanding of East Towne's development process. The research also included a literature review which established the framework for the thesis.

The study disclosed the public and private sector's involvement in the process; who made what decisions; how the two sectors interacted and coordinated activities; and how the public sector influenced the decisions made. These findings and additional conclusions are in the final chapter of this study.

TABLE OF CONTENTS

CHAPTER	PAGE
I. INTRODUCTION	1
Research Questions.	6
Sub Questions	6
Methodology	6
II. THE DEVELOPER'S PERSPECTIVE OF REGIONAL CENTER	
DEVELOPMENT	9
Project Conception.	10
Market Analysis	13
Site Selection.	16
Site Acquisition.	17
Project Financing	23
Leasing and Building Agreements	32
Construction Phase.	40
Center Operation and Management	45
Summary	48
III. THE PUBLIC SECTOR'S PERSPECTIVE OF REGIONAL CENTER	
DEVELOPMENT	49
Overview of the Decision-Making Entities.	49
IV. EAST TOWNE MALL'S DEVELOPMENT PROCESS	76
Introduction.	76
Private Sector Involvement in East Towne's	
Development	87
LIST OF REFERENCES.	148
APPENDICES	153
A. PRO FORMA STATEMENTS.	154
B. COST ACCOUNTING SYSTEM.	156
C. OUTLINE OF THE PRIVATE SECTOR'S INVOLVEMENT IN THE	
DEVELOPMENT OF A REGIONAL SHOPPING CENTER	158
D. STATE LAND USE PROGRAMS	160
E. MEASURES FOR EVALUATING THE IMPACTS OF LAND	
DEVELOPMENTS	162
F. DEVELOPMENT MANAGEMENT FIRMS.	164
G. LARRY SMITH AND COMPANY'S MARKET ANALYSIS (1978).	166
H. LETTER TO DARCY SULLIVAN FROM GEORGE EWING.	180
I. ORIGINAL TRAFFIC ANALYSIS BY BARTON-ASCHMAN AND	
ASSOCIATES (1979)	182
J. NEWSPAPER ARTICLE	214

CHAPTER	PAGE
APPENDICES (continued)	
K. FINAL TRAFFIC ANALYSIS BY BARTON-ASCHMAN AND ASSOCIATES (1980)	215
L. NEWSPAPER ARTICLE	251
M. LETTER TO BILL SANSOM FROM RANDY TYREE.	252
N. LETTER TO RANDY TYREE FROM DON MOORE.	255
O. LETTER TO BILL SANSOM FROM RANDY TYREE.	260
P. AGREEMENT FOR I-640'S MODIFICATIONS	263
Q. KNOXVILLE'S DEVELOPMENT REVIEW AND APPROVAL PROCESS	266
R. MPC MINUTES THROUGHOUT EAST TOWNE'S DEVELOPMENT	271
S. ADMINISTRATIVE PROCEDURES FOR ZONING VARIANCE	277
T. USE ON REVIEW ADMINISTRATIVE PROCEDURES	279
U. PLAN REVIEW OFFICE'S REVIEW SHEET	280
V. LETTER TO ALLEN BLALOCK FROM AUBREY McKINNEY.	282
W. LETTER TO AUBREY McKINNEY FROM BOB BOWERS	284
VITA	287

LIST OF FIGURES

FIGURE	PAGE
2.1. Sales Potentials for a Retail Center: Analytic Process in Overview	14
2.2. Construction and Development Financing--Income Properites in General	24
2.3. Debt Financing in General	25
2.4. Location of Selected Store Types within Prestonwood Regional Center in North Dallas, Texas.	39
2.5. Construction Process Flow Chart	41
3.1. Development Issues	50
4.1. East Towne Site's Development Plan.	78
4.2. East Towne Site's Tract Division.	79
4.3. East Towne Mall Directory	81
4.4. Melvin Simon and Associates, Inc., Organizational Chart	83
4.5. Charting MSA's 20 Years of Development.	84
4.6. Pert Diagram: East Towne Mall's Development Process. .	88
4.7. Major Department Store Competition.	94
4.8. Trade Area.	94

CHAPTER I

INTRODUCTION

The expansion of regional malls into the middle markets (typically, smaller metropolitan areas of 100,000 to 150,000 population) has focused the attention of developers, planners, retailers, government officials, and other interested parties on the opportunities presented in such market areas. The development of regional centers offers significant opportunities, not only to the developer and private sector, but to the community and public sector as well. The community and public sector benefits include increased tax revenues, employment opportunities and tourist expenditures. The private sector benefits through profits and returns on investment.

Although little retrospective study of regional malls has been conducted, such studies provide valuable insights to the planner who is involved in regional retail mall development. This thesis examines the development of a regional mall and discusses the actors, major decisions, issues, and how activities were coordinated. The study begins with a review of shopping center development and then moves to an account of East Towne Mall's development.

The process of developing a regional shopping center is complex and time consuming. Countless decisions must be made by the developer concerning such issues as center composition, site selection, site acquisition, architectural design, financing, management, and permitting. Each is a process in itself and requires careful scrutiny.

The following passage demonstrates the complexity and the variety of factors the developer must consider in determining site characteristics suitable for a project.

The site for a center must exhibit certain characteristics. The location must be appropriate for retail sales. The developer knows that certain utilities must be available at the site. There must be access to the site in terms of usual mode of customer transportation. There must be sufficient buying power in the possession of prospective customers. These prospective customers must be able to view the center's buildings and signs for eventual advertising purposes. The site must be large enough for the planned development. . . . The site must be drained properly. The weight of the land improvements, particularly multi-level malls and department stores, must be supported by foundations that are appropriate for the soil and subsurface conditions (Hines, 1983, p. 50).

Determining the feasibility of a site is merely one process among many involved in the development of a regional shopping center. The decisions concerning other development issues are equally involved and require many hours of work.

Because there are so many issues and decisions to consider, the development of a regional retail center requires a team effort. It involves experts and consultants from various fields working together to meet the development requirements. The types of expertise needed for successful center development include legal, marketing, financing, architectural, construction, accounting, management, and investment. The consulting expertise needed is typically found in the areas of market analysis, feasibility analysis, site planning, environmental protection and analysis, and mortgage brokerage. These consultants and experts are essential for the production of a profitable project.

They are actually functioning during the planning as well as operating stages of development. The team usually includes:

- Developer
- Leasing Agents
- Attorneys
- Architects
- General Contractor
- Lenders
- Marketing Professionals
- Investors
- Accountants
- Feasibility Studies Firms

The development firm may include a variety of members on the team, or it may be a joint cooperative venture involving different companies and business interests. Some developers retain flexibility by employing small permanent staffs with aid from outside consultants (Hines, 1983, pp. 74-75).

The public sector's involvement with the center's development is not so much a team as it is a group of teams working towards the community's goals. The public sector actors to be satisfied with the development plans include:

- Mayor
- City Manager
- City Council
- Chief Building Inspector

Local Planning Board

Power Company

Health Department

Fire Marshal

City and Transportation Engineer

Concerned Citizens

In some instances, state and federal agencies such as the Department of Transportation (state and/or federal), Environmental Protection Agency, or a Regional Planning Council might also be involved in the process.

A center's development is contingent not only upon the cooperation and coordination between the private and public sectors, but also on each group understanding the other's responsibilities. The better each understands the other's position, the less time is wasted and less expense incurred. From the planner's perspective, such an understanding must exist because it is the planner who, along with other public sector officials, must interact with the private sector. According to Robert Williams, author of the article "The Planner as Development Strategist":

At first blush, the two processes--development and planning--seem contradictory, but they are actually interdependent. More important, they converge at points where we can bridge processes and increase effective implementation. The most obvious convergences occur in developmental staging plans, scheduling and allocation of limited resources, response to public (market place) needs and meeting objectives, such as community vitality or improved property values. These converging areas identify complimentary process elements and constitute a base for implementation (Williams, 1977, p. 14).

The private sector is primarily concerned with profit, whereas the public sector is concerned with the community's welfare. The individual actors and their roles need to be examined in order to understand both sides of the issue. Eliminating the misconceptions that each has about the other will greatly reduce friction in the development process. Little is known about the skills required for successful interaction and joint ventures between the two sectors, and even less is known about how each sector interacts with the other (Fosler and Berger, 1982, p. 19). The significant differences that exist between the sectors, particularly the contrasts in public and private leadership roles during the development process, are noted by Scott Fosler and Renee A. Berger in an excerpt from their book, Public-Private Partnership in American Cities.

Indeed, in some instances it appears that the skills that make for successful leadership in one sector are sure to produce disaster in the other. Successful private business leadership is measured on the bottom line, by profit (or market share). Decisions on how to get there are made in private, away from the watchful eye of the news media, and changes in direction can be made along the way as long as the desired result is achieved. The successful businessman is one who delivers the product. But the public leadership's bottom line is much less distinct, and the accounts are balanced only every four years at the polls. In the interim, political leaders must balance competing demands and interests of many constituents, project a vision of accomplishment, and make most of their decisions in the glare of daily news reporting. Changes of mind or approach are viewed as indecisiveness or political double-dealing, even though such corrections, of course, are often called for. In a very real sense, for public leaders, the process counts as much or more than the outcome (Fosler and Berger, 1982, pp. 19-20).

A clear understanding of the differences that exist between the two sectors will not only aid the planner in future developments, but also expedite the planning process by eliminating unwarranted interaction.

A case study of East Towne Mall in Knoxville, Tennessee, was conducted as a part of this thesis in order to examine the processes and decisions influencing mall development. The examination of East Towne provided practical insight into the development of a regional mall. The decisions made concerning the development issues revealed the developer's and public sector's involvements in the process.

East Towne was chosen because it is a new development and therefore still fresh on many of the actors' minds. Those involved in its development were available to be interviewed and the issues had recently been resolved. The one million square foot development is located in northeast Knoxville adjacent to I-640. Melvin Simon & Associates, Inc., the development firm responsible for East Towne, negotiated leases with five anchor tenants--J. C. Penney, Miller's, Sears, Proffitt's and Service Merchandise.

Research Questions

The major research questions are: What was the decision process in developing East Towne Mall? Who were the major public and private sector actors? How did they interact and coordinate activities? What were the major decision points? How did the public sector influence these decisions?

Sub Questions

1. What was the development process for this regional mall?
2. How was the location determined by the private sector?

3. How did the public sector react?
4. What type of competition existed with other developers wanting to develop a second regional mall in Knoxville?
5. What public sector actions facilitated the development of the mall?
6. What public/private "trade-offs" were negotiated?
7. How did the public sector influence the mall's development?
8. What are the public costs associated with the mall's development?
9. What are the private costs associated with the mall's development?
10. How were anchor tenants secured?

Methodology

Three methods of data collection were used in this thesis. The first, a literature review, established the framework for the thesis--an overview of a regional mall's development process. The second method, interviews with the public sector actors, was used to obtain information pertaining to East Towne Mall's development. The third method, private sector interviews, provided the background needed for a complete understanding of East Towne's development.

Chapters II and III, which examine the private and public sector's involvement in a regional retail center's development process, utilize the literature review while the discussion of East Towne Mall's development in Chapter IV is based on the interviews.

The public sector actors interviewed along with their respective positions at the time of development were:

Sue Adams--Associate Director of MPC

Darcy Sullivan--Director of Traffic Engineering

Bob Bowers--Director of City Engineering

Randy Tyree--Mayor

Ken Pruitt--Principal Planner

Don Parnell--Executive Director of MPC

Private sector actors interviewed were:

Oliver Smith--Real Estate Broker

Bill Siebenaler--Mall Manager

John Fowler--Lawyer

Barry Lindsey--Developer

Chapter II focuses on the actors, issues, and procedures generally encountered by developers of regional shopping centers. The presentation in Chapter III of the public sector's approval process in the development of a regional center focuses on the decision-making actors and administrative structure and procedures typically associated with such development. Chapter IV examines the public and private sector's involvement in East Towne Mall's development process, and is followed by a conclusion in Chapter V.

CHAPTER II

THE DEVELOPER'S PERSPECTIVE OF REGIONAL CENTER DEVELOPMENT

In developing a regional shopping center, the developer follows a process that involves many months of coordinated activities and negotiation. The public sector's involvement in this process primarily includes evaluating the center's impacts and ensuring its compliance with community standards and regulations. The interactions that take place between the developer and the public sector greatly influences the profitability of the project and are important determinants in the process that a developer follows. Though both sectors' participation in a center's development is examined in this thesis, this chapter will focus on the developer's role in regional shopping center developments.

The chapter is organized into eight sections. The first, a discussion of the project's conception, examines the decisions the developer confronts during initial project organization. The second section deals with the market analysis and its relevance to the center's development, and the next two sections review the site selection and site acquisition phases. The fifth section deals with project financing and the various loans associated with regional shopping mall development. The leasing and building arrangement phase, which discusses the tenant lease characteristics, Reciprocal Construction and Operating Easements, and tenant mix, is examined next,

followed by the construction phase of development. The final section, center operation and management, briefly analyzes the management responsibilities of the center including marketing and promoting.

Project Conception

The process that a developer follows in developing a regional shopping center begins with the question: What type of project should this be and on what scale should it be built? Should it consist of only a single-use, retail mall under 300,000 sq. ft. or a mixed-use development with a retail center of 900,000 sq. ft. as only one of its elements?

Many developers have the opportunity, personnel, and financial capability to develop large-scale, mixed-use projects while others lack the needed capital and resources and must focus on smaller scale projects. In selecting a mixed-use project with a regional mall as a component, the developer reinforces not only the profitability of the other land uses but also that of the project itself. For example, in Kansas City, the hotel and office space of the Crown Center and the adjacent restaurant space of the renovated railroad station provide the majority of the market for the Center's regional shopping center (Hines, 1983, pp. 48-49).

Because such a development project is a multidisciplinary project, the developer must identify and coordinate the required work or activities rather than perform them. Therefore, one other task that the developer must perform during the initiation of the

project is to organize a development team. The team should consist of expertise ranging from economic and political backgrounds to financial and legal backgrounds. The development team of a regional mall should be comprised of the following: developer, attorney, landscape architect, planner, engineer, geologist, market researcher, architect, financier, banker, realtor, and contractor. The development firm may include these members of the team as their associates, or it may be a joint cooperative venture involving many different companies and business interests. Some developers retain flexibility by employing small permanent staffs with aid from outside consultants (Hines, 1983, pp. 74-75).

There are generally five types of shopping centers developed by developers, each having its own development and investment characteristics: neighborhood, community, regional, superregional, and specialty centers. Whether these are incorporated in a mixed-use development or remain a single-use development not only depends on market size, land available, site characteristics, and location, but also the investment available for the project, which is another decision that the developer must make during the project conception phase--what type of ownership agreement will the developer use? A regional shopping center requires a large sum of investment capital, usually from lenders as well as equity investors.

Most investors wish to reduce their financial risks as much as they can while increasing their yields. Coordinated, integrated retail centers that attract high volumes of prospective customers

reduce such risk while at the same time have more chance for stable and increasing tenant sales receipts, timely lease payments, ample overage lease payments, and longer profitable life for the complex. Risks may also be reduced if increasing future yields are predicted.

Because center investment, especially regional centers, require great amounts of risk capital, investment from outside sources is generally needed by the developer in order to leverage as much of the initial equity as possible. A decision to involve other investors in some form of pooling-of-equity arrangement vests the entity question with particular urgency. Outside investors generally insist upon an arrangement that limits their personal liability for financial obligations of the venture (Greer and Ferrell, 1984, p. 191). Regional center investment organizations vary in legal, tax, and financial benefits and their objectives should be facilitated by the form of business organization chosen. The following is a listing of the most commonly used forms of organization that developers engage in during a shopping center venture.

- Proprietorship

- Partnership

- General partnership

- Limited partnership

- Joint venture

- Syndicate

- Corporation

- Trust

Real estate investment trust

Business trust

Personal trust

Legal and financial distinctions between alternative organizations may appear inconsequential; however, the choice of titleholding entity is often crucial to the venture's feasibility.

The extent and complexity of development not only depends on the capabilities of the development organization and the investment agreement but also on the land availability and market sufficiency. Therefore, the developer's next steps are market analysis and site selection.

Market Analysis

The market analysis focuses on trade area delineation, trading area demographic data, driving time analysis, and current consumer habits and attitudes. It determines the potential buying power for the center from an appropriate trade area and assesses the sales potential after establishing the trade area. It will ultimately determine whether an area is capable of supporting the developer's initial conception (mixed-use or single-use versus community plaza or regional mall). Intuitively, the developer may know what is feasible but he/she must be equipped with hard data to interest prospective tenants, to develop the proposed plan, to satisfy the community, to obtain zoning approval, and to secure financing (ULI, 1975, p. 23). Figure 2.1 shows an overview of the

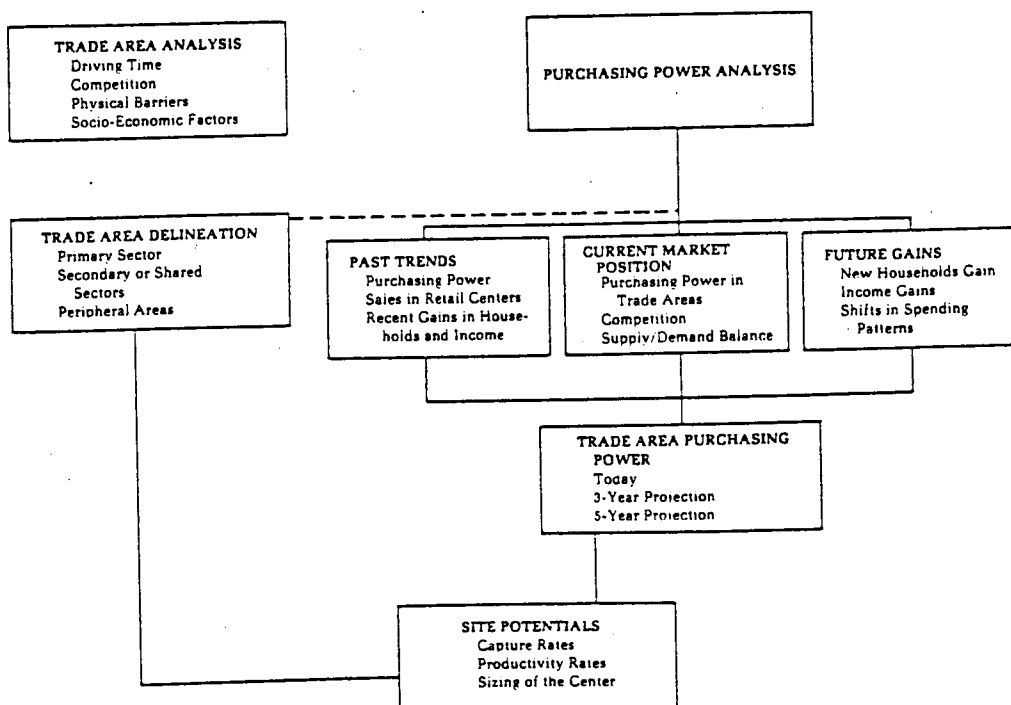


Figure 2.1. Sales Potentials for a Retail Center: Analytic Process in Overview. (Source: ULI, 1977, p. 23)

analytical process typically used by developers in determining the sales potential for a regional shopping center.

The market analysis underlies most of the developer's bargaining power and decision-making from this point in the development process. These data are used in the feasibility analysis on which the loan is based and in the ultimate site selection and in the leasing campaign. The tenants and lenders may view the developer's market analysis as well as their own in an attempt to reaffirm the developer's findings.

After reviewing the market analyses and determining which sites are best suited for development, the developer must then decide the highest and best use for the site. A feasibility study or pro forma will determine a site's most efficient use, and it is done in advance of the project's commencement. The study summarizes the income potential of the proposed investment for the investor, developer, and lender and establishes the economic feasibility of the project. It also enables the developer to estimate how much space should be allocated to the various types of merchandise. The following estimates and computations disclose the kind of center that may be planned.

- Total retail space, with assignment to key tenants and supplementary stores.
- Projections of rental income by minimum guarantee, per annum sales volume, and rate of percentage rent.
- Parking index for the entire center.

These data are then developed into the economic feasibility and profitability study showing:

- The estimated capital costs of development
- The costs of carrying the investment during the period of market absorption period.
- The estimated annual gross revenues.
- The estimated annual expenses related to operation costs.

If a reasonable return can be achieved, the developer or investor may wish to improve the potential yield by changing separate or joint components of the financial layout.

Through subsequent reexaminations of the estimated cost, revenue, and expense structure, initial return might be enhanced. Appendix A illustrates examples of pro forma statements which are used in analyzing a project's feasibility.

Site Selection

Because regional shopping centers require a major tract of land (between 60-120 acres) at the intersection of two major arterials or highways that is accessible and highly visible to the proposed customers, very few sites are available at the right locations. The developer might have to vie with other developers for the same site because location is a key factor in a center's profitability. The winning developer is the one able to afford the costs of the land and yet generate an internal rate of return (IRR) above the developer's hurdle rate (a minimum annual percentage return on

investment). Secondary sites that are available but less appropriate may be analyzed at the same time and acquired if the prime site is unavailable and if there is adequate drawing power.

The developer's knowledge of the area plays an important role in this phase of the process. Being acquainted with the community and the surrounding region is an advantage for the developer while considering sites for development. The developer might begin by pinpointing on a map the existing and proposed centers in the region and selecting areas where retail center development might be feasible. After reviewing the areas and narrowing the selection of possible sites, the developer will evaluate the remaining site(s) in a more formal manner. This involves examining each site and determining whether the site characteristics (such as soil structure, zoning, drainage, location, accessibility, utility availability, and others) would support such a project, and then hiring an outside firm to conduct a market study of the proposed trade area (some developers have the in-house capability of conducting a market feasibility study).

Site Acquisition

The next step the developer takes is gaining control of the site. This might involve several people and a great deal of negotiation. The following discussion shows a developer's involvement in this phase of the process.

A local commercial broker may represent the developer. The developer may not wish to disclose his or her identity or intentions for the development of the site. The developer's

attorney or leasing staff may negotiate for the parcels without disclosing the buyer's identity. The site may have to be acquired or leased in small parcels. All of the small parcels will have to be leased or purchased before the site may be developed. If the individual landowners learn the identity and the intentions of the developer, they may hold up the acquisition by refusing to lease or sell or they may negotiate for an extremely high sale price or lease terms. They may figure that the developer foresees a big profit from the investment and they should get their share now! The land may be owned or controlled by a single party. That may make the land acquisition or lease easier for the prospective developer. It may not prove easier if the owner has his or her own ideas for future development or if he or she wishes to hold the large tract until another developer offers an even higher price (Hines, 1983, pp. 59-60).

The negotiation between the predevelopment landowner and the developer depends upon each one's current tax, legal and financial requirements. Upon approval of the terms, their respective attorneys will draw up the necessary documents and then record at the court house or town hall the agreed upon financing and any other contracts. There are generally four methods of acquiring the control of a proposed site. They are:

- Option contract

- Land purchase

- Ground lease

- Joint venture with the landowner

Each of these varies with regard to advantages and disadvantages for both the seller-lessor and the buyer-lessee. When acquiring a site, tax considerations, especially the tax shelter, and cash flow considerations are primary concerns for the two parties.

The option contract allows the developer flexibility by giving the developer a specific time period to negotiate for a rezoning

(if needed), necessary permits and licenses, or acceptable financing before committing themselves to a project. It is an agreement between the optioner and the optionee that obliges the optionee to withhold from the market the sale or lease of the land in exchange for an agreed upon payment. The option fee is generally applicable to the purchase price and may be nominal or involve thousands of dollars. If the developer is not able to negotiate any of the conditions required for development of the project, he/she may allow the option to lapse or sell it to another developer of a permissible land use before the option expires. Title conveyance occurs when the lessee decides to purchase the site at the predetermined price and pays in full (less any option payments).

In the land purchase of site acquisition, the land can be purchased in one lump sum or in installments, depending on the negotiated terms of the sale. The contract sets forth (1) the earnest money paid by the purchaser, (2) the assumptions of any existing loans or mortgages, and (3) the nature of lump sum payment or promissory note that establishes installment payments with interest. The conditions that must be satisfied involve (1) acquisition of the stated loan on the stated terms, (2) the receipt of mortgage loan discount points by the lender, (3) negotiated allocation of the payment of the various closing costs between the parties, and (4) evidence that there are no restrictions such as zoning ordinances that would preclude the development of the site as a regional shopping center (Hines, 1983, pp. 61-68). The developer

usually makes the offer through a real estate broker who represents the seller.

If an installment contract is negotiated with the developer, there may be several means of financing. For example, an installment sale of the property entails the seller financing the sale at 100 percent of value with a relatively low down payment and agrees to accept installment payments which encompasses a reasonable rate of return on the money loaned. The seller may gain favorable tax treatment through the installment receipt of cash and relatively high sale price with the interest rate set at the market or lower. The developer receives the benefit of no cash outflow for the land acquisition and immediate title conveyance.

If the installment sale of the property is not exercised, then the developer may be obligated to a land contract with the seller which permits the buyer to take title to the property after the seller has received all payments on the installment contract. The seller may permit the buyer title conveyance after a sufficient amount of payments have been made and the buyer is in a position to acquire traditional financing with a financial institution. The buyer may be paid in full with the new mortgage monies. The seller receives periodic interest income and principal repayment while the buyer benefits from tax-deductible interest payments and the slow cash outflow for subsequent land ownership (Hines, 1983, p. 293).

The ground lease is generally the most widely used method of site acquisition because it provides an opportunity for the

developer to avoid committing large front-end costs associated with a site purchase, which in turn provides the developer with a reasonable yield on the investment and also frees capital for other uses. The ground lease usually provides use of the land under stipulated conditions in exchange for periodic lease payments. The lease terms may be extended over a long period of time and when the term ends, provisions for the ownership of the leasehold improvements may revert back to the land owner. Ground leases involve much negotiation, and, as the following example reveals, they can be very complex.

The lease contract may permit the ground lessee to purchase the ground lessor's interest in the buildings by payment of the appraised value of the leasehold improvements at the end of the lease or for some other sum. . . . the ground lessor may subordinate his or her land ownership to the leasehold lender if the center developer finances the center improvements with a leasehold mortgage. If the ground lessor subordinates the land ownership, a higher rate of yield may be negotiated from the center developer-lessee to compensate for the possible loss of land ownership if the developer-lessee defaults on the leasehold mortgage contract (Hines, 1983, pp. 68-69).

The ground lessor might also participate in the net operating income of the center or in the income that the lessee receives from the tenants. Regardless of which creative financing approach is used, the title to the land is never conveyed to the developer.

The joint venture method is another common means of acquiring control of a site. In this approach, the landowner is asked to contribute the land as a joint venture partner, and in return, receives a share of the center's revenues for his contribution of land. The developer would, as with the ground lease method, be

able to avoid the large front-end costs associated with a site purchase.

Another form of joint venture participation in a site's acquisition is the sale-leaseback method. The sale-leaseback method is a three-party agreement that permits the developer to purchase an option on the land intending to sell the land to an investor so that it can be leased back to the developer over a long period. In effect, the developer induces the lender to buy land and provide the money to build the center. The developer then leases the project from the lender but retains the option to buy the development back from the lending institution at a later date (ULI, 1977, p. 57). It also eliminates a major initial investment in land by the developer.

Once the feasibility studies, market studies, and site acquisition are complete and it has been decided to proceed with the project, the developer will begin the preliminary engineering and project layout tasks, financing arrangements, permit and licensing approval from appropriate local, state, and federal agencies, and tenant commitments (the planning phase). The latter rely upon the preceding studies (i.e., market and demographic studies) prepared for the developer. In selecting the proper tenant mix, the developer must consider the market that will be served. He/she then must consider development costs and the rents that will cover such costs.

During tenant commitment, the developer must consider the quality of the tenants for debt service purposes. Most sources

for financing such a project require that the annual guaranteed rentals of the major tenants exceed the total annual amortization costs plus operating expenses. Major tenants are primarily classified by asset wealth or by credit rating (i.e., Dun & Bradstreet credit rating). Most lending institutions require that at least 80 percent of the tenants in a regional mall project have a triple A rating. Tenant commitment and leasing arrangements are discussed in further detail in the leasing and building arrangement section of this chapter.

Project Financing

After the anchors and majority of infill tenants commit themselves to the center and leases are worked out, the developer will begin searching for a means of financing the project. There are generally five forms of debt service required in the development of a regional mall--the land loan, development loan, construction loan, gap loan, and the long term permanent loan (see Figure 2.2)--each financed separately, possibly from a different lender under different terms. For example, the land may be financed separately from the buildings and site improvements. Each building may be financed separately or as part of a "package." Quite often, the developer finances the mall buildings and the site improvements as an integrated whole (Hines, 1983, p. 273).

The financing alternatives used in a regional shopping center's development range from all equity financing to all debt financing.

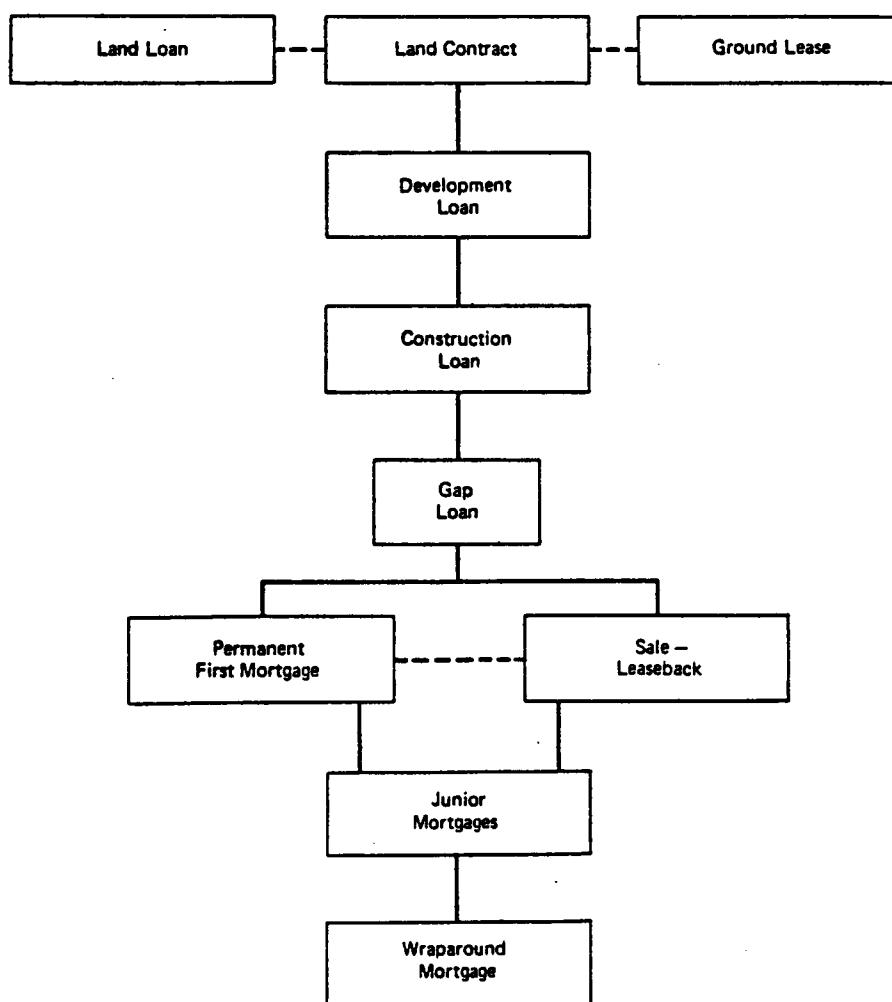


Figure 2.2. Construction and Development Financing--Income Properties in General. (Source: Hines, 1983, p. 292)

Between these extremes, the alternatives present varying degrees of financial leverage. The developer may borrow a major portion of the financing (high degree of leverage) or he may borrow a minor portion of the total financing (low degree of leverage). The borrowed monies may be collateralized using the center improvements as security (mortgage or deed of trust) or the lender may make the monies available without the pledge of the owner's real property (personal loan or debenture agreement). In the latter case, the credit standing and development capability of the borrower are accepted for the loan approval in lieu of the pledge of the financed property (Hines, 1983, pp. 268-269).

Figure 2.3 shows the ownership patterns typical of regional shopping centers:

<u>Asset</u>	<u>Typical Owner</u>
Land	Development company Financial institution (ground lease) Major department store
Department Store Buildings And Their Satellite Buildings (e.g. T.B.A. Store)	Major department store Financial institution (sale-leaseback)
Mall Buildings and Improvements Parking Lot Satellite Buildings Other Than Department Store Satellite Buildings	Development company Financial institution (sale-leaseback)

Figure 2.3. Debt Financing in General. (Source: Hines, 1983, p. 273.)

Through a loan acquisition process, the developer must negotiate with the various lenders the terms of the loans. This involves presenting the mortgage bankers, financial institutions, or others, a loan prospectus. A plat of the center with the proposed improvements laid out in planned phases, a pro forma analysis with names of the tenants and lease terms, aerial photos of the site and its environs, and detailed architectural renderings should all be included in the prospectus. As well as being a source of information, the prospectus is the developer's sales tool and should be professionally prepared.

The equity capacity of the developer determines the nature of the various debt instruments. If the developer is a corporation, the equity can be raised through the sale of common or preferred stock. It can also be raised through the sale of syndicate shares, limited partnership interests, general partnership interests, or joint venture participation. Through debenture or revenue bonds, creditors can make loans to developers which do not involve the pledge of real property. In debenture financing, the repayment of the loan with interest depends on the good faith and credit of the debtor; whereas, in revenue bond financing, the net revenue generated by the income-producing property will pay the interest and repay the principal borrowed.

Land Loan

Land acquisition financing (discussed earlier during the site acquisition phase of the process) is usually acquired through

land contracts or ground lease arrangements. However, if neither of these approaches is taken by the developer, a land loan is required to purchase the site. The land loan is usually a commercial loan from a commercial bank, finance company, savings and loan association, or real estate investment trust (REIT) and may enable the developer to acquire the fee interest of the proposed site. This short-term loan often covers only 40 to 50 percent of the land value. It also permits the developer fee ownership of the site prior to the project's commencement.

Development Loan

A commercial loan may be separately acquired for the development of the proposed site from raw land. To get this unsecured, short-term development loan, the developer may face a rate in excess of the bank prime rate and a relatively low loan-to-value ratio. Since the loan cannot be secured by the proposed center, the financial institution or individual may require collateral in the form of other property or assets. With the money from this loan and equity from the owner, the land is prepared for the construction of the permanent improvements. Such improvements might include drainage, utility lines, preliminary drives and parking lots for construction crews. Since land preparation for construction usually takes a short time, the interest rate on the loan is usually fixed and set at so many points above some selected rate.

Interim Financing for Construction

Monies for construction are usually acquired when the developer gets a permanent loan commitment and takes it to a construction lender to obtain interim financing. When such interim loans are secured without a permanent commitment, the developer risks rejection of the construction loan or higher than normal interest rates. The lender is not assured of repayment without the permanent commitment unless the developer obtains a standby commitment or gap loan (Hines, 1983, p. 295). Discussed below are several interim loans used in financing the construction of the center.

Construction loan. This short-term loan usually spans 1 to 3 years (length of construction) and covers total construction costs. It is likely to be written at so many points above the bank prime or commercial paper rate and its amount is often 75 percent of the center's appraised value. The construction loan is due when construction is completed and the developer has the certificate of occupancy. While the principal is not totally repaid until the completion of construction, interest is paid as the loan amounts are advanced. Monies from the permanent loan usually fund the construction loan. A gap or standby lender may extend the monies that repay the construction loan. The following excerpt from Mary Alice Hine's book, Shopping Center Development and Investment, discusses what typically occurs when the construction lender advances money as the architect, owner, and general contractor vouch for the completion of individual phases of the construction.

A title company often approves the loan advances with a percentage holdback, such as 5 to 15 percent, after it has assured itself of the clear ownership of the property of the borrower. The title company usually checks the docket for the mechanic's liens before it considers advancement of the next requisitioned monies. The owner is notified of the filing of any liens against the property by the title company as the construction proceeds. (A mechanic's lien is a claim that a laborer, material supply house, or other party engaged in the construction of a land improvement has upon the property of the owner as security for a debt or outstanding obligation such as overdue wages.) Mechanic's liens can usually be satisfied through sale of the project, but this is seldom done. The lender wants the owner to clear any liens filed against the property so that the lender's lien position is secure. For example, the construction lender wants to maintain lien priority over any construction workers or material supply houses (Hines, 1983, p. 295).

Gap Loan. Another type of interim loan for construction of a regional shopping center is a gap loan. The monies from a gap loan are used to repay the construction and other prior loans, and is acquired in instances where a permanent loan commitment has not yet been secured. Substantial risk is associated with gap loans because a permanent lender has not yet committed, so it is usually short-term and underwritten at a higher rate than the land, land development, and construction loans. Sources of gap loans vary from REITs to other relatively unregulated real estate lenders who may assume relatively high-risk investments (Hines, 1983, p. 296).

Standby Commitment. If permanent financing is not committed prior to construction, the developer may secure a standby commitment from a lender. The standby commitment provides the developer monies needed to repay earlier loans when the permanent loan or

equity is not yet available (a lender may be paid to stand by with the interim loan funds). REITs are a source for such an interim loan, charging a nonrefundable fee and then a relatively high rate of interest if the monies eventually have to be advanced. Standby commitments may be required by construction lenders in order for the developer to acquire the interim loan for construction.

Permanent Financing

Permanent financing is needed to repay the balance of the construction loan and to finance the long-term operation of the center. Before any form of permanent financing is acquired by the developer, a takeout or permanent loan commitment is required. Typically, this commitment precedes the acquisition of interim financing because the construction lender needs to be guaranteed that they will be repaid when construction ends. This commitment is a document which irrevocably pledges the source of the permanent loan monies to make the loan when construction is finished or a certain occupancy level is reached. There are several types of takeout commitments, some related to permanent financing and others related to partial or total equity financing. According to Hines (1983, p. 297), the various types of financing might include:

Permanent debt financing commitments

- Standard long-term permanent loan commitment

- Junior mortgage commitment

- Commitment to participate in permanent financing

Combination construction loan and permanent loan
commitment

Total equity financing commitments

Purchase-leaseback commitment

Commitment to purchase upon completion

Commitment to syndicate upon completion

Commitment to purchase a fee with or with subordination

Other types of commitments

Standby commitment

Purchase-saleback commitment

Commitment to joint venture

The financial institutions that commit themselves to the future provision of funds for permanent financing range from insurance companies and commercial banks to REITs and pension funds. The document conveyed by the lender to the developer (mortgagor) usually states the loan amount, contract rate, loan term, and repayment provisions. Other terms of the takeout commitment might involve:

- Refundable and nonrefundable fees
- Description of the pledged property
- Termination date of the commitment and the provisions for possible extension
- Lender approval of the plans and specifications of any required modifications
- Necessary payment by the mortgagor of outstanding taxes and assessments
- Tax and insurance escrow deposits required
- Floor loan amount and the leasing requirements for the funding of the floor loan
- Leasing requirements for the funding of the maximum loan amount
- Terms and conditions for the tenant leases
- Assignment and sublease requirements for the tenant leases

- Corporate or personal liability or exculpation from liability
- Hazard and rent insurance requirements
- Contingent interest or loan participation conditions
- Requirements for reciprocal easement and other operating agreements
- The buy-sell agreement among the mortgagor, permanent lender, and construction lender (Hines, 1983, pp. 297-298).

The various types of permanent mortgages used in regional shopping center financing vary from variable rate mortgages to level payment, fully amortized mortgages. The terms associated with the negotiating of the mortgage include interest-only period, basis for the floating rate, term of the loan, interest rate, call provision, amortization schedule, prepayment provisions, loan-to-value ratio, and nature of the lender's purchase option. Sources of permanent financing include most financial institutions.

Leasing and Building Agreements

An essential element of a regional center's profitability is the leasing arrangements that the developer negotiates with the tenants. Having analyzed the initial market studies and determined the proper tenant mix, the developer will then attempt to attract the desired anchor tenants to sign letters of intent. Anchor tenants, also called "magnet tenants" or "puller tenants" are usually the largest tenants (based on square feet) in the center and provide the primary "draw" to the center. Because of their importance, regional centers are often built with the anchors being the only committed tenants. One common means of enticing an anchor to a center is for the developer to deed them a parcel of land for a minimal fee (i.e., \$1). In return, the anchors will

enter into an agreement with the developer that will cover the construction, operation, and cross easements relating to the use of both the developer and anchor's parcels--Reciprocal Construction and Operating Easements (RCOE).

RCOE's are not leases but agreements among adjoining land owners (tenants and developer) respecting the use of the various parcels of land across which the agreements are recorded. The agreements of an RCOE usually provide for the joint use of the adjacent mall space, walkways, mezzanine areas, and parking lots. For example, the parking lots are maintained by the center management for the joint use of all tenants, owners, customers, and others visiting the center. Through the RCOE, the tenants agree to use the parking lot cooperatively and jointly without partitioning the lot for specific tenant use. The agreement's obligations are fully outlined within a clause of the tenant's lease in accordance to its negotiated terms. Once an anchor tenant enters into an RCOE, they will construct their own building, own and operate the demised premises, pay all costs and expenses with respect thereto, and integrate the premises into the center. Roadway access, utility, drainage, and other easements may be accepted in the lease as necessary conditions for the profitable operation of the center (Hines, 1983, p. 105).

Once the major tenants have committed themselves, the other national and local chain stores and independent local stores will be more easily attracted to the center. These infill tenants are responsible for constructing and financing their store within

their allocated "shell" or "pad." However, unlike the anchors, the infill tenants do not own the land under their stores, only the improvements to their shell. They may wish to contract with the developer's construction company for the storeroom improvements. In this case, the lease will detail the scheduled preparation of the storeroom as well as adjust the base rent to reflect an allowance for storeroom preparation. The infill tenants may not occupy the majority of gross leasable area (GLA), but their base and percentage rents typically comprise the majority of the developer's profits. Their presence is vital to the center's profitability.

The developer's construction obligations to the tenants include sewers, drainage and sanitary facilities, water pipes, gas mains, electrical lines and any other utilities necessary to the tenant in the conduct of its business. The cost of these provisions is factored into the rental agreements. The tenant is responsible for the improvement of the storeroom or building shell after the developer has constructed its foundation, outer walls and roof.

Lease Terms

According to Hines (1983), regional shopping center leases usually contain clauses dealing with the following provisions.

- Terms of the lease
- Starting and ending lease dates
- Rent payment due
- Percentage rent conditions
- Indexed base rent conditions
- Site plan related to the retail space
- Reciprocal easement agreements
- Operational rules and regulations and default clauses

- Construction, maintenance, and repairs of the land improvements
- Expansion provisions
- Provisions for subsequent destruction and loss through the exercise of eminent domain
- Sales reporting
- Record keeping
- Developer/owner right to audit retailer books
- Tax payment
- Insurance coverage and premium payment
- Common area maintenance responsibility and expense assumption
- Financing contingency conditions
- Store use and restrictions
- Assignment and subletting
- Promotion and advertising, including the grand opening and merchants' association or promotional fund

Once the lease provisions are completed, the developer usually sends the new tenant a remainder of the required rent payments. Within the reminder, the percentage rent and base rent provisions are clearly states (Hines, 1983, p. 105).

The base rent, usually stated as a per square foot figure, is based on a predetermined index such as the Consumer Price Index (CPI). Not only should the selected index best reflect the level of inflation during the time of the lease, but it should also be maintained by a government agency not controlled by retail interests.

The percentage rent may be established as a net percentage of the tenant's annual gross sales volume above a set amount or it may be based on a set percentage of an amount above a changing base amount of annual gross store sales. Depending on lease negotiation, a ceiling may be established for the developer's participation in the gross sales of the tenant. Percentage rental clauses have been popular because they provide a hedge against inflation. However,

center owners are unable to consistently determine the rent increases, creating problems with cashflow predictions.

Today, to better protect against inflation risk and predict future center income, many developers are moving away from percentage rents in favor of a flat fee with specific annual increases as a hedge against inflation. Not only does this provide a better guarantee of the property's cash flow, it makes a center easier to refinance or sell. Shorter term leases are also becoming popular (typically 3 years and not more than 5). The shorter term lease allows owners to negotiate equitable increases at more frequent intervals, providing an adequate hedge against inflation. It also allows them to evaluate a tenant's success and adjust rents accordingly, assuring the owner a share of the center's success (Beck, 1984, p. 62).

Through the lease, the lessee is subject to the general operational rules and regulations of the center such as hours and days for business, employee parking, waste control, in-store and storefront signs, noise levels, and uses of common areas. Assignment and subletting are often restricted in leases. If the developer does permit it, the original lessee remains financially and legally responsible for the replacement lessee's adherence to all the terms of the original lease.

Since leases have many negotiated provisions, lease terms differ among tenants. Percentage lease terms for chain stores differ over time and by store category. Bakeries may have a percentage lease ranging between 5-8 percent while for a motion picture theatre

it may range from 12-15 percent. The basic reasons for lease differences are:

- Amount of space used
- Merchandise turnover
- Merchandise profitability
- Customer drawing power
- Advertising budgets

Generally, the greater the customer drawing power and the higher the store's advertising budget, the lower the percentage rent (Beck, 1984, pp. 57-63).

Most regional shopping centers base their leases on a net rather than gross lease. The net lease is a lease agreement whereby the lessee pays certain costs auxiliary to the lease property, including property taxes, insurance, repairs, utilities, and common area maintenance, in addition to rent. There are also net-net and net-net-net leases, depending upon the degree to which the lessor is responsible for operating costs (McMahan, 1982, p. 405).

Tenant Mix

Tenant mix or the combination of business establishments occupying space in a shopping center, is a key factor in shopping center development. The developer or owner of the center, in deciding upon the optimum composition and arrangement of tenants, must consider both (1) the balance between the national and local chain stores and independent stores; and (2) the balance among the various storeroom classifications. The developer will seek to arrange the tenants

in an ensemble that produces optimum sales, rentals, service to the community, and financibility of the shopping center venture (Applebaum, 1982, p. 111).

Regional centers usually feature four main types of shops which benefit from being clustered together. There are men's stores--shoes, clothing, sporting goods, etc.--and there are women's and children's apparel shops which when grouped together allows easy comparison of style, color, and price. There are often advantages in grouping together food services--butchery, delicatessen, bakery, restaurant, etc.--for consumer convenience and to increase sales. Finally, personal services (dry cleaners, banks, etc.) are usually grouped together at a location very close to the parking area or center entrance. In some centers, a separate building within the parking area is provided for these tenants, which not only allows customers quick and easy access but also, with enclosed malls, enables these tenants to operate outside normal business hours.

There are some tenants which benefit from separation within the center. Clothing retailers are usually productive at a distance from fast food tenants. Pedestrian flows are also improved by separating clothing and food shops because customers in the two store clusters tend to shop at different speeds. Supermarkets are best positioned with easy and, if possible, separate access to the parking area. Other tenants, such as jewelers, hardware stores, and record stores, are best suited scattered throughout the center serving to sustain shopper interest. Figure 2.4 shows the location of selected store types in the Prestonwood Center in Dallas, Texas. In this regional

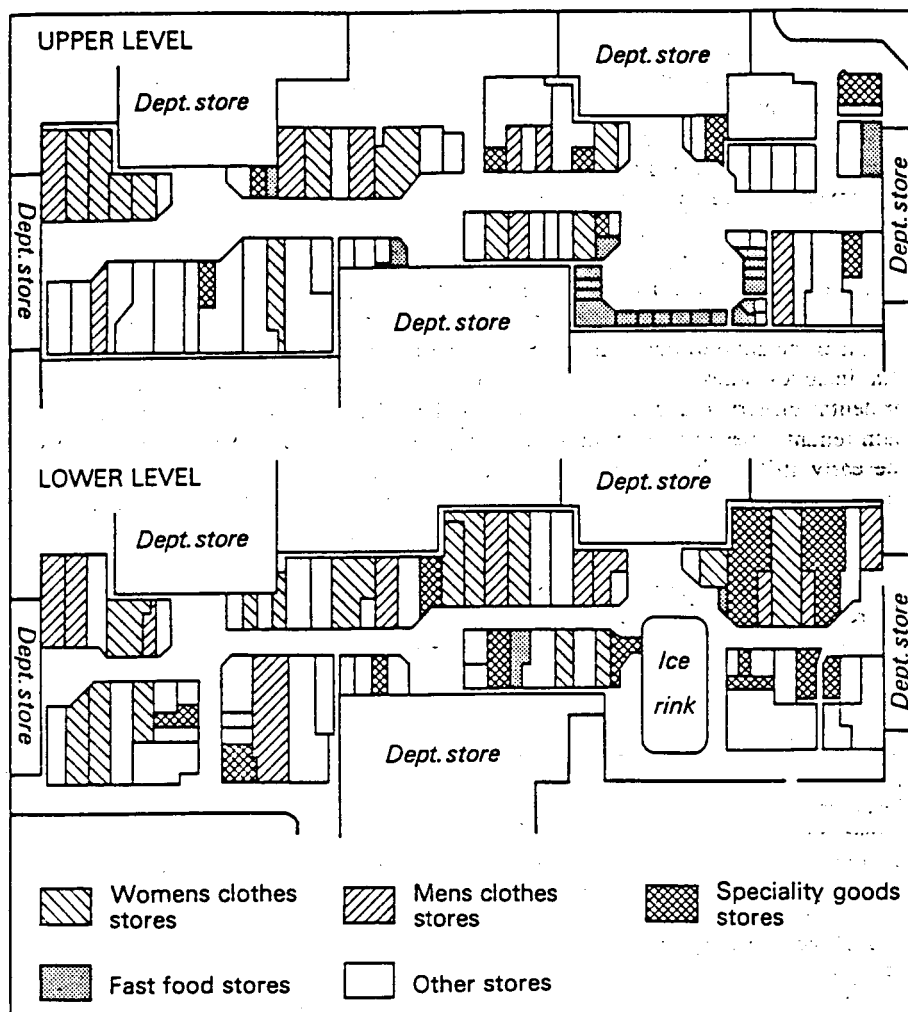


Figure 2.4. Location of Selected Store Types within Prestonwood Regional Center in North Dallas, Texas. (Source: Dawson, 1983, p. 49)

center, there is stringent tenant selection policy and a clear grouping of some tenant types, notably the fast food services which are adjacent to the public ice rink.

Just under 80 percent of a regional center's gross leasible area (GLA) is occupied by national chain stores while slightly over 15 percent is occupied by local chain stores. Independent stores usually represent 10 percent or less of regional shopping center GLA according to 1981 Urban Land Institute data. About 25 percent of the GLA is devoted to clothing stores, 15 percent to general merchandise, another 15-20 percent to food and food services, and the balance is composed of convenience, shopping, and specialty goods and services (Hines, 1983, p. 113).

Construction Phase

The construction of a regional shopping center is accomplished through the coordinated efforts of a team of construction specialists. The developer and his construction department must select the right architect and general contractor for the project. Construction contracts must be drawn up and signed by the developer, architect, and general contractor. Detailed plans must be prepared and decisions made about site utilization, general center positioning, storeroom layout, and construction methods and materials. Pro forma statements must be analyzed and cost control systems instituted (see Figure 2.5).

The first step involved in the construction phase of a regional mall is for the developer and his construction department to select an

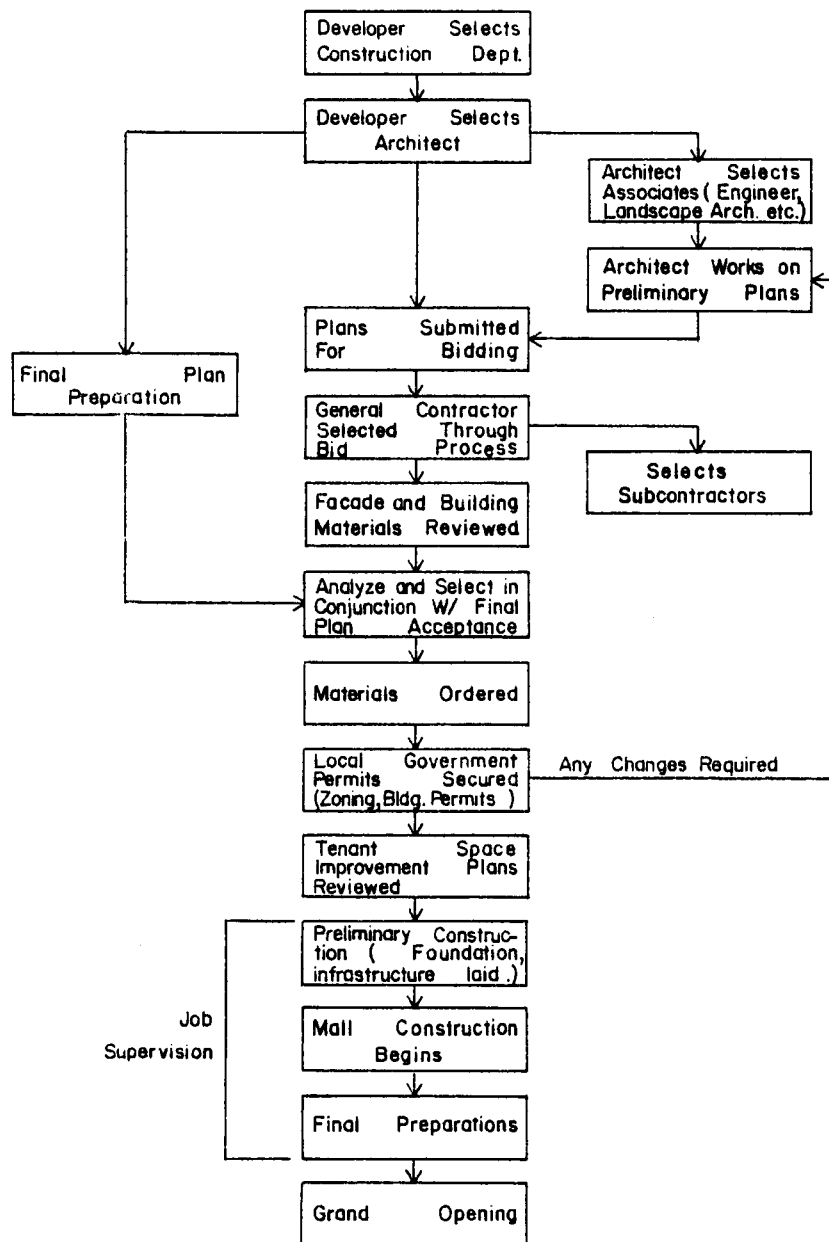


Figure 2.5. Construction Process Flow Chart.

architect and general contractor. The architect and his staff must be conscious of a cost budget established by the developer while also designing a functional center. They are also responsible for furnishing the following architectural plans (Hines, 1983, p. 87):

- Preliminary plan

- Site plan

- Grading plan with the topographic survey superimposed

- Retaining wall plan, if necessary

- Soil and erosion control grading plan

- Storm drainage plan

- Plumbing site plan

- Offsite septic tank and tile fields, if necessary

- Domestic water plan

- Site detailings such as signing, parking stalls, catch basin detail, and manhole detail

- Site lighting plan

- Landscape plan

- Typical tree planting plan

Before selecting a general contractor, the developer must consider the total cost of the proposed project. In order to assess such costs, the developer will put the architectural plans out for bid. Bids received from the general contractors must then be "weeded out," and the one selected is expected to maintain internal construction controls and a workable cost accounting system. The general contractor, in turn, will then select subcontractors who are

contracted individually for specific construction tasks (i.e., electrical, piping, paving).

Once a recognized stage of construction is complete such as the laying of foundations or the installation of sprinkler systems, the general contractor will apply for a construction loan advance from the construction lender. When the requisition for funds is made and the subcontractors paid, the architect as a representative of the developer must certify the completion of the stated work and the application of the described labor and materials.

In the next phase of construction, the developer and his construction department must decide upon the facade and construction materials to be used for the project. The developer and his associates will then analyze the costs and feasibility associated with the various types of materials available and select one. Once chosen, the facade and building materials will then be incorporated into the architectural plans and subsequently ordered by the general contractor. The architect must then determine whether the construction plans adhere to building code requirements and zoning ordinances established by the local government. The developer, architect, and general contractor must work with the appropriate officials to resolve any difficulties and misinterpretations that might arise because of construction.

When such government requirements are met and tenant space improvements are approved, the construction plans can then be finalized. The in-line tenants of the center are responsible for the construction

of their own stores after the developer has provided the outer shell of space. (The anchor tenants--Sears, J. C. Penney--usually finance and construct their own building in conjunction with center design features using their own construction crews and personnel.) The developer's contractor must view the preliminary plans of each tenant and plan for each of these tenant construction jobs. Then actual construction begins.

Several construction crews will perform their tasks at different times in different sections of the center. The land must be graded; the drain tiles and utility lines laid; adjacent street and highway changes must be made; and preliminary roadways on the site must be paved. Final pavement is not laid until heavy construction vehicles are no longer needed on the site. Continual job supervision is provided through continual site visits by the developer, architect, general contractor, lender representatives, and key tenants and their area representative.

The next phase of construction requires the developer to accumulate and record all expenditures incurred during development and compare them to total budget amounts in a cost accounting system (see Appendix B). Any discrepancies are then balanced by the general contractor. Finally, after final paving and planting, the grand opening of the center will take place.

The construction phase that is involved with the development of a regional mall may take 1 to 5 years to complete and 7 to 60 million dollars in construction costs alone. It is a process that requires coordination and cooperation between the parties involved,

and the more coordinated the interactions, the more expeditious the process and the more profitable the overall project will be.

Center Operation and Management

After the developer has arranged the center's tenants in their optimum locations and opened the mall for business, he will then hire an entity to manage the center's operation. Center management may be a part of the overall development organization or it may be form an outside company independent of the developer. Rarely is the management entity responsible for a regional mall separate from the development company. They may be a subsidiary of a real estate brokerage firm that is a partner in the development, a subsidiary or staff department of the development company, or a management subsidiary from the institutional investor/lender (Hines, 1983, p. 133).

The manager of the center attempts to (1) optimize the return from the productive resources of the property; (2) extend the productive life of the building; and (3) preserve and enhance the capital value of the center. To accomplish these objectives, the principal functions of the manager become (1) merchandizing the center space to obtain a maximum gross income; (2) reducing operating and maintenance costs to attain maximum net income; (3) reducing the financing costs of the owner; and (4) adapting the center to environmental and market changes over time (Hines, 1983, p. 132).

As an agent for the center's owner, the manager and his staff must periodically inspect the premises, arrange for the necessary

repairs, re-lease vacant space promptly, assure compliance with local ordinances, account for the center revenues and expenditures, and oversee tenant leasing arrangements. Any capital improvements and major maintenance to the mall are the responsibility of the manager. Common examples of major improvements would involve major refurbishing of the mall and its adjacent parking lots such as new plantings, new ceiling treatment, new skylights, new ramps for customers, new flooring, new fountains and additional parking lots. Examples of major maintenance would include parking lot resurfacing and striping and preventive maintenance of the escalators, elevators, and central air conditioning system (Hines, 1983, pp. 132-135). To remain competitive, the manager must continually adapt to the competitive marketplace. Not only does this involve mall maintenance and upkeep but a progressive marketing campaign.

Marketing and Promotion

Marketing and promoting the regional center is another responsibility of center management. The goods and services offered by the center must fit the needs and desires of the trade area and in order to generate interest in the center's offerings, the marketing manager must advertise and promote such goods. The developer begins advertising and promoting while constructing the center, and when the center opens, the marketing manager will continue such duties.

Continual feedback from market research is needed for an efficient and effective marketing effort. The marketing plan, which

is prepared by the marketing manager, will outline the goals established, strategies devised, and tactics prepared. Coordinated marketing "flights" (themes used as the basis for a marketing campaign usually planned around a special event for a special season of the year) must be created, justified, planned, and implemented within established budgets. As a part of the annual marketing plan and the major flights planned, specific advertising strategies with various media must be planned and implemented. Funding for such promotional programs is usually financed through a merchant's association marketing fund or through cooperative advertising, which may be contained in the leasing arrangements. Typically, the merchant's association will allocate the promotional fund on a basis of GLA square footage. Some regional centers, however, base the assessments on front footage, percent of sales or other allocative means. For regional malls, the anchors usually contribute 20-25 percent of the funds while center management contributes a comparable portion of the total funds raised by the merchant's association (Hines, 1983, p. 203).

The staff of the developer, the other owners, the lender, the major tenants, or outside consultants usually prepare the market studies that are of an ongoing character and required to maintain an effective and efficient merchandise component. The data used and how it is retrieved (i.e., telephone survey, census data) should best reflect trade area behavior because if it does not, profitability of the center will sharply decline.

Summary

The process that a developer follows in developing a regional shopping center involves substantial amounts of risk, obligation and liability. Not only is the developer responsible for the project coordination and negotiation, he must also arrange for the center's operation and tenant composition. Each phase of the development process (i.e., site conception, project financing) is composed of a series of steps which the developer incurs as the center's development progresses. Appendix C provides an outline summarizing the phases and steps that the developer follows throughout the project's development.

The next chapter will discuss the public sector's involvement in a regional retail center's development process. It focuses on the decision-making actors and administrative structure and procedures typically associated with such development.

CHAPTER III

THE PUBLIC SECTOR'S PERSPECTIVE OF REGIONAL CENTER DEVELOPMENT

The public sector's role in a regional shopping center's development process primarily involves environmental and land use regulation. Such involvement in the process can greatly alter the project's feasibility, and ultimately its benefits to the community. Therefore, in order for a project to succeed, it must receive public approval at some point in the development process. Most often, public approval precedes project financing and construction and must be acquired in order to continue development.

Initial contact should take place during the decision stage with final approval from the applicable regulatory agencies being acquired during the early part of the design phase. It is important for a developer's project to get public approval as early in the process as possible (Dethero, 1983, p. 139).

This chapter will focus on the public sector's participation in the development process of a regional shopping center, examining the decision-making actors responsible for implementing such a large scale development proposal and the administrative structure and procedures typically associated with such developments at the local level.

Overview of the Decision-Making Entities

The decision-making entities responsible for a regional mall's development generally include the developer, local, regional, state,

and federal government agencies, and the community. Issues and objectives concerning each actor usually vary; however, each generally seeks to maximize its benefits while minimizing "costs." Examples of the types of issues typically addressed by each sector are outlined in Figure 3.1.

Decision-Making Sector	Issues to Address
Developer	Market Feasibility Land and Development Costs Cash Flow Scheduling Delays Materials Availability Marketing and Promotion
Government	Zoning Shopping Center Regulations Environmental Impact Community Amenities Provision of Timely Service and Utilities Tax/Gain Loss Building Codes
Community Special Interest Groups	Change in Character Tax Burden Visual Characteristics Loss of Amenities Social Compatibility Job Resources Environmental Degradation Traffic Flow Impacts

Figure 3.1. Development Issues. (Source: Dethero 1983, p. 140)

Attempting to address the concerns of all the actors simultaneously is a complex task requiring tradeoffs and compromises between each sector.

Before examining the public sector's involvement in a regional center's development, an overview of the three major actors that interact during a regional mall's development will be provided below. Because a full discussion of each actor is beyond the scope of this report, only a brief analysis of each is provided.

Developer. The developer's involvement in the development of a regional mall has increased in complexity over the last two decades, particularly with the increasing concern over environmental issues. Not only must the developer and his team deal with local authorities and planners, but also with state, regional, and federal bureaucracies and special interest groups (ULI, 1978, p. 76).

The increased regulation was brought about because of developer exploitation of land with little concern for the impacts on neighboring land or natural environment. In addition, little attention was paid to the problems created for existing public facilities such as the transportation and drainage systems. There are, on the other hand, many developers that do consider community impacts and provide the needed roads and drainage facilities. However, overall the entire industry suffers when irresponsible developers produce poorly planned projects which place fiscal and environmental burdens on the entire community.

Today, developers of regional shopping centers are required to expand their scope of concern in order to be successful. They must begin communicating with those impacted by the proposed project early in the development process (preferably, before any announcement of the project is made) in order to (1) establish a sense of trust and cooperation and (2) identify and settle any disputes and potential problems before any party expends its time or money (Dethero, 1983, pp. 141-142). By establishing early contact with the appropriate groups, not only can the developer dispel rumors and hostilities which could develop, but also valuable ideas and advice can sometimes be provided.

The developer must appraise the local mood prior to finalizing his plans. In advance of a public hearing or before going to various government officials, the developer should meet with local residents to explain his proposal. Informing the community of the economic benefits it can receive from a shopping center can help overcome objections to a change in land use.

The developer must provide sound reasons for project approval. He must justify the increase in the community's shopping outlets and the increase in the array of goods and services. He can show that the community at large is relieved of underwriting the center's maintenance, policing, and operation. He must convince doubters that the center is architecturally tasteful, that lighting within the property is necessary for security and safety; and that it will not cause an inconvenience or nuisance to adjacent properties (ULI, 1977, p. 53).

The developer must convince the community and the local authorities that his proposal is worthwhile. Anytime a public hearing is held, the developer must make his presentation understandable.

In order to avoid community resentment, the developer must make certain that he meets all the criteria of good shopping center development and accommodate the affected residents. For example, if the center is adjacent to a residential area, it should have planting strips and landscaped berms as well as protective screening or well-designed walls or fences and controlled night lighting (ULI, 1977, p. 53).

In summary, the developer must look beyond his pro forma, examine the possible impacts that might occur from the project, and be prepared to modify the project in the event that design plans do not meet community standards. He must also be straightforward in answering any questions about the project in an attempt to pre-sell the community at-large. If the developer fails in gaining the community's trust and faith, the public might picket the developer, pack public hearings, write letters, demonstrate, and finally file costly class action suits (Watson, 1975, p. 488).

Government. Federal, state, regional, and local levels of government influence the development of a regional shopping center. Their roles in the development process have greatly increased over the last two decades as a result of growing concern over the environment. With the passage of the National Environmental Policy Act (NEPA) in 1969, federal and state governments ushered in a new era of development regulation. That act, and the Clean Air Act Amendments of 1970, the Federal Water Pollution Act Amendments (FWPCA) of 1972, and the Noise Control Act of 1972 were the result

of a growing nationwide concern about the impact that man had on the environment (ULI, 1978, p. 53).

The Clean Air Act Amendments have had significant influences on shopping center development over the last fifteen years. F. Ronald Mastriana points out in his article, "Environmental Regulation Checklist for Shopping Center Development," that although the amendments made no reference to review shopping centers or facilities which attract automobiles, Section 110(a)(2)(b), which sets forth the requirements of state implementation plans, requires that:

It includes emission limitations schedules, and time-tables for compliance with such limitations, and such other measures as may be necessary to insure attainment and maintenance of such primary or secondary standard, including, but not limited to, land use and transportation controls (emphasis added to land use and transportation controls; Mastriana, 1977, p. 72).

It was and remains EPA's intent to mandate that states adopt indirect source regulations as the ones established in the Clean Air Act Amendments in order to review shopping centers and other such facilities prior to construction. Sixteen states have adopted indirect source regulations. Florida, for example, established the Florida Complex Source regulation. In order to comply with the requirements, the developer must:

Monitor ambient carbon monoxide at the "hot spots" within one-fourth mile of his site for a consecutive fourteen days. The "hot spots" are most often located depending on the wind direction and volume of traffic by the local or regional pollution control agency. These ambient air quality readings must be plugged into a complex diffusion simulation model to predict the worst ambient air quality concentration for both the eight and one hour periods for the first through

the tenth year of operation to be compared with the eight and one hour carbonmonoxide standard. If the resulting concentrations will exceed the state or federal standards, the shopping center will receive a denial. Even if the applicant's calculations indicate no violation, the approval may still be contested (Mastriana, 1977, p. 75).

Other federal and state air quality regulations for shopping center development include Transportation Controls, Air Quality Maintenance Plans, Episodic and Non-Degradation Regulations, and Non-Point Source Drainage Regulations. Listed in Appendix D are the various state land use programs and the respective review authorities responsible for implementing such programs.

The FWPCA is another example of federal legislation that greatly impacts regional shopping center development. The FWPCA accomplishes three basic tasks: (1) regulates discharges of pollutants from point sources, primarily industrial plants and municipal treatment plants; (2) regulates spills of oil and hazardous substances; and (3) establishes a mechanism for states or regional agencies to establish regulatory programs to control various types of non-point source pollution. Section 502(14) defines "point source" as:

Any discernible, confined and discrete conveyance including but not limited to any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation or vessel or floating facility, from which pollutants appear or may be discharged (Mastriana, 1976, pp. 81-82).

City and regional planning councils have commonly forced shopping center developers to contain and treat storm water run-off. Overflow from the retention pond is usually into either the city

or county storm sewer system or into a nearby channel or stream. The overflow pipe is considered a point source of water pollution. According to Mastriana's article titled "Environmental Regulation Checklist for Shopping Center Development":

If the discharge is into a city or county storm sewer system, the developer can contend that the city or county must comply since the city or county is actually discharging into the "waters of the United States (the basic prohibition in the FWPCA is contained in section 310(a) and 502, which forbids "discharge of any pollutant," from a point source into "navigable waters"), otherwise the developer must secure a national pollutant discharge elimination system (NPDES) permit from a U.S. EPA regional office or from an approved state agency (Tennessee Department of Health and Environment) (Mastriana, 1976, p. 82).

A million square foot regional center has the capacity to generate a maximum average daily sewage flow of 110,000 gallons which is normally directed to a public sewage treatment facility, generally requiring approval for its capacity. If such capacity does not exist, it may be necessary to construct an on-site sewage treatment plant which is a source of "point source" discharge and therefore requires a NPDES permit (Mastriana, 1976, p. 83).

"Non-point source" pollution such as storm water run-off requires another process and permit for its treatment. Section 208(b)(2)(j)(f) of the FWPCA provides that a plan, prepared under the waste water management planning process, shall include:

A process to control the disposition of all residual waste generated in such area which would affect water quality; and a process to control disposal of pollutants on land or in subsurface excavations within such area to protect ground and surface water quality (Mastriana, 1976, p. 83).

The large, impervious surface of a regional shopping center parking lot worsens the conditions by creating an area where pollutants (from automobiles including rubber, gas, oil, etc.) can gather before being washed into a neighboring stream. EPA has suggested to local agencies (Tennessee Department of Health and Environment) that control measures on potential pollution from urban storm water runoff include; reduction of litter and installation of adequate waste receptacles or catch basins to retain the first flush of polluted storm water runoff. The guidelines also label, as a non-point source, such construction activity as "major earth-disturbing operations required for the development of . . . shopping centers." The control measures for their activities include "installation of structural and vegetative measures, staged grading, and temporary catch basins to limit and trap the run-off" (Mastriana, 1976, p. 84).

Section 208 planning by local communities continues to move slowly due to inadequate federal funding. The states and local communities, especially coastal areas, with major water pollution problems were the first to take advantage of the planning process. Pennsylvania, for example, adopted "erosion control rules and regulation" pursuant to the Pennsylvania Clean Streams Law in 1972, requiring a permit for earth moving activities affecting more than 24 acres. The permit application must be accompanied by an erosion and sedimentation control plan for both the construction and operation of the facility. Many other states and cities, too numerous to identify, have also adopted similar regulations (Mastriana, 1976, p. 84).

In addition to the federal government's regulatory role in the development of a regional shopping center, regional planning councils are regulatory agencies and exist in most metropolitan areas. In certain instances, such as the Twin Cities Metropolitan Council in Minnesota and the Hackensack Meadowlands Development Commission in New Jersey, regional planning entities regulate development as an agency. They coordinate the planning and development of their respective areas and because they approve and grant the capital expenditures (federal and state monies) needed to fulfill the area's plans, they are able to dictate the area's growth (Schidman, 1977, pp. 59-60).

Regional planning entities may also influence regional center development through the Development of Regional Impact (DRI) review process. A center qualifies for the DRI applications process if it exceeds the threshold established in the respective region (shopping center thresholds range from 300,000 to 500,000 square feet). The DRI applications process requires the applicant to analyze the impact of the center on the environment and natural resources of the region including air and water quality, solid waste, noise, topography, natural vegetation, animal life, soils, historical and archeological sites, parks and recreation areas, geology; the economy of the region; the public facilities of the region including sanitary sewers, sewers, storm water disposal, water supply, solid waste, power supply; public transportation in the region; and housing in the region (Mastriana, 1977, p. 70).

The review process begins with the regional planning council reviewing and making a preliminary decision. The local government then holds a public hearing on the application and makes a final determination. Denials are difficult to overturn regardless of the reason (i.e., environmental or social), whereas local approvals have been overturned on many occasions with the Regional Planning Council or Division of State Planning securing the needed compromises. "The developer's negotiation with all levels of government depends on what and how much he is willing to give to cure any adverse impacts (i.e., installation of an on-site sewer system, on-site storm water run-off retention pond, widening of traffic lanes)" (Mastriana, 1976, p. 70). Such agreements have caused many developers to delay indefinitely or terminate projects because of the increased costs.

Federal, state, and regional authorities influence regional center development in particular instances; however, the broadest discretion and the greatest power to control land development is presently placed at the local level of government. The state delegates regulation and administration authority to local government through enabling legislation.

The influence of the public sector's involvement in the development process is dependent upon the local administrative program and the manner in which each agency interacts with others. "The legislative body, zoning administrative officer, board of appeals, planning departments, planning board, municipal or county attorney,

and the many other interested agencies must work in harmony" (Schnidman, 1974, p. 55). Without intergovernmental coordination, the development process breaks down and deprives both the developer and the local community of a potential benefit (i.e., shopping center).

Local level participants in the development process can be divided into two groups--elected and nonelected officials. Elected officials include city and county council members and those nonelected include planners, planning commission, and other agency members.

Planning primarily operates within the political and organizational framework of local government where the elected officials, who make the ultimate decisions, are advised in the process by the planners. The local planning commission is an advisory board which attempts to coordinate all the planning and development activities taking place in the community. They, along with the local planning agency, are also responsible for providing information necessary in preparing a comprehensive plan.

The comprehensive plan is the community's basic policy statement representing future growth objectives. It is usually the planning commission that has the power to adopt or amend the plan. Typically included in the plan are the following elements: land use for residential, commercial, and industrial purposes; transportation; community facilities including capital improvement plans; community aesthetic standards. It may include community planning policies

that will assist the developer in identifying areas where development would be consistent with community objectives.

While the comprehensive plan is used as a guide in directing and regulating community development, the means of implementing such a plan are zoning, subdivision regulations, building codes, and capital improvement programs.

Zoning is a significant regulatory power used at the local level. Obtaining zoning approval is a preliminary step in the shopping center development process. Most zoning ordinances consist of three basic components: (1) zoning map, which delineates district boundaries; (2) text, which describes regulations and administrative matters; and (3) schedule of district regulations, which serve to explain and clarify the ordinance. Together, these zoning elements set forth land use activities permitted and their placement in the community.

Deviations from the zoning ordinance are handled by the board of appeals. This administrative board acts as the arbitrator between the public and private interest. The variance procedure is a constitutional right which is provided to relieve any hardship that might arise from the application of the ordinance to a specific piece of property. It should be noted, however, that any changes or amendments to the ordinance may only be issued from the legislative body, and are usually done only where the ordinance fails to bring about desired results or to reflect changes in the comprehensive plan (Schnidman, 1974, pp. 47-49).

Subdivision regulation, second only to zoning in its importance as a land management tool for the local government is primarily concerned with the lay-out of the site plan and standards for the development. The planning commission, the entity responsible for the subdivision process, requires the developer to follow a step-by-step procedure which is discussed in the following paragraph. This allows the commission greater opportunity to review the proposed development in relation to the comprehensive plan and to judge its impact upon the community (planning staff performs studies and analyzes impacts).

The review process consists of three steps. In the first step the applicant meets with the planning staff to discuss what will be required of him based on a preliminary plat. Then, he/she is required to provide the staff a more specific design, giving conditional approval to the original plat. During the third step, the final plat review, the planning staff determines whether or not all the requirements have been met and then a public hearing is held (subdivider files plat with county clerk) (Schnidman, 1974, p. 49).

Subdivision regulations vary among various jurisdictions; however, common to most are standards for street design, lot size, required improvements easements and utilities, endorsement of health officials, and the review process.

The official map is another means of regulating land development within the city. The map delineates where future public sector

facilities and road improvements are going to be developed. It enables the community to guide future growth and the developers to plan their projects within the scope of planned public services. The map is adopted by the governing body after public hearings and referral to the planning commission. Upon adoption, no building permits may be issued for construction in the indicated rights of way of the future streets and drainage system.

Building codes pertain to the quality of the actual materials, wiring, and plumbing used in construction and vary from city to city. Builders can face many different types of codes in one metropolitan area. The codes' most significant influence on the development of a regional mall would be in securing the building permits for the center. In order to secure building permits of any kind, the building code inspector and city engineers must approve of proposed construction and construction materials and be assured of their compliance with the local building code and zoning ordinance. The zoning requirements usually specify the land coverage ratio for the building improvements, building height restrictions, open space requirements, parking ratios, and setbacks from site boundary lines. The architect must also consider easements on the land which cannot be violated (Hines, 1983, p. 91).

The capital improvements program also influences land development at the local level. It is a plan scheduling the future provision of public projects while considering their timing, location, and financing. It is a commonly used method of implementing the

comprehensive plan as well as controlling growth and is adopted and implemented by the local governing authority. Items included in the program typically include streets, sidewalks, public lighting, public facilities, sewers, etc. "Community improvements may act as private development inducements in areas which it is desired. Similarly, the lack of public improvements and facilities may inhibit growth" (Dethero, 1983, p. 156).

These examples of land use controls (zoning, subdivision regulation, official map, building codes, and capital improvements program) demonstrate the influence that the government has on land use management and control at the local level.

Community. Developer exploitation of land with little regard for the impact on neighboring property or natural environment has increased not only government participation in the development process over the last two decades, but also community participation. Today's citizens are more conscious of the environmental and social concerns that are associated with development, particularly large-scale projects. New commercial construction is questioned as to what it will generate in terms of additional traffic, pollution of air and water, erosion, and scenic encroachment, rather than just the economic benefits associated with it such as tax revenues and jobs. Citizens who once accepted the idea that growth--in numbers of people, in jobs, in industries, in retail stores--would ease the public burden by increasing the tax rolls and spreading per capita costs, soon realized differently. They discovered that economic growth meant

lesser quality and higher costs in the long run due to infringements upon environment, public services, aesthetics, and culture.

Another reason community participation has grown in the development process over the last two decades is because of citizen mistrust in local officials, either elected or appointed, and their inability to truly represent the public interest. The general citizenry may lack confidence in local land use plans and the manner in which zoning decisions are made. "This distrust has often led to the election of local officials with anti-development or environmental platforms, to replace those perceived as siding with the land development industry" (Dethero, 1983, p. 159).

The concerns of the community are many and serve to bring together diverse interests. Linked with environmental protection is a set of complementary fears that may be present in one or more combinations--fear of diminished property values from commercial or high-density residential encroachment; fear of crime and the spread of "undesirables" from the city core; and fear of change and alteration of familiar neighborhood patterns. Real or imagined, the perception of danger from neighborhood changes is strong and serves as a ready basis for organized protest (Rivkin, 1975, pp. 511-513). Such community protest or participation, which concerned citizens use to influence land use decisions, is usually divided into two methods of strategy: (1) citizen pressure and (2) citizen legal action.

1. Citizen Pressure. There are four steps associated with applying citizen pressure to the development process. The first organizing a group of concerned citizens, involves forming a central core of highly dedicated individuals to monitor the development on a full-time basis.

Their first strategy is to gather information about the development proposal. The group should become familiar with the make-up of the community, including attitudes of the elected officials, the structure of governmental bodies and agencies, relevant federal, state, and local statutes and ordinances, and basic demographic factors.

In order to effectively block an undesirable regional retail center's development, the group must know what the project consists of, the intentions of the developer, and the impacts of the proposed development (ULI, 1975, p. 169). Details concerning the project can be obtained at the city planning department, while any inconsistencies between the developer's plans and what is really occurring can be revealed by periodic visits to the site. Conflicts of interest on the part of local level officials can be checked by referencing public records of ownership. Finally, experts can aid in assessing the forecasted impacts of the project (Dethero, 1983, p. 161).

The next step in applying citizen pressure to the development process is for the citizen group to publicize its position through paid advertisements, newspapers, television and radio, support from

outside groups, and public meetings. Continued support may be enlisted through editorials, news conferences, press releases, and special interest group meetings such as the League of Women Voters, taxpayers associations, garden clubs, unions, and others. The group must concurrently raise funds for the campaign while publicizing its position. Methods of fund raising may range from picnics to bazaars, yet the most effective manner in which to raise funds is through appeals for donations from the concerned citizens.

The final step involved in applying citizen pressure to the development process is presenting the group's case to city government. The planning agency should be contacted initially in an attempt to coordinate the group's activities with any hearings scheduled concerning the development's approval.

The main effort of influencing the decision makers occurs after the discussions with the planning agency. Lobbying is an effective method of influencing the local legislative body. This entails direct contact with each individual decision maker with a persuasive argument designed to appeal to the member's particular stance. For example, if the key vote depended on a councilman not interested in conserving open space but who is opposed to development which would increase the local property taxes, he would be approached with tax-related arguments (ULI, 1975, p. 171).

Testifying at hearings is another means of maintaining citizen pressure and influencing the votes of decision makers. Knowledge of the hearing procedures and well-researched testimony are necessary

in presenting an effective argument. In addition, the concerned group should also be well-represented at the hearing in order to graphically inform the council members of the strong citizen support or protest.

2. Citizen Legal Action. There are a number of methods of implementing legal actions that citizen groups may use in the development process. The most commonly used approach, the lawsuit, can only be initiated by those directly affected by the development. The mere threat of a suit can be an influential political tactic. They are also very effective in delaying development in order to force compromises. Development postponement until the courts can clear the developer's status may force the developer to abandon his plans and terminate the project.

Courts have recently demonstrated an increased willingness to interfere with local land use decisions. The primary motivation for this trend is the clear expression of the state and federal legislatures that the environment is a concern of high priority. Because local governments are often susceptible to development pressures, the courts will often have to encourage them to perform their proper function (ULI, 1975, p. 175).

Litigation used in correcting government decisions or development activities was further mandated in 1970 with the passage of the National Environmental Policy Act (NEPA). This act focused exclusively on land use regulation and requires federal agencies to examine ecological factors before undertaking projects that might affect the environment. Twelve states have adopted environmental acts based on NEPA (i.e., California, Florida) in an attempt

to further regulate poor development practices and unjust political decisions.

As discussed throughout this chapter, the entities responsible for influencing land development are the developer and his team members; federal, state, regional, and local level government authorities; and concerned citizens in the community. Each one's roles and interests vary. The developer, as growth agent, seeks maximum profits while the community and its interest groups seek to protect themselves from environmental degradation, adverse impacts, and insensitive public officials. The government, acting as a moderator, between the developer and community, seeks to be responsive and representative in settling disputes that might arise. The final portion of this chapter will discuss the administrative structure and procedures typically administered by local government to a developer of a regional mall.

Administrative Structure and Procedure

The following discussion is an account of the administrative structure for planning and zoning a regional shopping center in a typical, medium size (100,000 to 300,000 population) city. Administrative procedures will vary according to size of the city and scale of the project; however, most are structured in a similar manner and adhere to a comparable procedure.

The top level in the decision making structure of the city is the city commission or city council. The council is usually composed of seven to nine members elected by the citizens. It is the

legislative body and adopts the budget and passes local laws. The council also has a vital policy-making role in developmental issues. It adopts the general plan, it makes capital improvement budget decisions that affect implementation of the plan, and it makes zoning decisions that allow developmental activity to occur.

Directly below the city council is the city planning commission which is the main advisory body to the city council. Its function is to provide advice to the city council in the areas of current and future planning. The planning commission members (7 to 15 members usually) are typically appointed by the mayor subject to confirmation by the city council, or they are appointed by the council directly. In appointing these members, the legislative body selects a cross-section of citizens in order to prevent minority interest from being suppressed.

To assist in carrying out its functions, the planning commission hires a full-time planning agency staff. The staff usually consists of professionally trained urban planners, whose responsibilities include the research and analysis required in the formulation of planning concepts and developments. Its two main functions are (1) to plan for current needs and (2) to develop and continually update the city's comprehensive plan (Smith, Tschappat, and Raester, 1977, p. 170).

The agency is responsible for administering land use controls and recommending periodic adjustments to them in order to provide current plans. If a request is filed by a property owner to change

a zoning classification, the staff will analyze the request in light of the city's comprehensive plan. The planning commission then establishes a time and place for a public hearing on the zoning request. For this hearing, the public must be notified in advance (typically 2 to 3 weeks).

During the public hearing, the planning commission listens to the advice of the staff, the property owner arguments, and anyone who wishes to speak against the zoning change. The request is then voted on by the commission and it is then passed on to council for final consideration. If the proposal is rejected, it may be appealed and presented to council.

Another important department involved in the zoning process is the board of adjustment (board of zoning appeals). It is a semi-judicial body appointed by the council for the purpose of providing flexibility in the zoning ordinances. Its decisions are final; the only other appeal is to the courts. It provides flexibility in two ways. It has the power to overrule the ordinance through a variance in which the owner must show that a hardship exists (not caused by themselves) which prevents him/her from following the normal zoning requirements. It may also provide flexibility by special exception to the zoning law. By applying criteria established by the planning commission, the board can change the zoning limitations to allow a prohibited type of use for a given parcel (Smith, Tschappat, Taoster, 1977, pp. 470-472).

The administrative procedures that a developer must follow in gaining city approval of a regional shopping center typically

adheres to the following process. It is an account of Knoxville, Tennessee's application for development of a shopping center (applies to any type center) and is found in Knoxville's Zoning Ordinance. It follows a two-step procedure for (1) the proper rezoning of land, and (2) review and approval of development plans.

1. An application for rezoning for a neighborhood shopping center (or any other type center) may be required to include the following in addition to the requirements set forth in Article VII, Section 6 of this Ordinance.
 - a. A summary report of the economic analysis or other evidence illustrating the feasibility of a shopping center in the proposed area.
 - b. A general land use map of the surrounding neighborhood showing the relationship between the proposed shopping center and traffic arteries, public transportation, neighborhood land uses, available community services, (sewer, water, etc.) general draining patterns and topographic features.
 - c. A sketch site plan of the proposed shopping center showing tentative building site, shape and location, general parking lot arrangement, access to public streets and patterns of ingress and egress.
2. A development plan of the shopping center shall be submitted to the Planning Commission for approval as a Use Permitted on Review.
 - a. A revised development plan shall be submitted to the Planning Commission for approval of any changes, alterations, amendments, or extensions to the development plan. Approval of such changes may be granted if, in the opinion of the Planning Commission, the requested changes would be in keeping with the intent and provisions of this Ordinance.
 - b. No building permit shall be issued for construction of any building on the land until the Planning Commission has approved the development plan and a statement of approval has been affixed.

- c. The building permit shall be revoked if construction of any part, or phase, of the development is not in compliance with the approved plans (Zoning Ordinance for Knoxville, November 1984, p. 104).

Not only must the developer satisfy planning commission and agency guidelines and procedures, he/she must also satisfy other line department requirements. There are administrative procedures such as the plans review office approval, department of engineering permits, and the building inspector's permit that must be satisfied for such line departments as health, engineering, fire, and public works. Such departments are responsible for collecting garbage, building and repairing streets, fighting fires, and ensuring building codes. Each has an input into the city's decision on such development proposals.

When a proposal is presented to the planning commission, it will have the planning agency review it. The planning agency, in turn, will then notify other departments of the developer's intentions and each department will then conduct their own study on the project. The measures used by each individual department for evaluating the impacts of a regional shopping center or any other land development will vary. Appendix E provides a list of measures typically used by cities for evaluating impacts of land developments (Knoxville addresses a majority of these measures).

The results of such studies are then assessed by the appropriate city department, including the planning agency, as well as being returned to the developer. Any public costs associated with the project are then examined and applied for by the appropriate

agency. The developer and city will usually arrange a cost sharing program in which the costs of improvements to public facilities is distributed between the two entities.

If he/she accepts any cost levied upon him/her, the developer will then work in cooperation with the appropriate departments or agencies throughout the planning and construction stages of development in order to ensure compliance with any guidelines and standards established. Such cooperation between the developer and the public sector is essential to the project's feasibility and may lead to continued, mutually benefitting projects.

The public sector's involvement in a regional shopping center's development, whether at the federal, state, or local level is very important and a factor that the developer should not overlook. If the community's concerns are not addressed by the developer during the initial stages of the project, the development may encounter barriers later that may inhibit the completion or feasibility of the project (zoning may not be approved; sewers may not be extended; or road improvement may not be constructed). Not only are today's citizens concerned with the project's impact on the local economy, but also its impact on the environment, roads, aesthetics, and culture. Citizen participation, either by direct pressure or legal action, can be very effective.

In addition, the local administrative process has much influence upon the development process. The local planning agency's role in the development process is vital. Being the moderator

between city and developer, the agency is responsible for reviewing other line department studies, assessing their recommendations, and then presenting their recommendations to the city commission.

The next chapter will examine the negotiations, procedures, and decision-making that took place in the development process for East Towne Mall. The comparison of the processes as they took place at East Towne with those discussed in this review will provide a clear perspective of a regional shopping center's development.

CHAPTER IV

EAST TOWNE MALL'S DEVELOPMENT PROCESS

Chapter IV discusses the negotiation, research, organization, and coordination of the various actors involved in East Towne Mall's development. It consists of three major sections. The first section describes the East Towne project and its site, introduces Melvin Simon and Associates, Inc. (the development firm responsible for East Towne), and briefly discusses the development process at East Towne. The second section examines the private sector's involvement in the development process of East Towne, discussing the events leading to the center's completion. The final section examines the public sector's influence, focusing on the major actors and their roles, the administrative procedures and approval strategies, and the concessions and compromises that were made.

Introduction

East Towne Mall is situated in northeast Knoxville on Interstate 640 between Millertown and Washington Pikes. The center and its parking take up 77.5 acres of the 150-acre site. Encompassing over 1.2 million square feet of floorspace, the two-level, enclosed mall incorporates many state-of-the-art design features such as a unique fabric roof (the first of its kind in Tennessee), an energy consumption monitoring system, an exterior aluminum sculpture 40 feet wide and 50 feet high, and three courtyards covered by the fabric

roof that feature waterfalls, lighted pools, lush foliage, and a promotional stage. When fully operational, the mall is projected to employ 2500 persons and generate \$125 million in annual sales (\$170 per square foot) (see Figure 4.1).

Anchors for the mall are J. C. Penney (136,000 s.f.), Miller's Department Store (120,680 s.f.), Proffitt's Department Store (104,578 s.f.), Sears (179,600 s.f.), and Service Merchandise Catalog Showroom (57,600 s.f.). The center contains 992,936 square feet of gross leasible area (GLA), with 370,000 square feet devoted to 128 in-line specialty and service shops. Cost of the project had reached an estimated \$58 million dollars upon its completion in July 1984. The retail center is the first phase of a mixed-used development that will ultimately feature a hotel, office buildings, restaurants, and a community plaza (see Figures 4.2 and 4.3).

According to a preliminary market analysis conducted by Larry Smith & Company Ltd.:

The location of the site on a circumferential interstate facility (I-640) provides it with excellent access to the northeastern quadrant of the Knoxville metropolitan area since it (I-640) crosses all of the major radial facilities which serve that quadrant. Through connections over Interstate 40 and the John Sevier Highway, the site also has secondary access to the southern part of the Knoxville metropolitan area to Blount and Sevier Counties (Smith, 1978, p. 2).

More than 480,000 people occupied East Towne Mall's trade area in 1978, 236,000 of them living within a ten mile radius. Average household income for the four county area averaged \$15,500, or \$5,060 per capita (Smith, 1978, pp. 8-19).

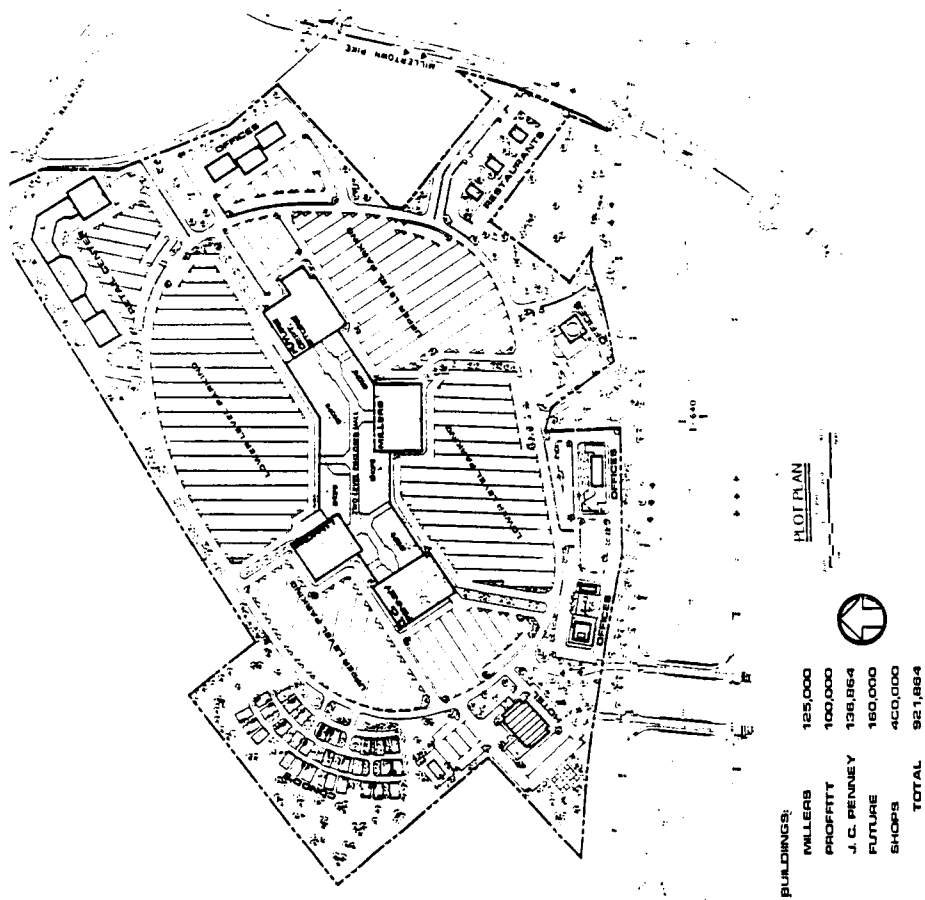


Figure 4.1. East Towne Site's Development Plan. (Source: Melvin Simon & Associates, 1985)

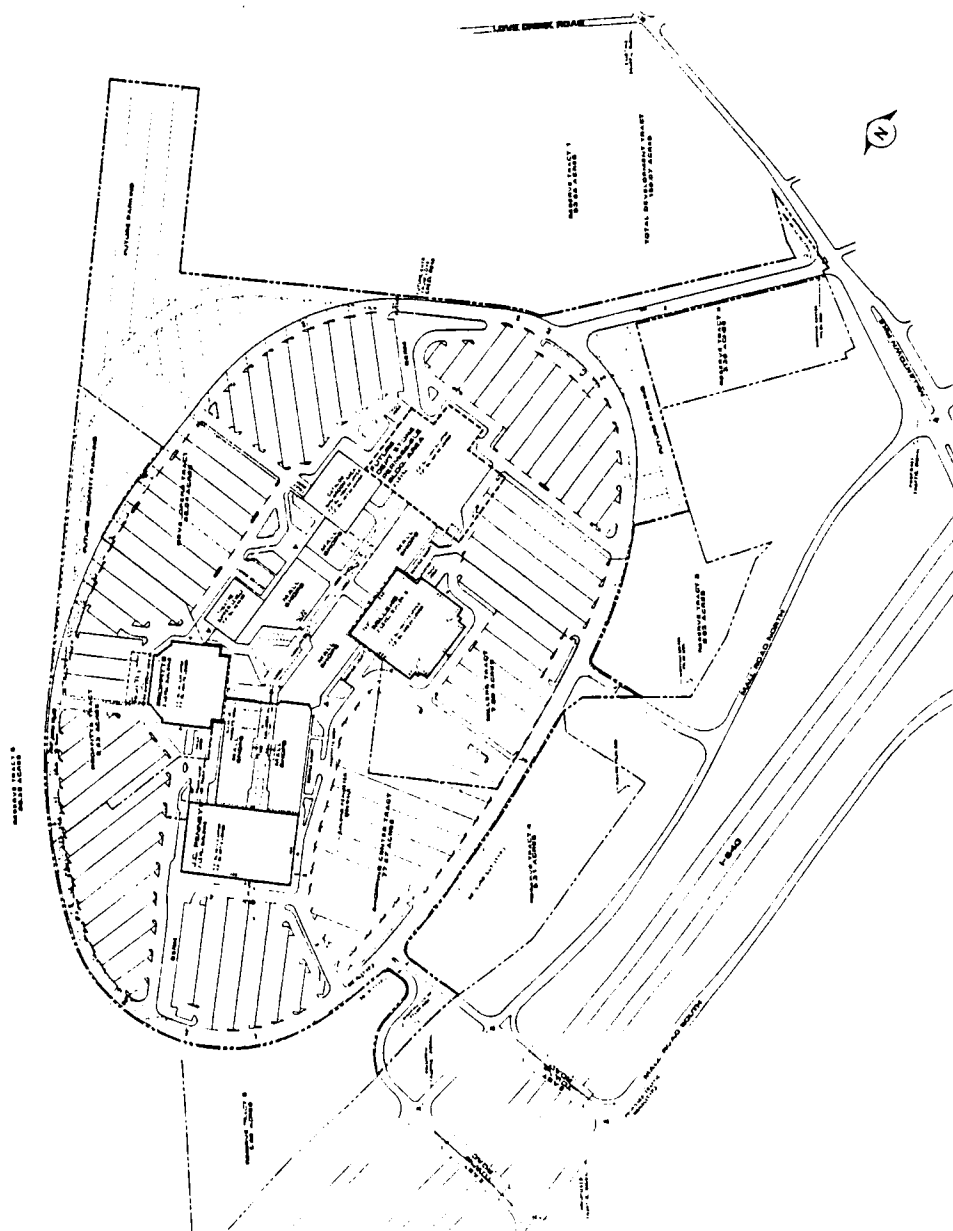


Figure 4.2. East Towne Site's Tract Division. (Source: Melvin Simon and Associates, Inc., 1983)

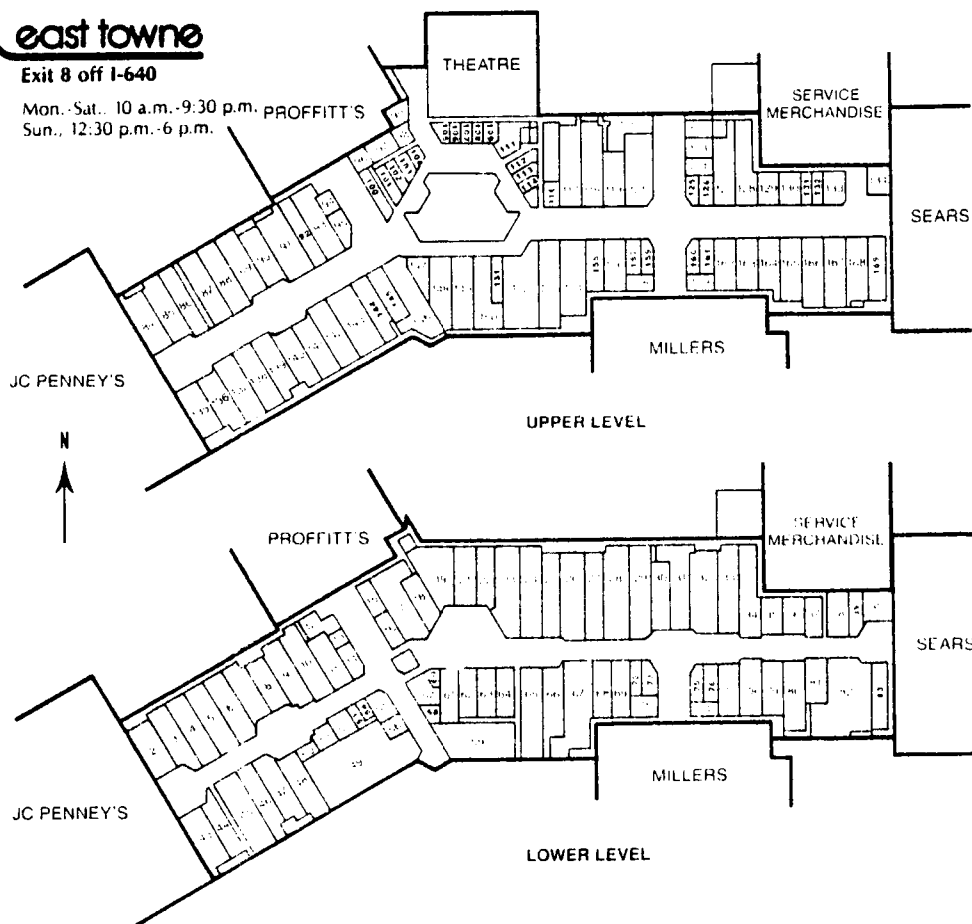
Buildings	
A. J.C. Penney	
1st Level	68,432
2nd Level	68,432
Total Penney Area	136,864
B. Millers	
1st Level	66,724
2nd Level	53,956
Total Millers Area	120,680
C. Proffitts	
1st Level	52,608
2nd Level	51,970
Total Proffitts Area	104,578
D. Theatre	16,500
E. Service Merchandise	
1st Level	28,800
2nd Level	28,800
Total Catalog Showroom Area	57,600
F. Mall Shops	
1st Level	179,000
2nd Level	179,000
Total Mall Shops Area	358,000
G. Total GLA in Center (A thru F)	794,222
Parking Area	
A. Total Number of Spaces in Center Provided	3,971
B. Ratio of Spaces to Gross Leasable Area	5.0 Cars/1000 s.f. G.L.A.
Future Expansion	
A. Future Dept. Store	
1st Level	72,024
2nd Level	77,604
Expan. Area	30,000
Total Future Department Store	179,628
B. Proffitts Future Expansion	20,000
C. Total Future G.L.A.	199,628
D. Total Future G.L.A. in Center	993,850
E. Total Number of Spaces After Expansion	4,969
F. Ratio of Parking Spaces to Gross Leasable Area	5.0 Cars/1000 s.f. G.L.A.

Figure 4.2. (continued).

east towne

Exit 8 off I-640

Mon.-Sat., 10 a.m.-9:30 p.m. PROFFITT'S
Sun., 12:30 p.m.-6 p.m.



- | | | | |
|---------------------------------|-------------------------------|-------------------------------------|--------------------------------|
| 142 - ADDED DIMENSIONS | 162 - DISC JOCKEY | 92 - JUNCTION (THE) | 136 & |
| 97 - ALADDIN'S CASTLE | 32 - ECKERDS DRUGS | 9 - KAY-BEE TOYS | 137 - PRECISION LENS CRAFTER |
| 145 - ANSONIA | 47 - ENDICOTT JOHNSON | 158 - KIMBALL HOME | 7 - RADIO SHACK |
| 129 - ATHELETE'S FOOT | 115 - FAMOUS COOKIES | ENTERTAINMENT CENTER | 156 - RAVE |
| 5 - B. DALTON BOOKSELLERS | 112 - FAMOUS GYROS | 80 - KINNEY SHOES | 77 - RECORD BAR |
| 63 - BAKERS SHOES | 10 - FINE'S MENS SHOP | 90 - KIRKLANDS | 37 - REGIS HAIRSTYLISTS |
| 66 - BALLOFF'S | 55 - FLORSHEIM SHOES | 17 - LIMITED (THE) | 155 - JOHN RICHARD AND COMPANY |
| 79 - BARRELLS 'N' BINS | 132 - FLOWERAMA | 21 - LIMITED EXPRESS | 119 - J. RIGGINGS |
| 15 - BATHTIQUE | 22 - FOOTLOCKER | 161 - LIVERY STABLE | 78 - ROLLING PIN |
| 54 - BENETTON | 6 - FOXMOOR | 105 - LUCA PIZZA | 107 - ROTHGEB HAMBURGERS |
| 17 - BLUE RIDGE MOUNTAIN SPORTS | 70 - FREDERICK'S OF HOLLYWOOD | 102 - MARK CHRISTOPHER'S DELI | 12 - ROYAL OPTICAL |
| 30 - BODY SHOP | 23 - FUDDRUCKERS | 95 - MARKMAN'S DIAMONDS | 6 - SEIFERTS |
| 94 - BOOK BRANCH | 153 - G. WHISKERS | 57 - MARYVILLE JEWELERS | 29 - 16 PLUS |
| 25 - BROOKS FASHION | 165 - GATEWAY CARDS | 27 - MERRY GO ROUND | 144 - SPENCER GIFTS |
| 69 - BUTLERS SHOES | 18 - GAZEBO (THE) | 121 - MICHEL'S BAGUETTE | 104 - STEAK ESCAPE |
| 118 - C.T. CREW | 30 - GENERAL NUTRITION CENTER | 49 - MORRISON'S CAFETERIA | 64 - STITCHES |
| 24 - CASUAL CORNER | 155 - GINGISS FORMALWEAR | 125 - MORROW'S NUT HOUSE | 71 - STRIDE RITE BOTTERY |
| 43 - CATALINA WATERBEDS | 5 - GORDON'S JEWELERS | 131 - NATIONAL HEALTH AND NUTRITION | 88 - SUMMIT STATIONERS |
| 146 - CHAMPS | 100 - GOURMET'S MARKET | 52 - NATURALIZER | 113 - TACO VIVA |
| 149 - CHARLES | 63 - GREAT EXPECTATIONS | 19 - NEW ATTITUDES | 72 - THINGS REMEMBERED |
| 81 - CHESS KING | 263 - GREAT WOK EXPRESS | 152 - JEAN NICOLE | 122 - TIME, INC. |
| 50 - CHEZ CHOCOLAT | 101 - HAAGEN-DAZS ICE CREAM | 89 - OUTDOORSMAN | 116 - TIN CAN ALLEY |
| 106 - CHICAGO HOT DOG | 48 - HALL TREE | 60 - OVER THE RAINBOW | 110 - UNITED ARTISTS CINEMA 7 |
| 111 - CHICK-FILA | 109 - HARDY SHOES | 133 - PAINTINGS AND PRINTS | 62 - UPS 'N' DOWNS |
| 53 - CLAIRE'S BOUTIQUE | 12 - PAUL HARRIS | 169 - PASS PETS | 150 - VIDEO CONCEPTS |
| 26 - CLOTHES TREE | 104 - HEAVEN | 126 - PARKLANE HOSIERY | 166 - WALDENBOOKS |
| 4 - COACH HOUSE GIFTS | 65 - HOFHEIMER'S | 138 - PAYLESS SHOES | 93 - WEBSTERS |
| 148 - COLONY SHOP (THE) | 123 - IT'S | 39 - PEARLE VISION CENTER | 16 - WICKS 'N' STICKS |
| 157 - CONNIE SHOES | 75 - JARMAN | 61 - PECK AND PECK | 56 - WIMBLEDON SHOPS |
| 108 - CORN DOG ON A STICK | 23 - JARROD'S | 135 - PERSONAL TOUCH | 164 - WOLF CAMERA |
| 130 - COUNTRY SEASON | 21 - JEWELRY FACTORY | 58 - PINE FACTORY | 143 - WORTHS |
| 159 - CUTLERY WORLD | 37 - JO-ANN FABRICS | 153 - PLAYLAND TOYS | 14 - ZALES |
| 147 - DECK THE WALLS | | | |

Figure 4.3. East Towne Mall Directory. (Source: Siebenaler, 1985)

The developers responsible for East Towne Mall and its surrounding developments are Melvin Simon and Associates, Inc., of Indianapolis, Indiana, and their joint partner in the venture, J. C. Penney Realty of New York. They selected Copeland, Novak, Israel and Simmons of New York in cooperation with Keeva J. Kekst of Cleveland as the project's architectural firm, and Rentenbach Engineering Company of Knoxville as the general contractor. Figure 4.4 is an organization chart of Melvin Simon and Associates, Inc.

According to a September 1984 Buildings Development Management Survey, Melvin Simon and Associates, Inc. (MSA) is the sixteenth largest development firm in the United States, totalling some 40.8 million square feet of various building space (see Appendix F).

Of that, 39.6 million square feet consists of shopping center development, making MSA the largest developer and acquirer of shopping centers in the United States from 1981-1983. Figure 4.5 is a graphical interpretation of MSA's growth over the last 25 years.

In MSA's Spring 1984 edition of Simon Developments, Jerry Gorshman, Senior Vice President of Development for MSA, commented that the company expected to have more development activity over the next two years than at any time in its 25 year history. The newly created West Coast Division is also expected to broaden the level of national involvement. The company is presently working actively on over 30 development opportunities with emphasis on enclosed regional malls, both rural and urban, and major mixed-use projects. East Towne Mall, consistent with MSA's goals, meets basic consumer

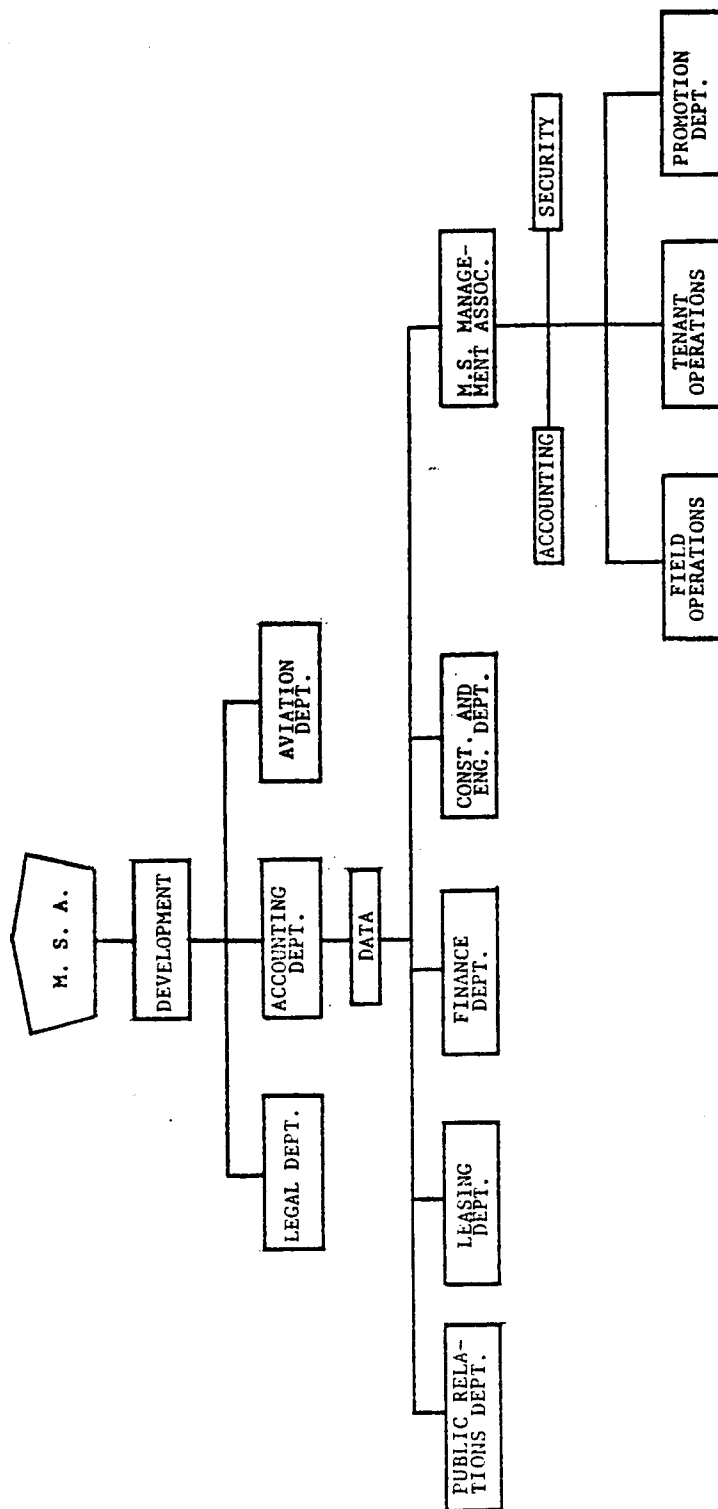


Figure 4.4. Melvin Simon and Associates, Inc., Organizational Chart. (Source: Melvin Simon and Associates, Inc., 1985)

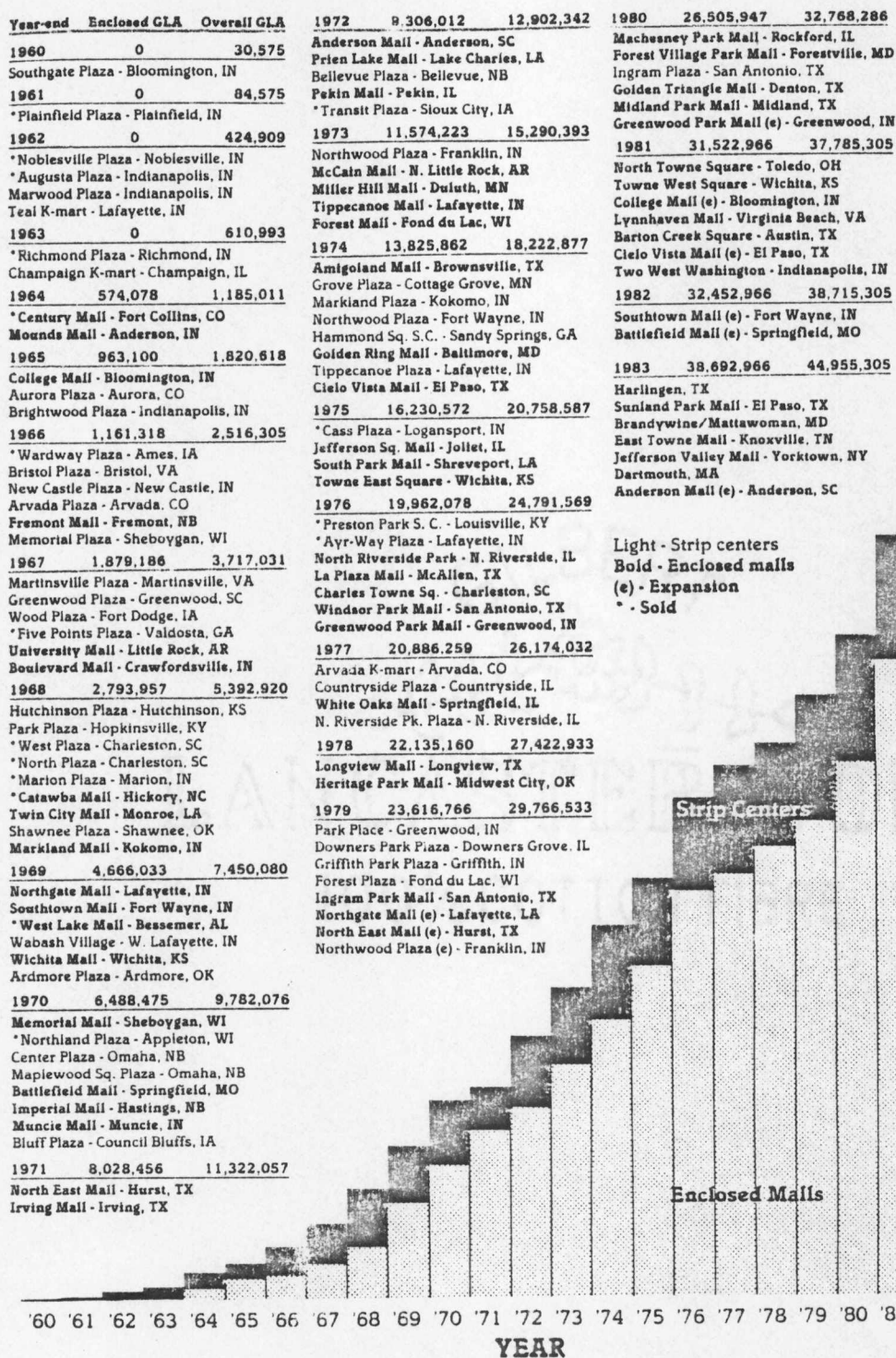


Figure 4.5. Charting MSA's 20 Years of Development. (Source: Melvin Simon and Associates, Inc., 1985.)

needs effectively and profitably in as wide a range of markets as possible (MSA, 1984, p. 15).

MSA has also accelerated its activity in the development of community shopping centers and regional centers into the middle market, and in the acquisition of existing shopping centers in need of renovation or expansion. A number of centers already owned by MSA are also scheduled for expansion and renovation, and a cautious look is being given to existing centers with potential for conversion to discount malls. Such a vigorous approach to development has enabled MSA to maintain its leading role in the industry for the last 5 years (MSA, 1984, p. 15).

MSA's involvement in East Towne Mall's development process began in late 1979, some 2 years after Oliver Smith's initial conception. Smith and his partners in the venture, Thomas Vann and George Ewing, more or less "laid the groundwork" for East Towne's development. They assembled the land, had it zoned, began commitment negotiations with the achors, and initiated I-640's design modifications. After the momentum had been established, MSA simply continued it and because cooperation between both developers and city and state officials was so good, there were not any substantial interruptions in the flow of the process. ✓

The preconstruction stage of development and the overlapping that occurred while center construction plans were being prepared required the most time in East Towne's development (5 years). The primary approval process required by the public sector were permitting

for development plans, approval of road improvements (I-640) and approval of zoning and use on review. The primary departments and agencies involved at the city level were MPC and the planning staff, City Council, Board of Zoning Appeals, Department of Engineering, Plans Review Office, and the Building Inspector. At the state level, the Tennessee Department of Transportation and the Department of Health and Environment were responsible for approvals and at the federal level, the Federal Highway Administration.

The construction stage of development required primarily one approval process, permitting for construction. It was during construction that the contractor, Rentenbach Engineering Company, was monitored for compliance to city codes and standards, and conditions imposed on their approved development plans. Construction during East Towne, including the preliminary planning stages, required some 2 years. The anchors were treated as separate entities from the Mall and each had to secure their own permits and construction contracts.

The post construction stage of development marked the end of the public sector approval process and the beginning of adjacent land development. The primary responsibility of the public sector during this stage of development was the monitoring of the center and its anchor tenants' operations. Such activities as sprinkler system inspections and health inspections for the food court tenants are examples of the public sector's continued involvement in the center operations. The development process is then renewed by any new projects altering the original design plans.

The following Pert Diagrams show the various processes that occurred during East Towne's development (see Figure 4.6).

Private Sector Involvement in East Towne's Development

The opening of East Towne Mall represented the end of a 7-year coordinated effort involving developer, city and state officials, predevelopment landowners, contractors, and tenants. It also represented the beginning of the equally difficult task of maintaining a competitive edge in Knoxville's consumer goods market. From Oliver Smith's initial conception in 1977 to the cutting of the ribbon at opening ceremonies in July 1984, the development process required a great deal of interaction between private and public sectors. Today the process continues as MSA manages the center and its adjacent properties, while the city attempts to control the additional growth and monitor its impact on the community.

The three stages associated with a regional mall's development--preconstruction, construction, and post-construction--are discussed in the following account of the private sector's involvement in East Towne Mall's development.

Preconstruction

In late 1977, Oliver Smith, a local realtor and developer, and partner Thomas Vann of Warren Brothers Company, examined the possibility that another regional mall could succeed in Knoxville. At the time, West Town Mall, a 900,000 square foot mall located

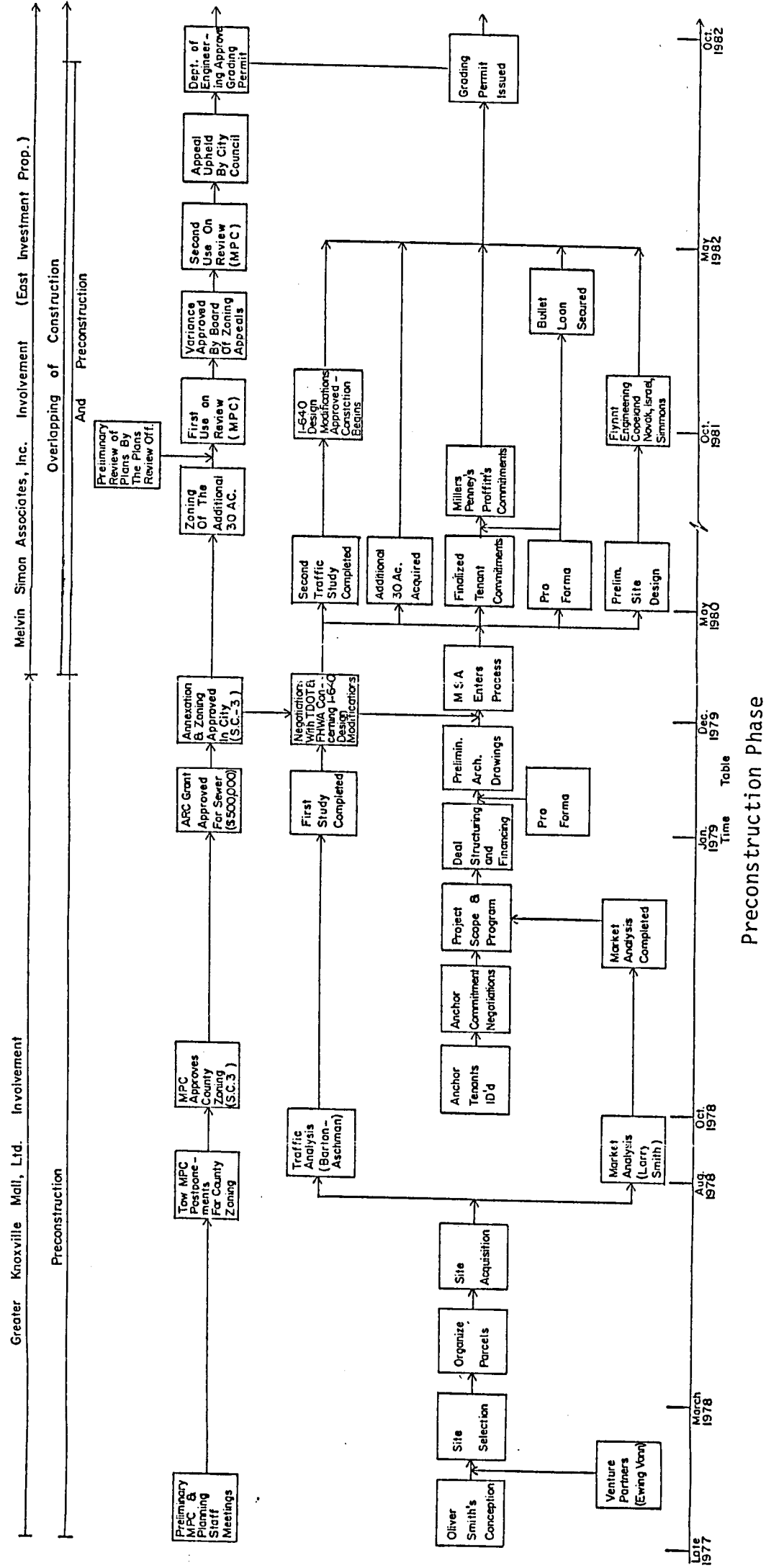


Figure 4.6. Pert Diagram: East Towne Mall's Development Process.

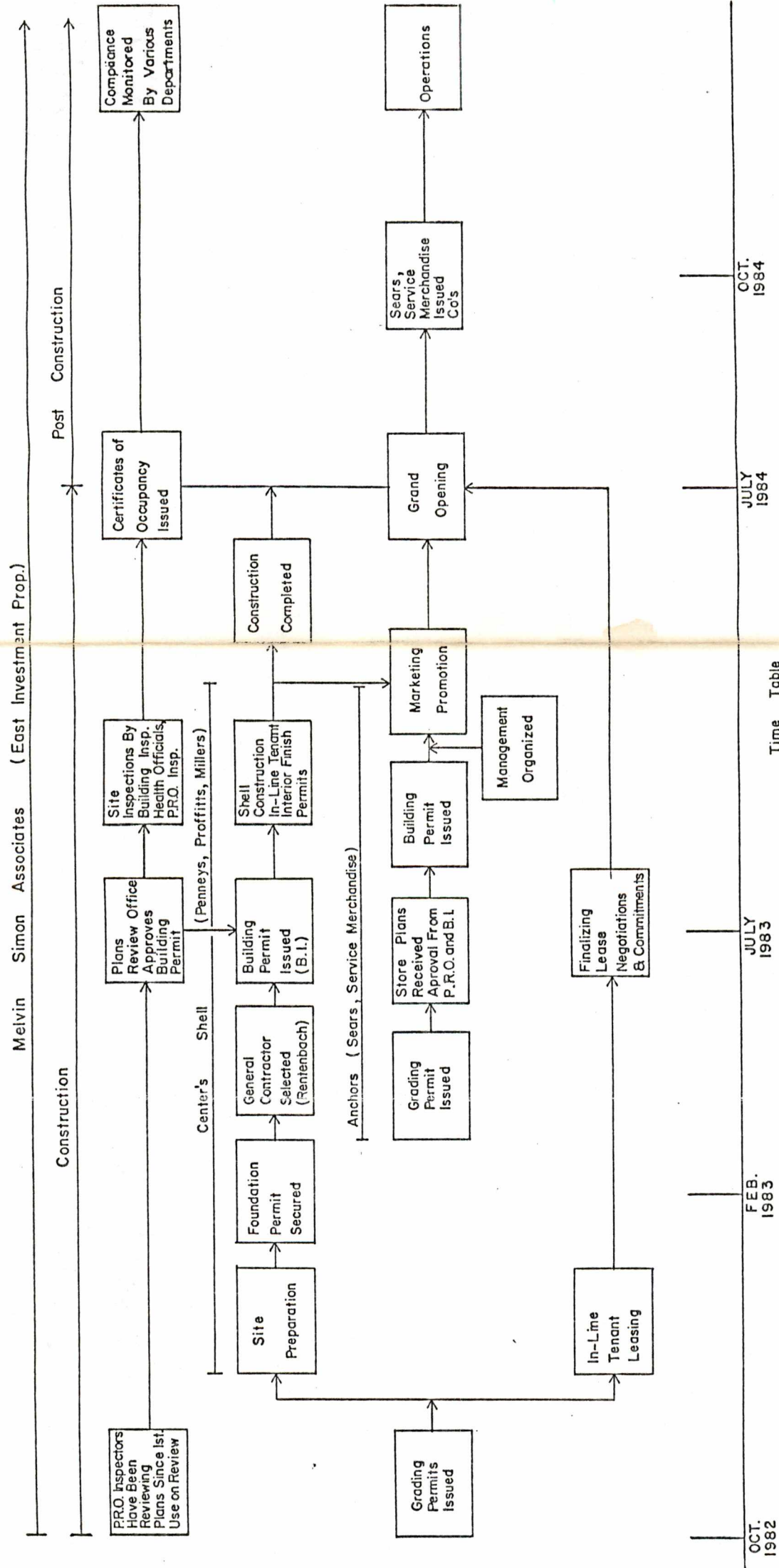


Figure 4.6 (continued).

10 miles west of Knoxville's CBD on Kingston Pike, was the only regional mall in Knoxville's SMSA. Built in 1973, West Town (conceived and developed by Oliver Smith and George Ewing of J. H. Ewing Realty Associates in Atlanta) was generating a tremendous volume of business and stimulating development and growth in West Knoxville. After observing the success of West Town Mall and knowing that Knoxville's population of 450,000 could support another mall, they decided to investigate the situation in more detail (industry standards indicate that 150,000 people are required to support a regional mall in the general range of 300,000-1,000,000 s.f.).

check

While Smith and Vann knew another regional mall comparable in size to West Town was feasible in the Knoxville market, they had to prove it to prospective tenants and choose its location. They began by limiting their choices of sites to north and east Knoxville for the following reasons:

1. They did not want to detract from West Town's market
2. North and east Knoxville, as well as the counties north and east of Knox County, lacked a regional center
3. A site east of Knoxville would balance the commercial centers of Knoxville (West Town--9 miles west of the CBD, CBD-central, proposed Foothills--12 miles south of CBD, and proposed East Towne--8 miles northeast of the CBD)
4. Land was relatively inexpensive in the north and east sections of Knoxville.

Smith and Vann then pinpointed on a map five sites that they deemed most feasible, accessible, and practical to develop. The five locations considered were (1) the intersection of Emory Road and I-75 (the old Powell airport site); (2) the intersection of Asheville Highway and I-40; (3) the intersection of Callahan Road and I-75; (4) the intersection of Broadway and I-640; and (5) the present site of East Towne Mall between Millertown and Washington Pikes and adjacent to I-640, which was under construction at the time. They soon found that the Emory Road and Asheville Highway sites had already been optioned and rezoned by other developers also interested in developing a regional mall.

The 235-acre Emory Road/I-75 site was proposed for a 1,000,000 square foot mall, Beaver Creek Mall. Aronov Realty Company, Inc. of Montgomery, Alabama, and Cousins Properties, Inc. of Atlanta optioned the property and were in the process of attracting anchor tenants to their site. The 140-acre Asheville Highway/I-40 site was being developed by its owner, Ralph Moore.

*Updated
Beaver Creek!*

After considering which of the remaining eligible sites would least impact West Town Mall and be most accessible and visible, Smith and Vann chose the site between Washington and Millertown Pikes. They had determined the Broadway/I-640 site to be the best site in terms of accessibility and market, yet it was also the most impractical to develop because parcels comprising the site belonged to over 80 different land owners. Another reason that the two men opted for the Millertown/Washington Pike location was that 80 acres

of the 120-acre site were owned by Thomas Vann's father-in-law, Dr. Reid. After negotiating a 99-year lease with Dr. Reid, Smith and Vann then optioned the adjacent 30-acre property belonging to Mrs. Sheip (Smith and Vann eventually closed the option and bought the property). An additional 10 acres were then purchased from four homeowners, who agreed to Smith and Vann's terms.

Because competition for anchor commitments among developers of other sites was so intense, in the spring of 1978 Smith and Vann contacted George Ewing to join the partnership. Ewing was a highly qualified negotiator who had previous experience with Penney's and Sears during West Town's development. Ewing concentrated on anchor tenant commitments while Smith and Vann pursued public sector approvals. The name of their new venture organization became Greater Knoxville Mall Ltd. (GKM).

Having secured the site, Smith, Vann, and Ewing then commissioned Larry Smith & Company, Ltd. to conduct a formal market analysis to determine whether the market could support their chosen site. Considering pertinent demographic data such as population, income, employment, as well as competition and transportation routes, in August 1978 the study concluded that the East Towne site would be a good location for a regional mall. Below are some of the key conclusions from the market study:

- IMP*
1. Besides West Town Mall, the competition in the metropolitan area is basically freestanding and is predominantly discount department store oriented.
 2. East Towne Mall's share of total comparison goods sales potential is estimated in 1978 dollars at about \$108 million in 1982 and \$119 million in 1985.

3. Utilizing assumed sales performance standards and excluding large furniture and appliance store space, East Towne has a development potential for 770,000-1,000,000 s.f. GLA in 1982.
4. The identifiable development potential contributory to the site presents the basis for planning a shopping center comparable to and complementary to the West Town facilities.
5. 57% of the total potential is drawn from the Primary Zone and 8% from the Secondary B Zone.
6. In calculating the final amount of sales potential available, an allowance of 10% has been made for sales volumes which will be drawn from beyond the specified trade area. This means that the trade area is expected to supply 90% of the sustained support for the center.

Additional analysis information is provided in Figures 4.7, 4.8, and Table 4.1 (see Appendix G).

While the market analysis was being conducted, Smith and Vann were also attempting to secure appropriate zoning for the site and to have it annexed into the city. In October 1978, MPC approved GKM's petition and rezoned the site from Residential B (general residential), C-A (general commercial) and C-B (business and manufacturing), and industrial to Shopping Center Zone. It was not until November 1979 that the center was annexed into the city and zoned SC-3 (regional shopping center), the first such zoning in Knoxville. West Town and its adjacent properties were zoned CA-general commercial and as a result of the city's shortcomings in controlling its growth, the SC-3 zoning was established. A full discussion of the zoning and annexation proceedings will be provided in the public sector section of this chapter.

Figure 4.7. Major Department Store Competition.

Figure 4.8. Trade Area.

Key to Figures 4.7 and 4.8

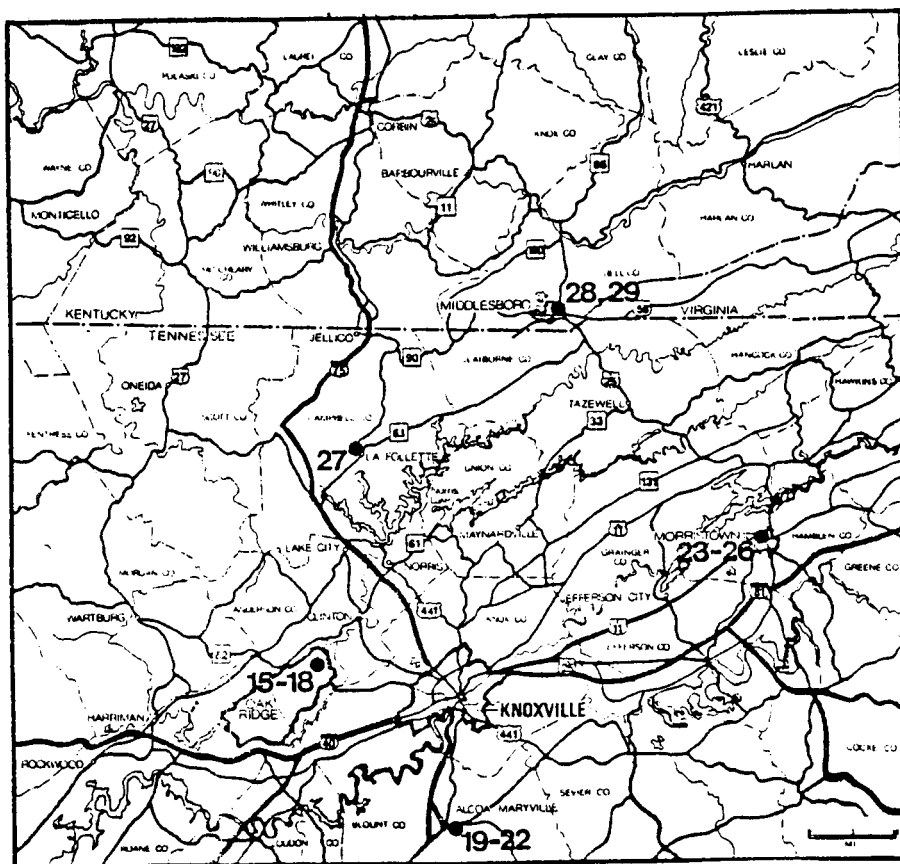
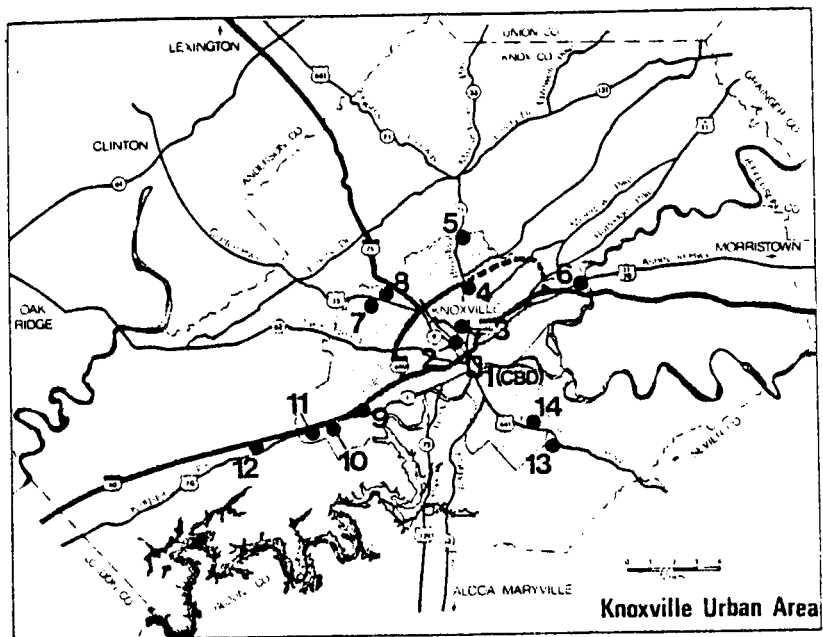


Figure 4.7.

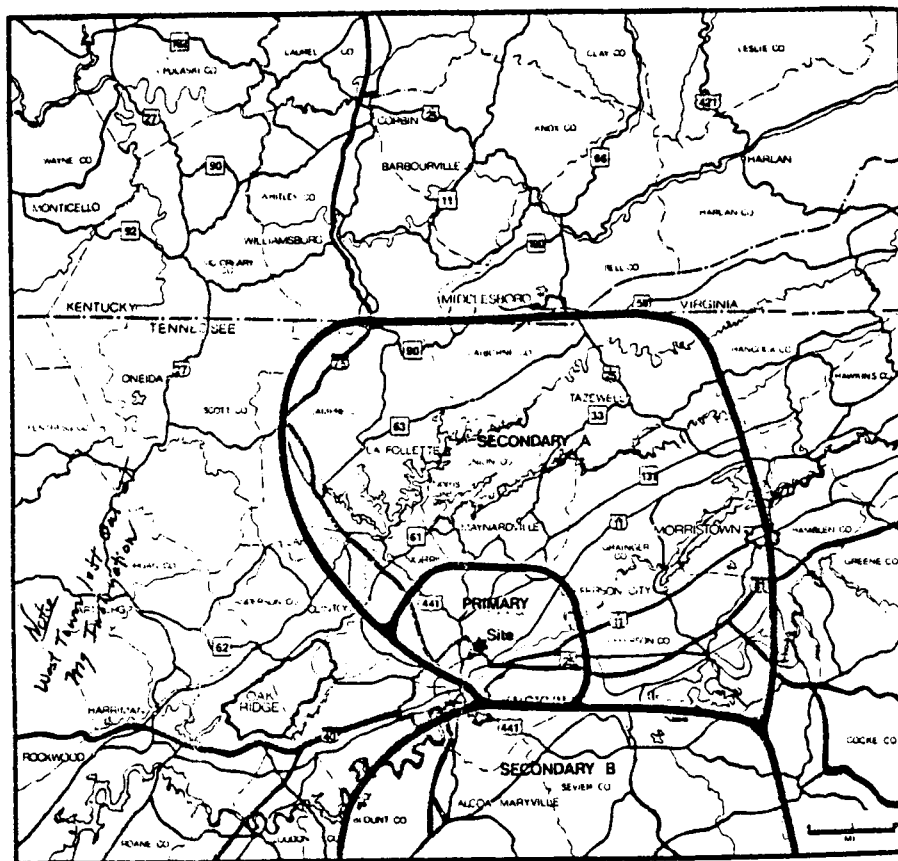
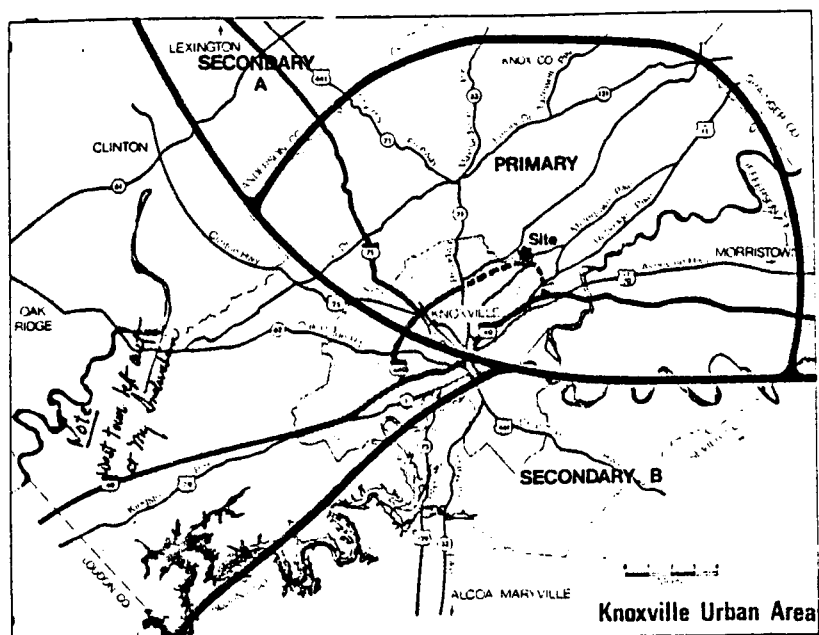


Figure 4.8.

Key to Figures 4.7 and 4.8

Major Department Store Competition
(20,000 sq. ft. and over)

<u>Map Key</u>	<u>Name/Location</u>	<u>Approximate Size (Gross sq. ft.)</u>
	<u>Knoxville, Tennessee</u>	
1	<u>Knoxville CBD</u> Millers J. C. Penney & Co. Watson's	188,000 47,000 42,000
2	Sears, Roebuck & Co.*	124,000
3	Zayre (D)	105,000
4	<u>Northgate Plaza</u> K Mart (D)	109,000
5	<u>Halls Plaza</u> King's (D) K-Mart (D) Almart* (D)	55,000 71,000 115,000
8	<u>Clinton Plaza</u> K-Mart (D)	90,000
9	General Products Corp. (D)	50,000
10	K-Mart (D)	105,000
11	<u>West Town Shopping Center</u> Miller's* J. C. Penney & Co.* Sears, Roebuck and Co.* Proffitt's	200,000 181,000 175,000 72,000
12	<u>Walker Springs Plaza</u> King's (D)	40,000
13	<u>King's Plaza</u> King's (D)	60,000

<u>Map Key</u>	<u>Name/Location</u>	<u>Approximate Size (Gross sq. ft.)</u>
14	K-Mart (D)	84,000
	<u>Oak Ridge</u>	
15	<u>Downtown Mall</u>	
	Miller's	49,000
	Proffitt's	65,000
	J. C. Penney & Co.	50,000
16	Howards Discount Center (D)	46,000
17	<u>Oakridge Village</u>	
	King's (D)	60,000
18	K-Mart (D)	71,000
	<u>Maryville-Alcoa, Tennessee</u>	
19	<u>Sky City Shopping Center</u>	
	Sky City (D)	60,000
20	Big K (D)	55,000
21	<u>Midland Shopping Center</u>	
	J. C. Penney & Co.*	40,000
	Proffitt's	55,000
22	K-Mart (D)	71,000

Table 1. Effective Department Store Competition: East Towne Mall Trade Area.

Key	Location or Name	Dept. Store Size (000's sq. ft.)	Percent Effective		Total	Effective Space (000's sq. ft.)		
			Primary	Sec. A	Sec. B	Primary	Sec. A	Sec. B
1	Knoxville CBD	277	55	10	10	152	28	28
2	Sears	124	50	15	15	62	19	19
3	Zayre (D)	105	40	5	5	42	5	5
4	K-Mart (D)	109	60	10	-	65	11	-
5	King's (D)	55	60	10	-	33	6	-
6	K-Mart (D)	71	65	10	-	46	7	-
7	Almart (D)	115	25	5	-	29	6	-
8	K-Mart (D)	90	25	5	-	23	5	-
11	West Town Shopping Center	599	5	-	5	30	-	30
13	King's (D)	40	-	-	70	-	-	28
14	K-Mart (D)	84	-	-	70	-	-	59
19-22	Maryville-Alcoa, Tenn.	281	-	-	90	-	-	253
23-26	Morristown, Tenn.	358	-	50	-	-	126	-
27	Big K (D)	40	-	70	-	-	28	-
28-29	Middlesboro, Ky.	103	-	20	-	-	21	-
	Subtotal					482	262	422
	East Towne Mall	550	70	15	5	385	83	28
					Total Effective Space:	867	345	450
					East Towne Mall Share (Pro Rata):	44.5%	24.0%	6.0%
								30.0%

(Source: Larry Smith & Company, Ltd. estimates)

During the completion of the market analysis and the approval of county zoning, GKM also had a traffic analysis prepared by Barton-Aschman Associates, Inc. of Evanston, Illinois. The purpose of the analysis was to:

1. Analyze the impact of the development program on the operation of the adjacent roadway system; in particular, the I-640 interchange configurations proposed by the Tennessee Department of Transportation.
2. Evaluate alternative site access schemes to determine which would provide the most efficient access to the site and minimize the traffic impact on adjacent roadways.
3. Recommend modifications to the proposed roadway system to ensure that it will accommodate expected traffic volumes safely and efficiently.

Traffic analyses are required either before or subject to anchor tenant commitments. GKM had their study completed in January 1979 before anchor commitments, because it not only impressed the anchors and made negotiations much easier, but also because they had had tentative commitments ("handshake agreements") from J. C. Penney and Sears. Smith noted in a June 11, 1985, interview that:

Because of my experience in shopping center development and in dealing with major tenants such as J. C. Penney and Sears during West Town's development, I was able to get a jump on the rest of the competition. I was familiar with their (J. C. Penney and Sears) commitment procedures and policies and knew that having a study done before approaching the bargaining table would impress them. It showed them we had done our homework. If they had committed later, we would have had to do one anyway (Smith, 1985).

Another reason the traffic analysis was conducted prior to the anchor commitments was because the Tennessee Department of Transportation requested it so that the modifications to the I-640 design plans could be justified. The TDOT wanted to know the proposed traffic impacts on the area as a result of the center and the consequent development proposed to its adjacent properties. TDOT also wanted to know the status of the development in terms of anchor commitments before it would expend any funds for modifications to the original design (see Appendix H).

Following the completion of the traffic analysis, meetings were held in Nashville with representatives of the various highway agencies involved to obtain a general consensus regarding the most appropriate access scheme for the site and changes to the proposed interchange design. These meetings were attended by representatives from the City of Knoxville, Knoxville-Knox County Metropolitan Planning Commission, and the Tennessee Department of Transportation. As a result, a general consensus was achieved regarding site access, the types of changes that could be implemented as part of the I-640 interchange construction, and the procedures to be followed to have these changes included in the construction program. These items and other conclusions drawn from the Barton-Aschman and Associates, Inc. study are discussed in Appendix I.

Having completed both a traffic and market analysis and secured appropriate zoning in the county, GKM now shifted its energies to competing with other sites for anchor commitments and obtaining

zoning and annexation approvals from the city. It was also at this time that GKM contracted Thompson, Ventulett, Stainback & Associates, Inc. to do architectural rendering of their concept. However, in late 1979, the events leading to the development of the city's second regional mall took a dramatic turn. It was at this time that Melvin Simon Associates entered the process.

MSA was seeking an investment opportunity consistent with their recently adopted expansion program into the middle markets. The Knoxville opportunity was brought to their attention by J. C. Penney Realty Company, their joint partner in other ventures during the past and the firm responsible for Penney's commitment negotiations in Knoxville.

When MSA and JCP Realty entered in East Towne's development process as joint partners, the competition among sites for anchor commitment was at a peak. GKM's site in northeast Knoxville and Cousins/Aronov site in north Knoxville (Emory Road site) were the most likely sites to secure the commitments from the anchors. In fact, Proffitt's a locally recognized, Triple A rated department store, had already signed a tentative agreement with Cousin/Aronov, contingent on their annexation.

Choosing which location to invest in was a difficult decision for MSA. They reviewed site characteristics, cost factors, and market studies for each site. Finally, in November 1979, GKM's site received approval for annexation and city zoning, prompting MSA's decision to invest in the northeast Knoxville site. Though both sites offered significant market capacities, the Emory Road

site was not being considered for annexation, greatly increasing the costs for development (i.e., insurance, utilities, services). MSA then met with Smith, Vann, and Ewing to negotiate an option for their 120 acre site.

As soon as MSA secured the site, several processes began at once. The first, continuing negotiations with the anchors, relied on the recent annexation of the site, MSA's national reputation, access from I-640, and Penney's commitment to the center. MSA, after 11 months of negotiation, finally convinced Proffitt's that the Emory Road site was inferior and signed them to a letter-of-intent in February 1981. Miller's committed a week later, bringing the total number of anchors to three. Sears commitment in May 1982 involved thirty-three meetings in 6 months, and was contingent on MSA's purchase of the downtown Sears department store (see Appendix J). Service Merchandise, the fifth anchor to sign a binding letter, committed shortly after Sears, thus ending two and a half years of debate on which site would become the city's second regional mall.

The lease negotiated with each anchor had a RCOE (Reciprocal Construction and Operating Easement Agreement) clause in it that provided for handling of on-site and off-site construction costs, easements, operating costs for common areas, merchants association, and other areas of expense. According to Barry Lindsey, Vice President of Development for MSA:

Long term cross easements and agreements were extremely important to lending institutions, the tenants, as well as the developer. RCOEs are necessary in any center with

legal ownership or any type of site sharing uses, such as freestanding banks, service stations, or restaurants (Lindsey, 1985).

As part of the commitment agreements, three anchors purchased their property while the other two leased theirs at a minimal amount (MSA officials are reluctant to disclose details of any lease agreements). It was discovered through Knoxville's Recorder Office that Proffitt's purchased their property (9 acres) from MSA for an estimated \$225,000 while Miller's purchased their property (7 acres) for \$210,000. Service Merchandise based their parcel (leasing terms not available) and Sears purchased their property contingent on the purchase of their downtown store by MSA (appraised at \$3.3 million, yet terms of purchase not available). Penney's status was not disclosed due to the complexities of analyzing the deed transfers. The anchors became responsible for their own financing and construction while being obligated to the center by the RCOE, cross easements, and other mechanisms.

While anchor commitments were being secured, MSA was also acquiring an additional 30 acres. MSA wanted the additional acreage for two reasons: (1) to reposition the center's site, and (2) to obtain controlling interests in the adjacent land as an investment (spin-off development such as occurred at West Town could be controlled and capitalized upon by MSA).

Acquisition of the additional acreage began by forming several pseudo-corporations to purchase each parcel individually and in a "quiet" manner (the corporation responsible for the center's

site was named East Investment Properties). This way, other land-owners would not become aware of what was occurring and hold out for an exorbitant price. MSA was being careful to avoid a land-rush panic, and maintained a low profile throughout their purchases. The funds expended for the additional acreage were part of the MSA's front-end or planning costs. In December 1981, MSA secured the last parcel needed for its concept, making the total area for the site 150 acres.

While commitments and additional acreage were being negotiated, MSA was also having another traffic analysis prepared by Barton-Aschman Associates, who had continued their negotiations with the city and state departments of transportation throughout the takeover of GKM. Concluded in May 1980, this analysis was an update of the January 1979 report. It was necessary for them to expand the scope of their original analysis to include all of the area surrounding the center site in order to ensure that the roadway system could efficiently accommodate the total anticipated development program. The study's findings are summarized below.

1. The key to the regional accessibility of the East Towne area is I-640 and its interchanges at Millertown and Washington Pikes. These are the only two interchanges provided between I-40 and Broadway (a distance of 4.5 miles); East Towne is located on the land fronting I-640 between these two interchanges.
2. The Tennessee Department of Transportation has revised the I-640 interchange designs to include additional turn lanes at key intersections and two parallel, three-lane bridges at the midpoint crossover. A major divided driveway to the shopping center will be located opposite the bridges to provide access to lanes in both directions on I-640.

3. The ultimate improvement to Love Creek Road and Millertown Pike will include a new bridge over the Southern Railroad tracks for both north-south (Millertown Pike) and east-west (Love Creek Road-Mill road) traffic. Love Creek Road will be realigned to connect with Mill Road and intersect Millertown Pike on the new bridge.
4. A conceptual area development program was prepared for the East Towne area to test and evaluate the area roadway system. This development program included a variety of commercial, residential, and industrial uses on 300 acres producing a total of 7,450 trips during the evening peak hour. The recommended roadway system described in this report will efficiently accommodate the trips generated by the anticipated development program.
5. The directional distribution of regional trips on the area roadway system indicates that approximately 60 percent of the trips to East Towne will use I-640 and approximately 80 percent of those trips will pass through the interchanges.
6. The access system recommended to serve East Towne consists of seven driveways--one to Mill Road, one as an extension of Love Creek Road into the site, one to Millertown Pike, and four to the I-640 frontage road.
7. In addition to the modifications to the I-640 interchanges now being constructed, the recommended roadway improvements to be completed by the opening of the shopping center include:
 - The widening of Millertown Pike to five lanes from the I-640 interchange past the East Towne driveway and to three lanes past Love Creek Road.
 - The widening of Mill Road for separate turn lanes at the East Towne access driveway.
 - The widening of Love Creek Road for separate left-turn lanes at its intersection with Millertown Pike.
 - The installation of interconnected traffic signal systems along Millertown Pike, on the I-640 frontage roads at the crossover bridges, and along Washington Pike.

8. As new development occurs adjacent to East Towne following the opening of the shopping center, additional roadway improvements away from the I-640 interchanges are recommended to keep pace with traffic growth:
 - The construction of a new five-lane bridge on Millertown Pike over the Southern Railroad tracks.
 - The widening of Millertown Pike to five lanes south of the new bridge.
 - The realignment of Love Creek Road to align with Mill Road intersecting Millertown Pike on the bridge over the railroad tracks.
 - The widening of Love Creek Road-Mill Road to five lanes through the East Towne area.
9. Agreements have been reached with the City of Knoxville and the Tennessee Department of Transportation regarding implementation of the recommended improvements listed above. With these improvements the roadway system will safely and efficiently accommodate the needs of the East Towne area development program (Aschman, 1980, p. 3).

Additional data is provided in Appendix K.

At the end of negotiations, it was finally decided that the design modifications would be provided for the East Towne site. The state/federal governments would fund the frontage roads, access ramps for the interchanges, and one of the two additional bridges, while the city would fund the other bridge. The developer would only be required to provide funds for improvements to Millertown Pike and signalization. The primary reason for the decision was that the city/state governments wanted to preclude another West Town disaster (traffic congestions at West Town are the most serious in Knoxville). The amount city/state governments have paid for road improvements exceeded what it would have cost to establish them

at the front end of the project. In addition, the city has had to reactively plan for the area's growth since West Town's development, whereas, in East Towne's development, they have the chance to proactively plan the area's growth. The city/state control over the rights-of-way along the road improvements at East Towne and the regulations of the SC-3 zoning were the first steps taken in properly planning East Towne's orderly growth. Further discussion of the I-640 design modifications is provided in the Public Sector Involvement section of this chapter.

The last process that was conducted during this time (from early 1980 to early 1982) was the preliminary site design work. This process is a component of the construction stage of development and is discussed along with other processes in the following section.

Construction

Actual construction of the center did not begin until September 1982, yet the construction process began some two years prior during MSA's option period. It was during this time that MSA organized a development team. They began by notifying Copeland, Novak, Israel, and Simmons, an architectural firm out of New York who had previously worked for MSA/JCP Realty. They were responsible for finalizing preliminary architectural renderings of the proposed center within MSA's parameters (two levels, under one million square feet of GLA, and accommodation for five anchors). Copeland, Novak, Israel, and Simmons then subcontracted Keeva J. Kekst Inc. of Cleveland, Ohio for assistance.

While such architectural tasks as escalator placement, building configuration, lighting, signing, and kiosk placements were being finalized, MSA/JCP Realty and Citibank of New York were negotiating financing possibilities for East Towne's development. The financing arranged for East Towne's development was not conventional. Typically, as a means of security, permanent loans are secured before construction loans; however, MSA's good line of credit with Citibank and having 100 percent Triple A rated tenant commitments gave MSA the security needed to obtain financing. As part of a loan package with Citibank, they secured a construction loan first and then negotiated a permanent loan later when forecasted rates would be lower (at the time, the prime rate was declining). In February 1982 MSA acquired a 10 year "bullet loan" (interest-only loan with a balloon payment of principal due at maturity), which would be used to finance the construction costs of the center including the front-end costs associated with site acquisition and preliminary architectural work. MSA's strategy was to wait and either refinance the center or roll over the construction loan upon its maturity. MSA/JCP Realty then continued negotiations for permanent financing. To this day, there is still no permanent financing arrangement for East Towne Mall.

The loan on the project was based on pro forma statements which MSA and Citibank had prepared. Citibank loaned 75 percent of East Towne's appraised value (using Citibank appraisers) at an interest rate comparable to the prime rate at the time (12.08 percent).

Citibank appraisers determined the value of East Towne by combining the values derived from three appraisal methods--income, cost, and market value. As part of the agreement, Citibank did not participate in the gross or overage rents. (During the late 1960s and early 1970s, lending institutions typically participated in the center's rents as part of the financial arrangement.)

It was also during this time that the architectural plans were being scrutinized by various city engineers and building code administrators. Before site preparation was allowed to commence, East Investment Properties was required to meet city standards and guidelines under the SC-3 zoning. One problem that MSA encountered was the antiquated regulations and standards in the SC-3 zoning, which had been established just after West Town's development in early 1973. Some of the regulations in the zone (such as the parking standards which had changed over the years as car sizes became smaller), needed to be altered. East Investment Properties had difficulty compromising with the city on some of the regulations imposed upon the center's design standards. Easements, rights-of-way, fire protection, facade materials, store layout, roof heights, and floor coverings were some of the hundred architectural details that had to be examined and accepted. The compromises and acceptances that arose during interactions with the city concerning both the SC-3 zoning and other approval procedures will be fully discussed in the public sector section of this chapter.

During the finalization of the architectural plans, MSA employed Flynn Engineering Company of Knoxville to prepare site

engineering plans, which also had to meet city standards. While Copeland, Novak, Israel, and Simmons were in charge of the building design, Flynn Engineering was responsible for the site's design including drainage, grading, planters, parking, road and parking striping, and runoff retention. They worked closely with city engineers in finalizing these engineering plans.

After nearly a year of both architectural and engineering site design, East Investment Properties met with MPC in October 1981 for final approvals of plans. MPC approved all but the parking and landscaping plans of the final site design, enabling MSA to secure the needed permit from the Department of City Engineering to start site preparation. East Investment Properties would have to return with revisions to their parking and landscaping plans if they were to obtain MPC's approval and the permits necessary to continue construction. Complete details on why East Investment Properties was denied parking and landscaping approval are provided in the public sector section of this chapter.

Once the architectural plans were approved by the city, MSA began two processes simultaneously--in-line tenant leasing and placement and site preparation. In-line tenant leasing and placement involved both local chain stores and independent stores. Peter Leeds and Max Leisweg, both associated with MSA's leasing department, were responsible for the leasing of the in-line tenants. They advertised in local newspapers and on local media as well as in real estate magazines and commercial listing magazines in the southeast.

Responses were accepted from commercial brokers and store owners who fit the requirements of the vacant space. One hundred seventy vacant in-line spaces were available at opening, some being combined to form one store. Because the credit standings of these merchants were not as easily ascertained as that of the anchors, their leases tended to be short term (3 to 5 years). The principal sources of their borrowed funds were local commercial banks. The financing used by the anchor tenants came from Industrial Revenue Bonds in December 1981. (The Knox County Industrial Revenue Board granted Service Merchandise \$4.5 million and Proffitt's not more than \$7 million. Penney's and Miller's allotments are not known and it is not known whether Sears ever requested for an I.R.B. from the Board.)

*TRB
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At this point in the construction process, MSA was also arranging tenant positioning in the center to strengthen its operations. Some tenants required more space than others and some complimented each others sales by being located together. According to Barry Lindsey, developers, including MSA, usually follow the same maxim involving tenant placement and it is best explained in the following excerpt from ULI's Shopping Center Development Handbook.

Tenant placement follows a simple rule: locate major tenants so that as much of the pedestrian shopper traffic as possible flows past the storefronts of the in-line tenants. Separate the principle key tenants by placing them at each end of the mall. Arrange the parking and major entrances and exits of the building so that the movement of customers

to and from the anchors is convenient but also exposes the customer to as many other tenants as possible.

Grouping of tenants may follow either the "mix" or "match" principle as long as customer interest is maintained throughout. Stores can be placed in affinity groupings but mixing is desirable. Logical clusterings may include service and repair shops, food and food services, and variety, hardware, appliance, and home furnishings stores. The following is a list of general considerations for tenant location, not necessarily in order of importance.

- Suitability of the tenant for the location.

- Pulling power or customer acceptance by reason of local preference for the merchant.

- Compatibility and complementary status with adjoining stores.

- Tenant's merchandising policy.

- Parking needs generated by the tenant (ULI, 1977, p. 72).

The final approval process from the city took place in May 1982 when City Council overturned MPC's ruling on the parking and landscaping requirements in the site plan which had been disapproved in September 1981, and upheld EIP's appeal for a variance. Once the grading permit was issued, Blalock Brothers Construction, Inc., which was contracted separately from the general contractor, began preparing the site (grading, drainage, infill, etc.) while MSA put the site plan out for bids. Within a short time period, cost estimates were received from a number of general contractors who in turn had bids put out and cost estimates received from various subcontractors.

MSA then "weeded out" those bids from general contractors who did not have the necessary experience, a sufficient skilled labor force, and/or financial and bonding capacity to complete the proposed work. MSA selected Rentenbach Constructors Inc. of Knoxville and

negotiated a construction contract with them in February 1983. Rentenbach, a reputable firm familiar with the various city engineers and building code administrators who determined and enforced the local code requirements, became responsible for building construction, road paving, utility hookups, grading, and various other construction duties.

To perform such tasks, Rentenbach subcontracted individual jobs to various firms with experience in the specific tasks required of the job. Massey Construction Inc. was hired to do the electrical work; D. S. Shoffner Mechanical Contractors became responsible for the HVAC and plumbing, and Morristown Automatic Sprinklers Company Inc. handled the fire protection engineering and installation. Several construction crews performed their jobs at different times in different sections of the center site.

After grading concluded, Rentenbach received a foundation permit enabling them to lay the foundations and plant the footers. Several months later, in July 1983, the Building Inspector issued the building permit, allowing Rentenbach to begin the shell of the center (building permit cost \$10,411.50).

One aspect of the center's construction that Rentenbach was not responsible for was the construction of the anchor tenants. As already discussed, the anchors in a regional mall are treated differently than other tenants. Typically, they will build their own stores on land bought or leased from the developer, and contribute to required parking. The builder must also conform to design standards established by the developer.

In the case of East Towne, Rentenbach won bids for the construction of Penney's, Sears, and Proffitt's. They were responsible for four separate construction jobs on the site (Penney's Sears, Proffitt's, and the mall's shell), each treated independently and using separate crews. Service Merchandise and Miller's used their own contractors, who were responsible for final site grading, foundation installation, utility hook-ups, and construction of their building in conformance to MSA's design standards. The in-line tenants were provided foundations, stud walls, utility outlets, and a roof, yet had to complete improvements of their space using their own resources. Some hired outside contractors to complete their stores, but most negotiated with Rentenbach for final improvements. Their improvements were under close scrutiny by Flynnnt and Rentenbach engineers, who were liable for design errors. Rentenbach also encountered various change orders (additional costs not accounted for in the original bid which must meet approval of the architect before submittal to the construction lender), the main one being the Theatre, which MSA had added after bids had been submitted.

The construction of East Towne was relatively trouble free with the exception of an iron workers' strike during which some vandalism occurred; however, Rentenbach was able to continue without any major setbacks and even won punitive damages from the iron workers' union. Acquisition of permits and licenses did not hinder construction either. The last permits secured (May 1982) were approved

before construction on them was to begin. Certificates of occupancy, the final approval permits required by the city for all tenants, were also secured without any delays. According to Eddie Nelson, Rentenbach construction engineer, East Towne's construction went well overall with very little weather delays or development setbacks. "The problems that we did encounter, construction drainage, a lien filed by a cement firm, the iron workers' strike, and fire code approval for the skylight, were all handled without substantial delays" (Nelson, 1985).

Post Construction

While construction of the center's shell and anchors was being completed, MSA was organizing East Towne's management team headed by Bill Seibenaler. Once organized, the in-house management staff became responsible for enforcing lease agreements, managing cash flows, organizing mall security, collecting trash, and maintaining, marketing and promoting the center. In fact, some five months before the mall opened, MSA's marketing department had begun an aggressive advertising campaign for the opening of Knoxville's second regional mall. Not only was the advertising geared towards the prospective market, but also to prospective tenants who qualified for space not yet committed.

The on-site staff is comprised of twenty-five full time employees, seven of whom are administrative staff. The administrative staff includes a mall manager (Bill Siebenaler), operations director and maintenance supervisor (William Hill), marketing director

Linette Sopp), housekeeping supervisor (Peter Pracher), two full time secretaries who work for the mall and marketing managers, and two part-time secretaries who help with all departments. There are also three departments, housekeeping, food court and maintenance, that employ eighteen persons. Common area revenues are used to maintain, operate, and insure the enclosed mall and its landscaping and parking areas, with each tenant paying on a pro rata basis. There is not a merchants association which is typical of most regional centers because MSA prefers to handle the advertising and promotion of the center itself.

The mall opening in July 1984 was attended by dignitaries from MSA, J. C. Penney, anchor tenants, and the city. The gala event was welcomed by many East Knoxville residents who were tired of having to travel busy west Knoxville arterials and highways to reach the only regional mall in town. Miller's, Proffitt's, and Penney's along with 92 in-line tenants opened for business on the first day. Sears and Service Merchandise opened three months later.

Today, of the 170 spaces built, 87 percent of them are filled by 134 stores and 13 additional commitments while 20 spaces remain vacant. Sales for the mall have maintained above MSA's forecasted level, even after the novelty of the center had declined (typically malls will experience a lag in sales after the initial months of operation). The marketing program at East Towne is geared towards the middle market consumer, where the fashion orientation is neither

of high or low quality. Its flights are focused on the seasons and holidays, and the marketing department is carefully monitored by MSA's marketing authorities in Indianapolis. MSA's in-house marketing department is the largest of any development firm in the world. Such a commitment to advertising has been a trademark of MSA since the early 1960s.

MSA meanwhile has already begun selling its adjacent properties to developers of spin-off businesses and controls the development of such properties (see Appendix L). When KUB extended utilities to the area, it did so realizing the growth potential of the area and installed larger-than-needed lines to accommodate such growth. Development of adjacent properties has already begun under the control of the SC-3 zoning and MSA's commitment to complement its center by regulating development of the adjacent sites. The extent of development is yet to be determined.

The next section is an account of the public sector's involvement in East Towne's development, focusing on the major actors and their participation in each of the three development stages.

Public Sector Involvement in East Towne's Development

The final section of this chapter will examine the public sector's involvement in East Towne's development. Just as the previous section discussed the various private sector actors and their roles during the preconstruction, construction and post-

construction development stages, this section will discuss the various public sector actors and their roles during the three development stages. The preliminary entities responsible for the public sector's approval process include the city and its various departments (City Council, MPC and the planning staff, Department of Engineering, Plans Review Office, Building Inspector, and the Mayor), Tennessee Department of Transportation (TDOT), and the Federal Highway Administration (FHWA). Citizens had very little influence on the decision-making that took place in East Towne's development. The events involving each entity are discussed in chronological order, focusing on the major actors and their roles, the administrative procedures and approval strategies, and the concessions and compromises that were negotiated.

Preconstruction

Approving road improvements, zoning, and permitting were the primary concern of the developer and public sector during the preconstruction stage. Each was a process in itself and involved much cooperation among public sector actors. The actors or entities associated with each process are:

<u>Approval Process</u>	<u>Public Sector Actor(s)</u>
1. Road improvements	TDOT, FHWA, Knoxville Department of Traffic Engineering, and the Mayor
2. Zoning and Use on Review	City Council, MPC and the planning staff, Board of Zoning Appeals
3. Permitting	Plans Review Office, Knoxville Department of Engineering, Building Inspector

Road Improvement Approval Process

Before examining the various public sector entities responsible for road improvements of East Town's development (TDOT, FHWA, Knoxville Department of Traffic Engineering), a brief preface is provided to explain the circumstances and strategies influencing city and state policy at the time.

In late 1976 Knoxville received approval and funding from the TDOT and FHWA for a by-pass from I-75 north to I-40 east, appropriately named the I-640 extension. Such a project had been sought for some 10 years to stimulate growth of east and north Knoxville and Knox County, where accessibility was poor. It was thought that such a project would also counter sprawl occurring in west Knoxville at the time due to West Town Mall's development.

In mid 1978, after several years of preliminary design work, TDOT and FHWA began finalizing its design plans for I-640. Coinciding with the plan's final preparations were Oliver Smith's regional mall conception and planning. Realizing the potential benefits of being located adjacent to an interstate and the even greater advantage of having an interchange at such a location, Mr. Smith secured a site between Millertown and Washington Pikes adjacent to the proposed I-640 extension. He then approached Randy Tyree, a close friend and the mayor of Knoxville, and asked whether an interchange could be provided to the site that would be able to accommodate the development proposals (regional mall and consequent development) for the area. Tyree, who was familiar

with I-640's status, expressed an interest in pursuing the issue and began investigating the situation with state and federal officials. The mayor first met with TDOT and FHWA officials in mid 1978 to discuss Smith's proposal for a regional mall's development and how the extension's design plans might be modified to accommodate such a development. A letter written to TDOT Commissioner William Sansom from Tyree in August 1979 reveals Tyree's rationale for design modifications. Basically Tyree stated that the center and other businesses were going to locate in north and east Knoxville and Knox County regardless of the design changes and that in order to accommodate for the safe and planned growth of the area, the design plans should be modified accordingly (Smith had a traffic study completed showing the design modifications needed to accommodate such growth in the area) (see Appendix M).

The state, in turn, expressed an interest in accommodating the future development in the area; however, it did not want to invest time or money into a project that might never amount to anything (at the time other sites were being considered for regional malls) and wanted assurances from the city that the modifications were needed and guarantees from the developer that if the necessary improvements were installed, they would bear the financial burden of the improvements. The following begins the account of the public sector approval process for road improvements at East Towne.

During Tyree and Smith's negotiations with the TDOT and FHWA, Darcy Sullivan, Director of Knoxville's Department of Traffic

Engineering, and Keith Thelan, MPC's Transportation Planner, became involved in the process because it was their departments that inspected and approved plans for road improvements. Upon Tyree's recommendation, Sullivan was first approached by Smith in August 1978 and consequently notified Thelan. Smith wanted to know how he should proceed in securing modifications in the proposed interchange adjacent to his site. Sullivan then mentioned that before the city, state, or federal authorities could proceed, Smith would have to have an acceptable firm prepare a traffic analysis and a market analysis accurately assessing the development potential for the area.

Smith then selected Barton-Aschman Associates (a firm recommended by Sullivan) to perform the traffic analysis recommending design changes and traffic counts for the area. He also commissioned Larry Smith and Associates to perform a market analysis of the area which assessed the status of East Towne's development. Once completed, Sullivan, Thelan and various department engineers reviewed the findings and added their own analysis. Sullivan, Smith, Tyree, Don Moore (Assistant Director of Traffic Engineering), and Jerry Wentzel of Barton-Aschman then met with Paul Morrison (TDOT) and Bill Wilson (FHWA) in Nashville in January 1979 to discuss the results of the studies. Negotiations continued for the next 10 months until in December 1980 final arrangements had been reached with the design plans and cost appropriations.

During such negotiations, design modifications, rights-of-way, cost appropriations, and signalization were discussed. One point

in particular that was discussed was the control of access along the roads entering the site. It was proposed by Sullivan that the city purchase the access controls in order to coordinate the land use of the area with the site's development. They would then have the "upper hand" in matters concerning development of the site. The city would relinquish the controls only when the developer met their condition of not developing on the first 300 feet of the driveways entering the site (no corner gas stations, fast food establishments, etc., that had complicated traffic planning around West Town) (see Appendix N--option 1 selected). The city and Smith later agreed upon a 150 foot setback.

Additional compromises were made during negotiations, such as the cost appropriations for the modifications. A letter written to Bill Sansom from Mayor Tyree on January 11, 1980, is the proposed arrangement for cost appropriations (see Appendix O). It was not until July 1980 that the final agreement was approved, and it is listed in Appendix P. It proposed that federal and state contributions for the access ramps and one of the two dual bridges for the interchange be shared on a 90/10 basis (\$585,000 and \$65,000) and that the city's contribution be for the other three-lane crossover bridge at the interchange and the frontage roads connecting Washington and Millertown Pikes (\$653,000). Total costs for the modifications would be \$1,384,000. It was also arranged that the city would share the cost appropriated to them (\$653,000) with the developer in the following way. Approximately one-third the costs of improvements

(\$200,000) would be appropriated to the city, another one-third to the developer (\$200,000) and the remaining one-third would be appropriated according to the development of the center. If over 500,000 s.f. of the center had been completed by the eighteenth month after construction of I-640, then the city would pay the additional \$253,000 and if not, the developer would have to pay. Smith was also responsible for the inner ring road, driveways, and parking for the center. These conditions imposed upon the developer were another means of insuring the city from unwarranted expenditures caused by a developer. Smith was committed to the development of his center and could not abandon it without paying a cost.

However, for 10 months the agreement was never signed by the developer or the city, and the city risked having to pay the costs of modifications. Various city officials cited the indictment of Thomas Vann, Smith's partner in the venture, on bid-rigging charges as the reason Tyree never signed the agreement. Tyree did not want to sign an agreement involving someone charged with bid-rigging; it was not a wise political move at the time (he was considering running for governor).

Meanwhile, negotiations had continued concerning the placement of the signalization for the road improvements. It was then agreed that the developer would finance all signalization involved with the road improvements (four signals totalling \$60,000). An additional four signals would be needed in 1990 and those would be funded by the city. This ended the approval process necessary for the road improvements of the center.

Zoning and the Use on Review Approval Process

The following introduction is a preface to the zoning approval process associated with East Towne Mall's development. During the early to mid 1970s, the Metropolitan Planning Commission (MPC) and the Planning Staff began assessing various sites in the city and county where a regional mall might be located. Factors considered in their analysis included (1) sites that would least detract from the CBD's market (at the time the city had engaged in a downtown revitalization program); (2) sites that would balance growth of west commercial centers; and (3) sites with adequate infrastructure (roads, utilities, services) available.

The Planning Staff then deemed several locations most appropriate, the majority situated in north and east Knoxville and Knox County. After selecting the most appropriate sites, they demarcated the areas chosen on the Comprehensive Plan and its respective Small Area Plan, and then adopted the policy of approving rezonings in the established sites with the condition that the developer have it zoned SC-3.

A SC-3 district is the most restricted commercial classification in Knoxville's Zoning Ordinance. Restrictions and regulations pertaining to the development codes of the district were established as a result of West Town's failures. The zone was established so that the city would have strict control over the development plans for the site. West Town had cost the city millions of dollars for road improvements and had created sprawl and encroachment problems

in the area. MPC and the city did not want another regional mall in Knoxville with the same problems associated with it as West Town, yet realized that another regional mall could be supported and that they had better prepare the area for development this time.

During 1977, several developers began securing land in north and east Knoxville and Knox County for purposes of developing a regional mall. Three sites in particular, I-75/Emory Road intersection, I-40/Asheville Highway intersection, and Millertown/Washington Pike/proposed I-640 site were approved by MPC and the Planning Staff and rezoned SC-3. Though the latter site was not one of the original sites selected by the Staff, the Small Area Plan that the site was a component of had recommended that a regional mall be located in the area. MPC then let the private sector determine which site would eventually be selected for development.

The zoning process for East Towne Mall began in mid 1978, when GKM (Oliver Smith, Thomas Vann, and George Ewing) informally approached the Planning Staff with news of their proposed regional mall and inquiries of what procedures would be required of them to get zoning approval. During one of these preliminary meetings, Oliver Smith was given a Development Review and Approval Process form (see Appendix Q) which is given as an administrative procedures guide to any developer proposing to build in the city or county.

GKM followed these procedures, and their first step was to obtain proper zoning for the site in the county and then have it annexed and rezoned into the city. In October 1978, GKM

received approval from MPC for their site's rezoning from Residential B, C-A and C-B, and industrial to Shopping Center Zone (the county's most restrictive commercial zone). However, there was some disagreement on MPC's recommendation. It was felt by some Commission members and the Staff that only 20 acres of the 120 acre site be rezoned till further studies and impact assessment could be conducted.

Their recommendation was supported by an area resident, Jean Tauxe, who was represented by Bill Hotz during the rezoning petition. Hotz voiced Tauxe's opposition to the entire tract being rezoned, and stated that the regional retail facility was not needed in the area because it would cause traffic problems while drastically altering the character of the area (area characterized as being a rural, quiet, single-family residential neighborhood). However, Tauxe was the only resident that appeared before MPC. Although area residents told Tauxe that they were against the development project, they felt that their opposition would be inconsequential. According to Hotz (1985):

Even though they (area residents) agreed with Jean's commitment to fight the rezoning, they just felt that their voice in the matter would go unheard. . . . Such citizen apathy greatly reduced Jean's influence on any decisions made by MPC concerning the rezoning.

It was at this rezoning request that citizen participation was last evident during East Towne's development process.

Several postponements had already preceded this request proposing further studies before the entire 120 acre site was

rezoned; yet GKM could no longer afford any further delays. They demanded MPC either approve or disapprove the petition so that they could continue with an appeal if needed. MPC approved the petition 5-4. The debate between the petitioners and MPC is featured in Appendix R.

The next step GKM took in obtaining approval of their development was in November 1979 when they requested and received annexation into the city and rezoned the site to SC-3. There was no opposition for the requested annexation and rezoning.

Following final zoning approval and annexation, GKM was bought out by Melvin Simon and Associates, who then named the entity responsible for the center's approval process East Investment Properties (EIP). MSA representatives then met with the Planning Staff to determine where they should begin in the process. Once it was determined, MSA began two activities simultaneously:

- (1) creating preliminary design plans and getting approval, and
- (2) securing more property. The latter activity involved obtaining appropriate zoning for the additional acreage (SC-3). MSA wanted more property so that they could reposition the center on its site and acquire controlling interests in the land adjacent to the center. A total of 30 acres then went through the rezoning process, again with no opposition.

During this time Mayor Tyree, who had been an advocate for the mall, and had formally announced its development proposal to the city in February 1981, presented to the city the tax revenues

that would be generated from the project. They are as follows:

<u>Tax Revenues</u>	<u>City</u>	<u>County</u>
Property	\$400,000	\$290,000
Sales	\$975,000	\$725,000
Business	\$125,000	\$125,000
Total	\$1.5 million	\$1.14 million

Total (county and city): \$2.64 million for the first phase of development; second phase of development (adjacent properties) \$3.24 million.

The other activity being pursued by MSA at the time was to have the design plans approved by MPC. This would involve a Use on Review process which was a condition of the Zoning Ordinance. In October 1981 after meetings with the Planning Staff and an inter-agency review committee (City Engineer, Traffic Engineer, KUB, Health Department, and Plans Review Office), MPC approved of the center's design plans as recommended by the Staff during the Use on Review hearing. The Staff's recommendation was to approve the project subject to meeting all requirements of the zoning ordinance, the ring road being constructed to the standards of a public street including curb cuts being limited to 150 feet separation, landscaping provided within parking area; engineering approval of drainage plans because the proposal is consistent with zoning on the property. Approval of other satellite uses around the ring road would have to be approved by MPC at a later date (MPC, 1981, p. 12). MPC also added to their approval the condition that before permitting

was allowed, East Investment Properties would have to work with the staff and the Department of Engineering in amending the parking and landscaping discrepancies.

MSA did not want to alter some of the recommended design features required of the SC-3 district so they then went before the Board of Zoning Appeals to get the variances (see Appendix S). EIP was granted two variances in November 1981: (1) a reduction in parking spaces required from 5.5 to 5 spaces for every 1000 s.f. of GLA, and (2) waiver of the required curbing and landscaping in the parking lots from planters every 200 feet to every other 200 feet. Then in January 1982 they received a variance in the required parking space width from 9.5 feet to 8.5 feet.

EIP then had to go through another Use on Review process in May 1982 because of revisions made to its original development plans (see Appendix T). EIP's revised plans included a new 5-room movie theatre and its parking. The Planning Staff's recommendation to MPC was for denial of the proposed parking plan since parking requirements in the center had already been decreased through variance, and insufficient data existed to further reduce the required parking from the terms of the Zoning Ordinance. As proposed, MSA was planning to add an additional 138 parking spaces while the seating capacity of the theatres was 1400. John Fowler, the lawyer representing EIP, argued that:

One thing they (EIP) had had to fight during the whole planning process for this mall was the image that West Town Mall had projected; this mall was better engineered; many

regulations in the SC-3 classification had never been applied to any malls before; the decision should be based on whether this requirement was necessary--they felt it was not (MPC, 1982, p.7).

MPC denied the petition 11-0 and EIP appealed to City Council. City Council, who met in July 1982, overturned MPC's recommendations and upheld EIP's appeal (not known why Council upheld the appeal). EIP had received another variance to the SC-3 zoning ordinance. Once the appeal proceedings were over, EIP began its quest for permitting, thus ending the zoning and Use on Review process required of them.

Permitting Approval Process

Permit approval for construction from the public sector was the next step for MSA following their zoning and Use on Review approvals. The department responsible for the coordination of all permitting in the city, the Plans Review Office (Office), was the first city department that MSA contacted before they began construction.

The Office is the focal point for all required approvals from various city departments and agencies before the issuance of a building permit. The Department of Engineering (responsible for parking, grading, and drainage) and the Waste Water Control Systems Office (responsible for sewer accessibility) must forward their approvals to the Office where they are then reviewed and processed. In addition, all architectural plans must meet approval of five Office engineers who inspect the plans for conformance to the Zoning Ordinance and City Codes. The inspection process includes building

(facade and building materials and zoning), electrical (wiring), plumbing (piping), fire (sprinkler system), and mechanical (HVAC and structural) inspections. Only after each inspector has approved the plans, and the departments forwarded their approvals is the building permit issued by the Building Inspector. The Building Inspector will then periodically visit the site and ensure that the builder is complying with the approved plans and conditions

Once construction is complete, the developer and tenants must secure Certificates of Occupancy (COs) which are also issued by the Building Inspector. A CO is the last requirement of the city and certifies that the building and site improvements conform to city and state standards and regulations (see Appendix U).

In East Towne's development, MSA first approached the Plans Review Office in mid 1981, prior to their first Use on Review hearing with MPC. Engineers from Rentenbach and Flynn Engineering presented their plans to the Office, which were then distributed to the appropriate agencies and inspectors. In December 1981 the Office arranged a meeting involving all the approval agencies and their inspectors and engineers where they could be together and discuss any problems in the plans.

Preliminary reviews continued for the next several months through both Use on Review approvals and their variances and appeals. During these negotiations, the design plans were being modified by each Use on Review, requiring reevaluation of the plans through the Plans Review Office. After the last Use on Review approval,

the plans were returned to the Office for final approval. Only after the "revisionary review" meets approval can the contractor secure a building permit. Revisionary reviews are performed to reassess any variances and waivers that occurred during the Use on Review process. A developer must have the Use on Review approved before he is issued a building permit.

Then in October 1982 the first construction permit was issued, yet it was not issued through the Building Inspector. The Department of Engineering, directed by Bob Bowers, which is responsible for grading, drainage, and parking plans of the center, issued Flynn Engineering a grading permit allowing Blalock Brother's Construction Company to commence site preparation.

In Knoxville the grading permit is issued separately from the building permit. It allows the developer to begin site preparation while the building design plans are reviewed for final approval. This ended the preconstruction permitting required by the city.

Construction

The construction stage of development involved new public sector actors and processes. The primary process and the actors responsible for it is as follows:

Approval Process

1. Permitting

Public Sector Actors

Building Inspector, Tennessee
Department of Health and Environ-
ment, City Engineering, Plans
Review Office

Once site preparation had begun in October 1982, EIP began to concentrate on the building permit approval. However, approval of plans from the various inspectors and departments came to a standstill in November because of structural and engineering revisions that had to be done. Realizing that valuable time and money was being wasted while the plans were being revised, EIP requested that the Building Inspector grant them a foundation permit, a component of the building permit, so that they could begin commencing foundation work. In November they obtained the foundation permit on the condition that they were not allowed to start structural work until the problems could be solved. While the foundation was being laid and footers planted, the Waste Water Control Service and KUB prepared the site for utility hookups to their trunklines. Each agency had inspectors on the site making sure that the construction of the hookups met the standards imposed on them. The sewer extensions to the area were funded by a grant from the Appalachian Regional Council in June 1979 which provided \$500,000 federal money for a matching of \$215,000 from the city. They would be maintained by an annual sewer improvement fee provided by MSA.

Then in July 1983 after all approvals had been secured and the foundation for the center's shell had been constructed, the building permit was issued at a cost of \$10,411.50. Shell construction began and as it began to take shape, in-line tenants who had signed leases with the center began the process of securing "interior finish permits" which they obtained from the Building Inspector

through the Plans Review Office. The plans of each tenant had to be approved by the Office's inspectors before issuance of the permit was allowed. It was the Building Inspector's responsibility during construction to monitor the contractor's work on the center itself while other departmental inspectors were responsible for site monitoring.

One problem that arose during construction involved drainage of the site. Periodic on-site visits by the Department of Health and Environment inspectors uncovered a series of drainage problems in December 1983. They are listed in a letter written to Alan Blalock, site preparation contractor, from A. David McKinney, Basin Manager of the Tennessee Department of Health and Environment (see Appendix V). The matter was solved in May 1984 as is evidenced by the letter written to A. David McKinney from Robert Bowers, Director of City Engineering indicating that matters had been cleared (see Appendix W).

Once construction of the in-line tenants was completed, they then had to secure a CO from the Building Inspector, the last approval required by the city. It should be mentioned here that each anchor tenant who used their own construction crew and plans was treated independently of the center and developer and had to receive Office approval separately from EIP's approval process. Grading permits, plans review, foundations, and building and interior finish permits all had to be processed by the anchors. None had problems or delays in their acquisitions.

Construction ended in July 1984, ending seven years of planning and building. However, it did not end the process of public sector approval, which continues as the center and its site are being proposed for additional development today.

Post Construction

The public approval process, for the most part, ended once East Towne opened in July 1984. With the exception of the in-line tenant building permit approvals (Plans Review Office/Building Inspector) and a Use on Review (MPC) required for an access variance in the back of the property, very little public approval has been required. However, the city continues to monitor the center's operations to ensure against noncompliance of its approved plans. The Planning Staff, Department of Engineering, Building Inspector, and Health Department periodically visit the site to determine whether the parking stall widths are less than the allowable minimum; whether the food court meets Health Department inspection; whether the in-line tenants storeroom improvements meet city standards; whether the sprinkler system is up to Fire Department standards; and whether the drainage from the site is according to plan.

The areas adjacent to the mall have also been closely monitored by various city departments and agencies. The city's policy of "precluding another West Town fiasco" is being strictly adhered to and as rezonings and building permits are submitted, MPC, the Plans Review Office, and other departments associated with the approval process are being very careful to consider the proposed

developments' impacts. In July 1984 over 100 acres of land in the area had been granted rezonings, the majority of them on MSA's site which is strictly governed by both the SC-3 zoning and MSA's commitment to enhance the center's shopping environs.

CHAPTER V

SUMMARY AND CONCLUSIONS

The primary goal of this thesis was to define and document a regional shopping center's development process. In the pursuit of this goal, both the developer's and public sector's involvement in the process were examined based on the literature reviewed. Each of these processes was then analyzed in East Towne Mall's case study.

The development process at East Towne Mall contained all major elements of the classic development process. One major element of East Towne's development process emphasized more than in the typical process was the developer's acquisition of land adjacent to the site. This is a common practice of Melvin Simon and Associates (MSA) projects, enabling them to control the adjacent property's development for the purpose of enhancing the center's profitability and image and capitalizing on the increased value.

East Towne's development process was dominated by two separate development entities. The first entity, the Greater Knoxville Mall, Ltd., was comprised of three partners (Oliver Smith, Thomas Vann, and George Ewing), and was primarily involved in the initial stages of development. Besides conceiving the project, they were responsible for site acquisition, zoning and annexation, I-640 design modification approvals, market and traffic analyses, and preliminary negotiations

for the anchor tenant commitments. They also had arranged for an architectural firm to prepare drawings for their concept and obtained a preliminary permanent financing arrangement with United American Bank of Knoxville before they sold their interest to the next entity in the center's development, Melvin Simon and Associates (Barry Lindsey headed MSA's development of East Towne).

MSA's involvement primarily focused on the construction and post construction stages of development. Finalizing anchor commitments, obtaining approval for construction permits from the city, arranging the financing and construction of the center, and marketing, managing, and operating the center were the major activities performed by MSA. In general, GKM arranged for the center's development and MSA followed through after the initial "groundwork" was laid. A list of the major private sector actors involved in East Towne's development were: Rentenbach Constructors Inc.--general contractor; Blalock Brothers Construction Company--site preparation contractor; Flynn Engineering--site preparation and parking engineering firm; Blaine Hayes Construction Company--construction crew responsible for the center's shell; Copeland, Novak, Israel, and Simmons--architectural firm responsible for center's design; Citibank of New York--provided MSA with the financing; Barton-Aschman and Associates--traffic analysis and negotiator for GKM and MSA during I-640 talks with the TDOT and FHWA; Larry Smith and Associates--market analysis firm; John Fowler--lawyer representing East Investment Properties (MSA's development corporation for East Towne's development);

KUB--utility company responsible for utility extensions; Bill Siebenaler--mall manager; Barry Lindsey--Vice President of Development for MSA, headed the East Towne project.

The main issues addressed by the private sector during the process (not necessarily in ranked order) were: (1) I-640 design modifications--provided the center with better accessibility and visibility, and the road improvements necessary to accommodate for future development in the area; (2) First Use on Review approval--initial design plan review and approval allowing MSA to continue the project; (3) Zoning and Annexation--displayed community acceptance and allowed MSA to secure lower insurance rates; (4) anchor commitments--allowed MSA the needed security to obtain financing and the basis for the center's drawing power; (5) location--northeast Knoxville is relatively free from competition and the primary market is sufficient to support a mall of such a scale. With I-640 and its interchange modifications, the site is accessible and visible, and far enough from West Town Mall so that anchors committing to East Towne would not detract from their own anchor sales in West Town.

MSA obtained variances and waivers from the city when desired. *now!* Although MSA's plans for their center were well-planned and accounted for most community concerns, they were very reluctant to alter them. They did not attempt to circumvent any processes and were cooperative with the public sector throughout the process; yet they were not receptive to any changes in their design plans. The plans that MSA had accepted from Copeland, Novak, Israel, and Simmons and Flynn

Engineering and proposed to the city were the plans that they wanted approved--no exceptions. They, in fact, requested variances in three SC-3 Ordinance parking and landscaping standards. Much of MSA's nonconformity had to do with their knowledge and experience of shopping center development and Knoxville's relatively antiquated SC-3 zoning district. MSA wanted to cooperate with the city, but felt that the regulations imposed by the Ordinance were not current and realistic.

It should also be mentioned that although MSA appealed MPC's decision on the Ordinance standards, most of the public officials interviewed for this thesis agreed that MSA was very cooperative during the public approval process.

The private sector benefitted from many compromises and concessions such as three variances, I-640 road improvements, industrial revenue bonds for the anchors, utility extensions, annexation. The public sector, in turn, received a large amount of tax revenues generated from the center (sales, property, and business taxes), and the stimulation of growth in northeast Knoxville, ameliorating the sprawl occurring in west Knoxville. According to a December 19, 1984, Knoxville Journal article, the sales tax revenues increased in Knox County during September and October over \$850,000, the majority of such an increase was attributed to East Towne Mall. According to Ken Pruitt, the Planning Staff and Bob Bowers, the Department of Engineering, these revenues in addition to user fees will surpass the city's expenditures for East Towne's

development (i.e., road improvements, sewer extensions) in less than 5 years (Bowers, Pruitt, interviews, 1985).

A project of East Towne's size and scale depends on the approval of a number of discrete processes handled at times by one persons. Decisions made by a planner concerning the widths of parking spaces could have greatly altered the process for the developer. No matter how inconsequential the decision seemed, it had some influence in the development process and consequently, the center's feasibility. It is very important for the developer to work with the various city departments and agencies instead of against them by using several suggested means: providing needed information promptly; communicating with the various agencies and citizens before the required approvals in order to avoid costly delays; considering the Ordinance and engineering standards before designing center plans. If not, the project might encounter costly setbacks which would prevent the developer from proceeding.

Spin-off development in the area was a major concern of the city during the project's approval process. Knoxville's residents and administrators did not want the same problems to recur after having continued to correct the mistakes from West Town for the last 10 years (i.e., road improvements, congestion, encroachment). As a result of West Town's inadequacies, the city increased its awareness of environmental, social, and cultural impacts. Such awareness led to the adoption of a more "sophisticated" city administration in the late 1970s to deal with future developments

of such proportions. Increases in the manpower of the Department of Engineering which was established in 1980 by combining the Department of Traffic Engineering with the Department of City Engineering and adding eight additional engineers and technicians is an example of such an alteration in city policy towards development.

The planning staff had very little influence in East Towne's development process. Hampered by MSA's ability to obtain variances and waivers for the various design plan recommendations, the staff became reactive in their planning efforts. Though they attempted at first to address the issues beforehand (i.e., establishment of acceptable areas to develop a regional center on Comprehensive Plan), the majority of East Towne's development decisions had already been made without the staff's input. For example, the eventual site for East Towne was not one demarcated on the Comprehensive Plan by the staff (it was in the same sector plan). This caused the staff to reassess such a decision and properly plan for the chosen site. wow

For the most part, the main emphasis of the public sector's concerns during the East Towne development process were devoted to the road improvements of the area. The city's efforts to avoid another "West Town" situation was the reason for such emphasis. Traffic decisions were dictated and controlled by the FHWA, TDOT, and Department of Traffic Engineering. Acquisition of the access controls on the center's entering driveways enabled the public sector to control negotiations with the private sector. Once the private sector discovered that the city had purchased the access controls, they were at a disadvantage during negotiations--the

city held the "upper hand" in negotiations which enabled them to coordinate land use with site design. Such decisions greatly enhanced the area's ability to handle increased traffic flows associated with growth of the mall and its adjacent properties and to regulate development of the driveways entering the site.

Political influence played a major role in the approval process of East Towne's development and is another reason the planning staff had very little influence in East Towne's development process. Mayor Tyree's influence and support for the project greatly impacted the decision-making in the process. The decisions of high ranking city officials and Tyree were based on the size of the project and the revenues that would be generated from it. For instance, the Board of Zoning Appeals granted three variances for various ordinance standards and the City Council upheld an appeal on the use on review by MSA without ever establishing a rationale for granting such approvals. According to Don Parnell, Director of MPC during the time, there was "not a sound basis for granting the appeals or variances" (Parnell, interview, 1985). Throughout the research of this thesis, it is still not clear why the variances were so easy to obtain. The only logical answer is because of political pressure.

Citizen participation in East Towne's development was not as evident or vocal as in a classical process. According to Bill Hotz, the lawyer representing Jean Tauxe, an area resident, the residents in the area were apathetic to Jean's fight to deter development.

Although various residents expressed a desire to fight the development, they felt that they did not have a chance of winning. They figured that their voice on the matter would have very little influence in the city's decision. "In fact, no one contributed toward Jean's cost of hiring my services" (Hotz, telephone interview, 7/9/85).

The area directly affected by the center is best characterized as easy going, moderate income, and semi-rural. Many residents outside the primary areas affected (two miles and more) welcomed the center's development because the only other facility within twenty miles was West Town, and to reach West Town, they had to travel congested roads.

The major actors involved in the public sector's approval process were: Mayor Randy Tyree--influential in I-640 design modifications and the use on review appeal to City Council; City Council (M. T. Bellah, Arthur Blancher, K. C. Jones, Joe Mitchell, Bernice O'Connor, Milton Roberts, Jack Sharpe, Jean Teague, Howard Temple)--upheld MSA's appeal for their first use on review; MPC/Planning Staff--influential in having MSA design plans conform to zoning ordinance standards. They also influenced I-640's design modifications; Plans Review Office/Building Inspector--they coordinated all design plan approvals and issued the building permits; Waste Water Control System (Les Elmore, Director)--accommodated sewer design plans with existing services; Department of Traffic Engineering (Darcy Sullivan)--I-640 design modifications input and its access controls; Department of City Engineering (Bob

Bowers)--responsible for the grading permit, parking plan approval, site drainage and grading; Board of Zoning Appeals--granted three variances to the SC-3 zoning.

From this research it was concluded that there were some shortcomings in the process.

Citizen participation during the public sector's approval process should have been encouraged more by the city. The apathy displayed by area residents is an example of the lack of communication between the citizens and the city. The planning staff should have addressed the situation in more detail and related to the citizens through community meetings means of voicing opinions on the development.

The planning staff should have a stronger voice in the appeal and variance procedures. Even when it is their recommendation that is being considered, they have no input into the process.

Finally, the developer should have been required to contribute more towards the cost of the I-640 modifications. Tyree never signed the cost sharing agreement, allowing the developer to avoid any cost appropriations except the signalization.

East Towne's development process in its entirety is unique, though elements of the process have been used in other developments. ^{OK} This uniqueness alone would warrant more research be done on the process and its transferability to other areas experiencing regional shopping center development pressures. Additional study concerning East Towne's development process should concentrate on how the

compromise and concessions between the public and private sectors during East Towne's development have affected growth in the area today. Monitoring spinoff developments is also needed in order to determine whether the plan is being implemented as legally approved. Additional study might also concentrate on how the Planning Staff might have more influence in the final decision of the appeal and variance processes.

This thesis has greatly enhanced this author's knowledge of shopping center development. Not only were the decisions that the developer encounters during the development process examined, but also the administrative procedures required by the public sector's approval process. Such insight into the development of a regional facility has better prepared this author for his planning career.

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APPENDICES

APPENDIX A

PRO FORMA STATEMENTS

(Source: Hines, 1983, pp. 83-85)

Tenant	Income Projection									
	Year									
	1	2	3	4	5	6	7	8	9	10
Market										
Minimum Rent	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500	\$ 276,500
% Rent (1.25)										2,400
Drug										
Minimum Rent	40,000	40,000	40,000	40,000	40,000	48,000	48,000	48,000	48,000	48,000
% Rent (.075)					1,000			3,500	10,000	16,000
Discount										
Minimum Rent	187,500	187,500	187,500	187,500	187,500	206,000	206,000	206,000	206,000	206,000
% Rent (3.0)		6,900	22,452	39,240	57,387	58,500	79,600	86,000	93,000	100,440
Shops										
Minimum Rent	636,000	652,000	669,000	733,125	751,125	771,131	846,258	867,842	880,206	967,932
% Rent						1,000	1,500	2,000	2,500	3,000
Fast Food										
Minimum Rent	35,000	35,000	35,000	35,000	35,000	45,000	45,000	45,000	45,000	45,000
% Rent								1,000	1,500	2,000
Bank										
Minimum Rent	168,000	168,000	168,000	193,200	193,200	193,200	222,180	222,180	222,180	255,070
Savings & Loan										
Minimum Rent	84,000	87,000	90,000	103,500	103,500	103,500	119,025	119,025	119,025	136,879
Coffee Shop										
Minimum Rent	100,000	100,000	105,000	105,000	110,000	110,000	116,000	116,000	121,000	121,000
% Rent				8,400	12,000	13,000	27,000	38,000	45,000	57,000
Total	\$1,527,000	\$1,552,900	\$1,593,452	\$1,721,465	\$1,767,212	\$1,825,831	\$1,987,063	\$2,031,047	\$2,069,911	\$2,248,221

Source: Handout of a small center financing session of the 1982 University of Shopping Centers, Atlanta, Georgia. Moderator: William K. Krauch, Hahn Devcorp., El Segundo, California.

Pro Forma Net Income Statement

COMMUNITY SHOPPING CENTER 15 ACRES 163,500 SQUARE FOOT GROSS BUILDABLE AREA

Income		
Market	35,000 sq. ft. × \$7.90/sq. ft.	\$ 276,500
Drug	25,000 sq. ft. (Ground Lease)	40,000
Discount	30,000 sq. ft. × \$6.25/sq. ft.	187,500
Shops	53,000 sq. ft. × \$12/sq. ft.	636,000
Pads		
Fast food	3,500 sq. ft. (Ground Lease)	35,000
Bank	8,000 sq. ft. × \$21/sq. ft.	168,000
Savings & Loan	4,000 sq. ft. × \$21/sq. ft.	84,000
Coffee shop	5,000 sq. ft. × \$20/sq. ft.	100,000
Total		\$1,527,000
Expenses		
Management	\$1,527,000 × 3%	\$ 46,000
Vacancy	636,000 × 5%	32,000
Maintenance Reserves	118,000 sq. ft. × 6¢/sq. ft.	7,000
Merchants association		5,000
Miscellaneous		5,000
Total		\$ (95,000)
Net income		\$1,432,000

Source: Handout of a small center financing session of the 1982 University of Shopping Centers, Atlanta, Georgia. Moderator: William K. Krauch, Hahn Devcorp., El Segundo, California.

Pro Forma Analysis of Development Cost
COMMUNITY SHOPPING CENTER
15 ACRES
163,500 SQUARE-FOOT GROSS BUILDABLE AREA

<i>Land</i>		
15 acres × \$3/sq. ft.	\$1,960,200	
Tax reserve	<u>20,000</u>	
Total land		\$1,980,200
<i>Improvements</i>		
Market 35,000 sq. ft. × \$30/sq. ft.	\$1,050,000	
Drug 25,000 sq. ft.	Ground Lease	
Discount 30,000 sq. ft. × \$28/sq. ft.	840,000	
Shops 53,000 sq. ft. × \$29/sq. ft.	<u>1,537,000</u>	
<i>Pads</i>		
Fast food 3,500 sq. ft.	Ground Lease	
Bank 8,000 sq. ft. × \$70/sq. ft.	560,000	
Savings & loan 4,000 sq. ft. × \$70/sq. ft.	280,000	
Coffee shop 5,000 sq. ft. × \$80/sq. ft.	400,000	
On and off sites 653,400 sq. ft. × \$2.25/sq. ft.	<u>1,470,150</u>	
Total improvements		\$6,137,150
<i>Indirects</i>		
<i>Architectural and engineering</i>		
Building 128,000 sq. ft. × \$1.10/sq. ft.	\$ 140,080	
Site 653,000 sq. ft. × 6¢/sq. ft.	39,180	
	35,000	
Legal	275,000	
Commissions	500,000	
Overhead and contingencies	80,000	
Points (construction loan)		
<i>Interim interest</i>		
Land \$1,980,200 × 20% × 1 year	\$ 396,040	
Improvements \$7,206,410 × 20% × 1 year × 50%	<u>720,641</u>	
Total indirects		\$ 2,185,941
Subtotal		10,303,291
<i>Less</i>		
Pro data reimbursements for		
On and off site improvements		
Drug	\$ 220,500	
Fast food	<u>67,620</u>	
	(288,120)	
Total development cost		\$10,015,171

Source: Handout of a small center financing session of the 1982 University of Shopping Centers, Atlanta, Georgia. Moderator: William K. Krauch, Hahn Devcorp., El Segundo, California.

APPENDIX B

COST ACCOUNTING SYSTEM

(Source: Hines, 1983, pp. 95-99)

Budget by Account Number								
Budget Menu: 5		Run Date 8-01/11						
CO/PRJ Account	Description	Budget	Committed	Most-Commit	Forecast	Over/Under	Chg-This-Mo	Spent-T-D
53 135 0100	Backcharge to Gen Contract							
53 135 0101	Backcharge to Elect Contr							
53 135 0102	Backcharge to HVAC Contra							
53 135 0103	Backcharge to Site Contra							
53 135 0105	Proj Sign-Leasing & Const							
53 135 0106	Legal Lease Expense	7,520	7,520		7,520			910
53 135 0107	Legal Loan Expense	4,000	4,000		4,000			
53 135 0108	Legal Organizational Ex							
53 135 0110	Legal Fees HF-12K Hp-2.5K	14,500	14,500		14,500			4,725
53 135 0111	Property Taxes Dur Const							5,885
53 135 0112	Zoning Permit Fees	50	27		27	23-	23-	27
53 135 0113	Building Permit Fees							
53 135 0114	Sign Permit Fees							
53 135 0115	Insurance-Builders Risk	1,463	1,439		1,439	44-	44-	
53 135 0116	Insurance-Title	3,417		3,417	3,417			2,465
53 135 0117	Performance Bnd-Developer							
53 135 0118	Performance Bnd-Gen Cont							
53 135 0119	Performance Bnd-Site Cont							
53 135 0120	Construction Interest	110,000	110,000		110,000			3,614
53 135 0121	Bank Charges	200	200		200			114
53 135 0122	Non Refundable Loan Fees							
53 135 0123	Refundable Loan Fees							
53 135 0125	Survey-Property	1,200	243	957	1,200			63
53 135 0126	Survey-Topographical	1,500	40	1,460	1,500			220
53 135 0127	Survey-Physical-Fndation	550		550	550			650
53 135 0128	Survey-Phys Final-Ln Clos	2,000		2,000	2,000			
53 135 0129	Survey-Layout Dur Construc	6,000	1,250	4,750	6,000			600
53 135 0130	Soil Test-Preliminary							
53 135 0131	Soil Test-Borings, Invest. Rpts	2,500	2,500		2,500			2,484
53 135 0132	Soil Test Quality Control	7,500		7,500	7,500			
53 135 0133	Telephone	200		200	200			
53 135 0136	Blueprints	2,150	2,148	2	2,150			544
53 135 0137	Postage	200		200	200			
53 135 0138	Courier Service-Bus							
53 135 0139	Courier Service-Air	200	200		200			67
53 135 0140	Coureur Service-Car							
53 135 0141	Office Supplies	200	10	190	200			10
53 135 0142	Drafting Supplies	200		200	200			
53 135 0143	Copying							
53 135 0150	Eng Serv-Const Mgt	10,000	10,000		10,000			10,000
53 135 0151	Eng Serv-Electrical-Bldg	4,500	4,500		4,500			3,673
53 135 0152	Eng Serv-Electrical Site	700	636		636	64		350
53 135 0153	Eng Serv-Plumbing-Bldg	2,300	2,130		2,130	170-		

Cost Distribution System

Schedule Completion Date—7/25/8X
 Projected Completion Date—8/30/8X

Month of Report—10/30/8X
 Run Date—9/30/8X

ID No.	Description	Original Budget	Cost This Month	Percent Complete	Cost to Date	Final Projected Cost	Projected Cost Over/Under Budget
010	Legal Fees	26,020.00	774.02	21.65	5,635.46	26,017.82	2.18—
020	Insurance	4,900.00	2,465.00	50.31	2,465.00	4,899.62	.38—
030	Construction Interest	110,000.00	1,231.20	2.17	3,614.19	166,552.53	56,552.53
040	Survey	11,250.00	830.00	12.88	1,532.50	11,598.29	648.29
050	Soil Test	10,000.00	.00	24.84	2,483.75	9,998.99	1.01—
055	Development Fees	36,200.00	3,337.62	81.05	29,339.77	36,199.59	.41—
060	Engineering Fees	18,700.00	.00	82.44	15,223.48	18,466.13	233.87—
070	Architectural Fees	26,000.00	5,000.00	77.40	20,113.53	25,986.47	13.53—
090	Clearing & Grubbing	10,000.00	600.00	100.00	6,000.00	6,000.00	4,000.00—
100	Grading	166,550.00	43,173.25	74.92	80,648.25	107,645.82	58,904.18—
110	Strm Drainage & Rest. Pond	55,000.00	47,088.00	60.49	47,088.00	77,844.27	22,844.27
120	Sanitary Sewer	20,000.00	9,759.87	100.00	9,759.87	9,759.87	10,240.13—
130	Water Lines	25,000.00	3,180.00	97.00	10,195.00	10,510.30	14,489.70—
160	Curbs & Walks	7,500.00	.00	.00	.00	7,500.00	.00
180	Landscaping	35,000.00	14,250.00	40.71	14,250.00	35,003.68	3.68
190	Site Lighting & Distribution	30,000.00	.00	11.71	.00	26,487.00	3,513.00—
200	Paving	100,000.00	27,011.25	26.13	27,011.25	103,372.56	3,372.56
210	Striping	3,000.00	.00	.00	.00	3,000.00	.00
250	General Contract	1,138,800.00	42,815.00	4.10	42,815.00	1,067,705.73	71,094.27—

Project Accounting Procedures
 Cost Report No. 3
 Date of Report—9/30/8X

Acct. No.	Description	Budget (if applicable)	Net Change This Month	Balance to Date
1501	Cash Account	.00	2,622.33	3,268.85
1510	Prepaid Taxes, Insurance	.00	3,331.82—	.00
1621	Legal	.00	.00	723.52
1630	Partnership Agreement Wor	.00	.00	7,919.07
1650	Proposed Construction	.00	.00	13,425.74
2100	Loan-William Jennings	.00	198,000.00—	264,502.14—
2101	Loan-Sylvia Schmidt	.00	.00	16,623.01—
2150	N/P-Construction Loan	.00	.00	127,000.00—
	Total Project	.00	198,709.49	382,787.97—
ID No.	Recap of Cash from Other Sources			
	Total Cash from Other Sources	.00	.00	.00

APPENDIX C

OUTLINE OF THE PRIVATE SECTOR'S INVOLVEMENT IN THE DEVELOPMENT OF A REGIONAL SHOPPING CENTER

(Source: Hubbard, 1977, pp. 11-13).

OUTLINE OF THE PRIVATE SECTOR'S INVOLVEMENT IN THE DEVELOPMENT OF A REGIONAL SHOPPING CENTER

Note: Assume preliminary feasibility positive developer is satisfied with his measure of profitability (eq., return on investment, return on total cost, cash flow per square foot, etc.)

I. FRONT-END

1. Costs Prior to Construction
 - Land
 - Developer overhead
 - Architectural & engineering fees
 - Financing fees
 - Marketing & broker fees
 - Legal
 - Other professional fees
2. Obligations to Complete or Right to Terminate
 - Conditions
 - Construction cost
 - Financing
 - Leasing achievement
 - Land control; assemblage & acquisition
 - Land use & other requisite approvals

II. DEAL STRUCTURE

1. Ownership Entity (Partnership vs. Corporation)
 - Trade-off between control & liability
 - a. Non-monetary obligations
 - Personal obligations to perform services
 - b. Monetary obligations
 - (Limitations on time period or amount)
 - Additional contributions or loans
 - Mandatory or voluntary
 - Liabilities
 - To other partners
 - Guarantees to complete, cost overruns, operating deficits
 - Limitations on liability
 - Standard of performance-good faith
 - Limitation of damages to partnership interest
 - Liability for wilful misfeasance or fraud
 - c. Third party creditor liabilities
 - Insurable vs. non-insurable liabilities
 - Failure to comply with statutory regulations
 - d. Liquidity, right to sell interest
 - e. Right to withdraw or substitute a corporate partner

- f. If a corporation, risk of personal liability as a corporation (association) for tax purposes
- 2. Joint Venture Partner
 - If institutional-special restrictions on authority
- 3. Federal, State or Municipal involvement
 - Ability to legally bind & cause performance
 - Special compliance undertakings
 - (e.g., H.U.D. affirmative action program)

III. CONSTRUCTION

- Adequacy of budget
- Timeliness of performance
- Capability & financial strength of contractors
 - Bond?
- Cost overruns
- Change order control
- Quality control

IV. FINANCING

- 1. Construction loan
 - Conditions
 - Personal guarantee & obligation to complete
- 2. Permanent
 - Conditions
 - Call provisions
 - Personal liability
- 3. Buy-sell agreement

V. MARKETING & LEASING

- Does the product meet the market?
- % leased
- Number of speculative tenants to lease
- % to lease to break even
- \$ per square foot to lease speculative space at break even

IV. OPERATING

- 1. Gross or net lease
- 2. Escalators
 - Base rate
 - Taxes
 - M&O and insurance
- 3. Landlord operational risks
 - To tenants
 - Adequacy of reserves to upgrade property or make repairs & replacements
 - Third party or creditors

VII. APPENDIX

APPENDIX D

STATE LAND USE PROGRAMS

State	Type of state program										Regional agency	
	Comprehensive permit (a)	Coordinated review (b)	Mandatory local planning (c)	Coastal zone management (d)	Wetlands management (e)	Powerplants siting (f)	Surface mining (g)	Designation of critical areas (h)	Differential assessment (i)	Floodplain management (j)	Advisory only	Review authority
Alabama	--	X	--	X	--	X	A	--	B	X	X	--
Alaska	--	X	--	--	--	X	--	--	A	X	X	--
Arizona	--	--	--	--	--	X	A, B	--	A	X	X	--
Arkansas	--	X	--	X	--	X	X	--	C	X	X	X
California	--	--	--	--	--	--	--	--	--	--	--	--
Colorado	--	X	--	X	X	X	X	X	A	X	--	X
Connecticut	--	X	--	X	--	--	--	--	B	X	X	--
Delaware	--	X	--	X	--	--	--	--	A	--	X	--
Florida	X	X	X	X	X	X	A	X	A, C	--	--	X
Georgia	--	X	--	X	X	--	A, B	--	--	--	X	--
Hawaii	X	X	--	X	--	X	X	X	B	X	--	--
Idaho	--	--	X	X	--	--	X	--	A	--	X	--
Illinois	--	--	--	--	--	X	A, B	--	B	X	X	--
Indiana	--	X	--	X	--	--	A, B	--	A	X	X	--
Iowa	--	--	--	--	--	--	A, B	--	A	X	X	--
Kansas	--	--	--	--	--	--	A, B	--	--	--	X	--
Kentucky	--	--	--	X	--	X	A, B	--	B	--	X	--
Louisiana	--	--	--	X	X	--	A	--	B	--	X	--
Maine	X	X	X (land)	X	X	X	A	X	--	X	X	--
Maryland	--	X	--	X	X	X	A, B	X	B	X	X	--
Massachusetts	--	--	--	X	X	X	--	X	B	X	X	--
Michigan	--	--	--	X	X	--	X	--	C	X	X	--
Minnesota	--	X	--	X	X	X	X	X	B	X	X	--
Mississippi	--	--	--	X	X	--	X	--	--	X	X	--
Missouri	--	--	--	--	X	--	X	--	A	X	X	--
Montana	--	X	X	--	--	X	A, B	X	B	X	X	--
Nebraska	--	--	X	--	--	X	--	--	B	X	X	--
Nevada	--	X	X	--	--	X	--	X	B	--	X	--
New Hampshire	--	--	--	X	X	X	--	--	B, C	--	X	--
New Jersey	--	--	--	X	X	X	--	--	B	X	X	--
New Mexico	--	X	--	--	--	X	A	--	A	--	X	--
New York	X	X	--	X	X	X	X	X	B	X	X	X
North Carolina	--	X	--	X	X	--	X	--	B	X	X	--
North Dakota	--	--	--	--	--	X	A	--	A	--	X	--
Ohio	--	--	--	X	--	X	A	--	B	--	X	--
Oklahoma	--	--	--	--	--	--	X	--	A	X	X	--
Oregon	--	X	X	X	--	X	A	X	B	--	X	--
Pennsylvania	--	--	--	X	X	X	A	X	B	--	X	--
Rhode Island	--	X	--	X	X	X	--	--	B	--	--	--
South Carolina	--	--	--	X	--	X	A	--	B	--	X	--
South Dakota	--	--	--	--	--	--	A	X	A	--	X	--
Tennessee	--	--	--	--	--	X	A, B	--	--	--	X	--
Texas	--	--	--	X	X	--	X	--	B	--	X	--
Utah	--	X	--	--	--	--	A	--	B	--	X	--
Vermont	X	X	--	--	X	X	X	--	C	X	X	--
Virginia	--	--	X	X	X	--	A, B	--	B	--	X	--
Washington	--	X	--	X	X	X	A	--	B	X	X	--
West Virginia	--	--	--	--	--	--	A, B	--	--	X	X	--
Wisconsin	--	X	--	X	X	X	X	X	--	X	X	--
Wyoming	--	X	X	--	--	X	A	--	A	--	--	X

*Source: Prepared by the Council of State Governments. Based on information collected by the Council of State Governments, *Land Use Planning Reports* 1974 and 1975; the U.S. Department of the Interior, Office of Land Use and Water Planning; and the Resource Land Investigations Program. Data compiled October 1975.

- (a) State has authority to require permits for certain types of development.
- (b) State-established mechanism to coordinate state land use related problems.
- (c) State requires local governments to establish a mechanism for land use planning (e.g., zoning, comprehensive plan, planning commission).
- (d) State is participating in the federally funded coastal zone management program authorized by the Coastal Zone Management Act of 1972.
- (e) State has authority to plan or review local plans or the ability to control land use in the wetlands.
- (f) State has authority to determine the siting of powerplants and related facilities.
- (g) State has statutory authority to regulate surface mines. (A) State has adopted rules

and regulations; (B) State has issued technical guidelines.

(h) State has established rules, or is in the process of establishing rules, regulations, and guidelines for the identification and designation of areas of critical state concern (e.g., environmentally fragile areas, areas of historical significance).

(i) State has adopted tax measure which is designed to give property tax relief to owners of agricultural or open space lands. (A) Preferential Assessment Program—Assessment of eligible land is based upon a selected formula, which is usually use-value. (B) Deferred Taxation—Assessment of eligible land is based upon a selected formula, which is usually use-value and provides for a sanction, usually the payment of back taxes, if the land is converted to a noneligible use. (C) Restrictive Agreements—Eligible land is assessed at its use-value, with a requirement that the owner sign a contract, and a sanction, usually the payment of back taxes if the owner violates the terms of the agreement.

(j) State has legislation authorizing the regulation of floodplains.

STATE ENVIRONMENTAL REVIEW AUTHORITY

State	Environmental Impact Statement			Local government has adopted or has authority to adopt some kind of EIS	Specific geographical review	Environmental review only	Recent innovations
	Review of specific types of proposals	State activities	Private activities				
Alabama	-	-	-	-	Coastal area	Air and water pollution control control.	-
Alaska	-	-	-	January—not mandatory	-	-	-
Arizona	Fish/Game Comm.— Review own acts	-	-	-	-	-	-
Arkansas	Util. plant siting	-	-	-	-	-	-
California	-	X	X	X	-	-	-
Colorado	-	-	-	-	-	Optional	-
Connecticut	Possible require. for powerplants	Guidelines being prepared	-	-	-	-	-
Delaware	Fill projects in wetlands	-	-	-	Industrial activities in coastal zone	-	-
Florida	-	-	-	-	-	Powerplants, dredge & fill, regional impact	-
Georgia	Dept. of Trans.	-	-	-	-	-	-
Hawaii	-	X	Limited	X	-	-	-
Idaho	-	-	-	X	-	-	-
Illinois	Possibly for coal production plants	-	-	-	-	-	-
Indiana	-	X	-	-	-	-	-
Iowa	-	-	-	-	-	-	-
Kansas	-	-	-	-	-	-	-
Kentucky	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	38 state rivers	-
Maine	-	-	-	-	-	-	-
Maryland	Env. Admin.—Requests from state agencies	-	-	-	-	-	Environmental checklist for state agencies (1974)
Massachusetts	-	X	Require a state license or permit	X	-	-	Reg. to have uniform system of preparation (1973)
Michigan	-	Exec. order	Exec. order	-	-	-	-
Minnesota	-	X	X	-	-	-	-
Mississippi	-	-	-	-	State/private activities in coastal zone	-	-
Missouri	-	-	-	-	-	-	-
Montana	Coal mining and strip mining (1974)	X	Which road permit approval	Environ. assessment	-	-	-
Nebraska	Dept. of Roads for own activities	-	-	-	-	-	-
Nevada	For complex sources & utility plant siting	-	-	-	-	-	-
New Hampshire	Limited—airways and wetlands	-	-	-	-	-	-
New Jersey	-	Exec. order— Specific criteria	Require multiple permits from DEP	-	Wetlands—Type B public acts, coastal	-	-
New Mexico	Exec. order—Admin. of state-funded projects	-	-	-	-	-	-
New York	Strip mining	X(1974)	-	X	-	-	-
North Carolina	-	X	-	Optional	-	-	-
North Dakota	-	-	-	-	-	-	-
Ohio	-	-	-	-	-	-	-
Oklahoma	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	Solid wastes, clean streams, air pollution acts & specific areas	-
Rhode Island	-	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-	-
South Dakota	-	X	-	-	-	-	-
Tennessee	-	-	-	-	-	-	-
Texas	-	Policy only	Policy only	-	-	-	-
Utah	-	Exec. order	-	-	-	-	-
Vermont	-	-	-	-	-	Private/State acts which change land use	-
Virginia	-	X	-	-	-	-	-
Washington	-	X	-	X Required	Shoreline permits	-	-
West Virginia	-	-	-	-	-	-	-
Wisconsin	-	X	X	-	-	-	-
Wyoming	-	-	-	-	-	Utility plants—over 100 million (1974-75)	-

*Source: Compiled by the Council of State Governments from information in *Land Use Reports* and Robert W. Burchell and David Livshin, *The Environmental Impact Handbook* (Center for Urban Policy Research, Rutgers State University, New Jersey, 1973).

APPENDIX E

MEASURES FOR EVALUATING THE IMPACTS OF LAND DEVELOPMENTS

(Source: Schnaenman and Muller, 1975, pp. 497-500)

Impact Area ¹	Measure	
I. Local Economy		
Public Fiscal Balance	1. Net change in government fiscal flow (revenues less operating expenditures and annualized capital expenditures).	proves or lessens the overall neighborhood attractiveness, pleasantness, and uniqueness. ⁴
Employment	2. Number of new long-term and short-term jobs provided.	Landmarks 16. Rarity and perceived importance of cultural, historic, or scientific landmarks to be lost or made inaccessible.
	3. Change in numbers and percent employed, unemployed, and underemployed.	
Wealth	4. Change in land values.	
II. Natural Environment²		
Air	5. Change in level of air pollutants and number of people at risk or bothered by air pollution.	
Water	6. Change in level of water pollutants, change in tolerable types of use, and number of persons affected, for each body of water.	
Noise	7. Change in noise and vibration levels, and number of people bothered by excessive noise and vibration.	
Greenery and Open Space	8. Amount and percent change in greenery and open space.	
Wildlife and Vegetation	9. Number and types of endangered or rare species that will be threatened.	
	10. Change in abundance and diversity of wildlife and vegetation in the development and community.	
Scarce Resource Consumption	11. Change in frequency, duration, and magnitude of shortages of critically scarce resources, and the number of persons affected.	
Natural Disasters	12. Change in number of people and value of property endangered by flooding, earthquakes, landslides, mudslides, and other natural disasters.	
III. Aesthetics and Cultural Values³		
Views	13. Number of people whose views are blocked, degraded, or improved.	
Attractiveness	14. Visual attractiveness of the development as rated by citizens and "experts."	
	15. Percent of citizens who think the development im-	
IV. Public and Private Services		
Drinking Water	17. Change in rate of water shortage incidents.	
	18. Change in indexes of drinking water quality and safety.	
Hospital Care	19. Change in number of citizens who are beyond x minutes travel time from a hospital emergency room (using such time as the community considers reasonable).	
	20. Change in average number of days of waiting time for hospital admittance for elective surgery.	
Crime Control	21. Change in rate of crimes in existing community or new development (or expert rating of change in hazard).	
	22. Change in percent of people feeling a lack of security from crime.	
Fire Protection	23. Change in fire incidence rates.	
	24. Change in rating of fire spread and rescue hazards.	
Recreation ⁵	25. Change in the number of people within—or beyond—a reasonable distance (x miles or y minutes) from recreational facilities, by type of facility.	
	26. Change in usage as a percent of capacity; waiting times; number of people turned away; facility space per resident; and citizen perceptions of crowdedness at recreational facilities.	
	27. Change in perceived pleasantness of recreational experience. ⁶	
Education ⁶	28. Change in number of students within x minutes walk or y minutes ride from school, by type of school.	
	29. Number and percent of students having to switch	

- schools or busing status (from walking to busing or vice versa).
30. Change in crowdedness "breakpoints" (such as need for added shifts) or indicators (such as student-teacher ratios); student-teacher, and parent perceptions of crowdedness and pleasantness of schooling.
- Local Transportation⁷ 31. Change in vehicular travel times between selected origins and destinations.
32. Change in duration and severity of congestion.
33. Change in likelihood of finding a satisfactory parking space within x distance from destination or resident.
34. Change in numbers and percent of residents with access to public transit within x feet of their residences; and numbers and percent of employees who can get within x distance of work location by public transit.
35. Change in the rate of traffic accidents (or expert rating of change in hazard presented).
36. Number and percent of citizens perceiving a change in neighborhood traffic hazard; and change in pedestrian usage of streets, sidewalks, and other outdoor space.⁸
- Shopping 37. Change in number of stores and services, by type, available within x distance of y people.
38. Change in the percent of people generally satisfied with local shopping conditions (access, variety, crowdedness).⁸
- V. *Housing and Social Conditions*
- Housing Adequacy 39. Change in number and percent of housing units that are substandard, and change in number and percent of people living in such units.
40. Change in number and percent of housing units by type (price or rent range, zoning category, owner-occupied and rental, etc.) relative to demand or to number of families in various income classes in the community.
- People Displaced 41. Number of residents, or workers, displaced by development—and by whether they are satisfied with having to move.
- Population Mix 42. Change in the population distribution by age, income, religion, racial or ethnic group, occupational class, and household type.
- Crowdedness 43. Change in percent of people who perceive their neighborhood as too crowded.⁸
- Sociability-Friendliness 44. Change in frequency of visits to friends among people in the existing neighborhood, and frequency of visits between people in the existing neighborhood and the new development.
45. Change in percent of people perceiving the neighborhood as friendly.⁸
- Privacy 46. Number and percent of people with change in "visual" or "auditory" privacy.
47. Number and percent of people perceiving a loss of privacy.⁸
- Overall Contentment with Neighborhood 48. Change in percent of people who perceive their community as a good place to live.⁸
- Fairness to All Groups The above measures should be considered with respect to specific clientele groups or population segments that are affected to reflect the quality of fairness in new developments.

APPENDIX F

DEVELOPMENT MANAGEMENT FIRMS

Firm	Assets	Revenue	Operating Income	Net Income	Equity	Debt	Capitalization
The Prudential Realty Group 745 Broad St. Newark, NJ 07101	194.5M	78M (335)	22M (80)	2M (55)	75M (715)	10.7M* (35,500)	6.9M** (9,800)
Trammell Crow Co. 3500 LTV Center Dallas, TX 75201	177.2M	24.6M (134)	6.1M (56)	8.2M (9)	108.3M (2,919)	6.8M (8,465)	23.2M (24,400)
JMB Realty Corp. 875 N. Michigan Ave. Chicago, IL 60611	76.1M	22.9M (70)	35.5M (74)	1.7M (5)			16M** (22,914)
Cushman & Wakefield, Inc. 1166 Avenue of the Americas New York, NY 10036	70M	70M (297)					
Gerald D. Hines Interests 2800 Post Oak Blvd. Houston, TX 77056-6190	68.2M	38.7M (90)	2M (2)	2.3M (26)	20.6M (228)	2.5M (2,366)	2.1M (2,366)
Lincoln Property Co. 1800 Two-Turtle Creek Village Dallas, TX 75219	67M	11.3M (60)	1.1M (12)	145,000 (2)	13M (72)	2.4M (3,500)	39M (52,000)
Coldwell Banker Real Estate Mgmt. Services 533 Fremont Ave. Los Angeles, CA 90071	66M	23.4M (271)	13.8M (215)	2M (107)	16.6M (185)	495,000 (657)	9.8M (11,031)
Vantage Properties, Inc. 2777 Siemmons Freeway Dallas, TX 75207	64.9M	8.9M (74)	635,592 (46)		41.5M (413)	4.2M (9,226)	9.8M (12,619)
The Edward J. DeBartolo Corp. 7620 Market St. Youngstown, OH 44512	64M	1.4M (5)	58M (62)		2M (5)	440,297 (718)	2.3M (1,533)
The PRIME-PM Corp. 5775-E Peachtree Dunwoody Rd. Atlanta, GA 30342	52.4M	18.4M (178)	3.1M (19)		425,000 (8)	234,000 (810)	30.2M (37,800)
First Winthrop Corp. 225 Franklin St. Boston, MA 02110	51.3M	7.8M (28)	265,192 (2)	7M (80)	9.4M (52)	480,900 (1,603)	26.4M (37,735)
Olympia & York 245 Park Ave. New York, NY 10167	50M	50M (20)					
National Corp. for Housing Partnerships 1133 Fifteenth St. N.W. Washington, D.C. 20005	49.9M		130,000 (2)	65,000 (10)			49.7M (62,150)
Grubb & Ellis Co. One Montgomery St. San Francisco, CA 94104	46.2M	5.8M (57)	8.7M		31.3M		432,000 (412)
Cadillac Fairview Corp. 29 Queen St. W. Toronto, Ontario, Canada M5H 3R4	43M	18.5M (24)	17.8M (29)		5.7M (69)	1.1M (841)	(129)
Meivin Simon & Associates, Inc. P.O. Box 7033 Indianapolis, IN 46207	40.8M	1M (3)	39.6M (89)			139,500* (465)	

72/September 1984

*Other commercial includes R&D facilities, warehouses, manufacturing facilities, parking structures, educational facilities, etc.
*Unit figures for apartments/condominiums, when not supplied by respondents, are based on BUILDINGS circulation coverage of 1 unit = 700 square feet. Room figures for hotels/motels are 1 room = 300 square feet.

1.5M	2M						
1.1M	14.8M	150,000	100,000	6	8		
				3	3	2	1
1.4M	3.6M				2		
6.5M							160
100,000	454,000					3	8
1.4M	12.6M	107,488		8	51	19	464
1.7M	4.1M	1.5M	10.5M	20	30	70	125
1.5M	2.1M	1M	1M				
4M	5M						70
1.3M	2.1M	450,000	880,000	3	1	1	5
160,000	4M	140,000	N/A		1		2
1.5M	11.6M		N/A				
2.6M	7.5M	700,000	220,000	8		2	13

APPENDIX G

LARRY SMITH AND COMPANY'S MARKET ANALYSIS (1978)

The following memorandum presents the results of an analysis of the sales potential available to shopping goods facilities proposed to be located in a regional center, East Town Mall, located at Washington and Millertown Pikes in Knoxville, Tennessee. The data presented in this memorandum represent all of the essential elements of a potential analysis. The data are presented in this form in order to accommodate timing requirements and are preliminary only in that the text of the analysis has not yet been completed.

This release covers the following major elements.

1. The site and its location.
2. The Knoxville Standard Metropolitan Statistical Area (SMSA) economic base background.
3. An estimate and projection of the trade area population to be served by the proposed center.
4. An estimate and projection of the trade area average annual per capita expenditure by major store type for the department store type merchandise stores (DSTM).
5. An estimate and projection of the potential generated by the trade area.
6. A review of the existing competing facilities.
7. An estimate of the share of the market potential which would be available to the proposed facilities.
8. An estimate of the facilities warranted by the potential and a suggested development schedule.

Site and Access

The site for the proposed center is a tract of 120 acres located on the northeast side of the city of Knoxville along the route of Interstate 640, a circumferential, which is scheduled to be completed in 1981. According to representatives of the State Highway Department,

this new six lane interstate facility has high priority and the "east leg" connecting I-75 with I-40 is already in the process of completing right-of-way acquisition and construction contracts are to be let in 1979.

The location of the site on a circumferential interstate facility provides it with excellent access to the northeastern quadrant of the Knoxville metropolitan area since it crosses all of the major radial facilities which serve that quadrant. Through connections over Route 40 and the John Sevier Highway, the site also has secondary access to the southern part of the Knoxville metropolitan area to Blount and Sevier Counties.

Of the sites reviewed for this analysis, the subject site is the largest. The next larger sites are 80 and 70 acres located along I-75 at Emory Road and at Callahan Road in the northwestern quadrant of the urban area. The subject site also presents a definite strategic advantage for merchants already represented in the Knoxville market as a paired site with West Town.

The site will actually be located between two interchanges which are designed to function together at Washington Pike and Millertown Pike on I-640. The perception of the site, in view of the proposed highway plans, is that it will have excellent exposure and ingress and egress to the interstate highway system serving the Knoxville metropolitan area.

Economic Base

Three indicators of trends in the Knoxville economy are presented in Tables 1, 2 and 3. Population trends for the decade of the 1960s and a projection to 1980 are shown in Table 1. The metropolitan area population has increased its rate of growth which, especially for the two central counties Blount and Knox, was very substantial during the 60s. The 1970 to 1980 metropolitan area population growth is indicated at about 2% per year. The present population is about 472,000, expected to reach 493,000 by 1980.

The Knoxville area has a well diversified economic base as is reflected in the employment data Table 2. Manufacturing accounts for 28% of the employment followed by 22% in government and 20% in trade.

With very strong elements in the economic base such as the Aluminum Company of America and the Union Carbide nuclear division, along with the Tennessee Valley Authority, the metropolitan area economy has recovered steadily from the 1975 recession and its unemployment has consistently been lower than that of the state as a whole.

The per capita money income levels of the 10 county, which are wholly or partly in the East Town Mall trade area, are shown in Table 3. The central counties of Knox and Blount, which make up the core of the trade area, are generally more affluent. The data also indicate that the per capita income has been increasing at about 10% per year from 1969 to 1974 in current dollars.

Median family income for the state of Tennessee from 1969 through 1975 increased at about 7.3% per year. Utilizing this same rate, the median family income for the Knoxville SMSA is estimated to be about \$15,500 in 1978. Median family income for the suburban portions of the Knoxville urban area is estimated to be at about \$19,000 in 1978.

Sales Potential Analysis

The major factors which directly relate to the delineated East Town Mall trade area begin with the population trends in Table 4. The Primary Zone is the northeastern quadrant of the Knoxville metropolitan area extending westward just beyond I-75. The Secondary A Zone is an extension of the periphery of the trade area generally northeasterly to the state line.

The Secondary B Zone is south of Fort Loudoun Lake and involves primarily Sevier and Blount Counties. The estimated 1978 trade area population is about 437,000 persons and is expected to increase to about 493,000 by 1985.

Per Capita Expenditures

Table 5 displays the trends in per capita income in the trade area. These income levels are reflected in the projected per capita comparison expenditures shown in Table 6. The total comparison goods potential (Table 7) is a product of the population and the expenditures in the appropriate store types for each of the trade area zones. The total trade area comparison goods potential for 1978, 1982 and 1985 shown in Table 7 is currently about \$354 million. This is anticipated to increase in constant 1978 dollars to about \$443 million by 1985.

In order to allocate the potential in the trade area, the major department store competition has been reviewed and indicated in Table 8. This competitive space is evaluated in accord to its estimated effectiveness in Table 9. The space is discounted on the basis of its total potential drawn from the respective segments of the trade area. The competitive facilities are estimated to represent an effective space of 1,662,000 square feet in the total trade area.

Site Share of the Potential

The share of the total potential which the site could capture from each of the zones of the trade area is shown in Table 10. The total comparison goods sales potential at the site in 1978 dollars is estimated to be \$108 million in 1982. This increases to about \$119 million in 1985. Inflation has not been accounted for after 1978.

Warranted Space

The site share of the potential has been translated into square feet of building in Table 11 in accord with the sales performance levels indicated for each store type.

Recommended Development Schedule

A recommended development schedule for the department store type merchandise facilities, which it is judged would provide shopping and financial balance, is shown in Table 12. The furniture, appliance and home furnishings category is not shown at its full warranted size in recognition of the fact that stores of this type generally cannot afford shopping center space. This development schedule does not include any of the ancillary stores other than comparison goods.

POPULATION TRENDS
KNOXVILLE SMSA ⁽¹⁾

<u>Historical</u> ⁽²⁾	<u>1960</u>	<u>1970</u>	Change 1960-1970	
			<u>Numerical</u>	<u>Percent</u>
Knoxville SMSA	376,578	409,409	32,831	8.7%
Anderson County	60,032	60,300	268	0.4
Blount County	57,525	63,744	6,219	10.8
Knox County	250,523	276,293	25,770	10.3
Union County	8,498	9,072	574	6.8

<u>Projected</u> ⁽³⁾	<u>1978</u>	<u>1980</u>	Change 1970-1980	
			<u>Numerical</u>	<u>Percent</u>
Knoxville SMSA	471,960	493,128	83,719	20.4%
Anderson County	63,650	64,600	4,300	7.1
Blount County	73,950	77,000	13,256	20.8
Knox County	323,660	340,528	64,235	23.2
Union County	10,700	11,000	1,928	21.3

- 1) The Knoxville Standard Metropolitan Statistical Area (SMSA) is defined to include Anderson, Blount and Knox Counties, Tennessee; Union County, Tennessee was added to the SMSA definition in April 1973.
- 2) U.S. Department of Commerce, Census of Population and Housing, Tennessee, 1960 and 1970.
- 3) Projections are based upon data provided by the Knoxville/Knox County Metropolitan Planning Commission.

KNOXVILLE METROPOLITAN AREA EMPLOYMENT
(000's)

	<u>April 1976</u>	<u>April 1977</u>	<u>April 1978 P</u>
	.		
Total Non-Agricultural Payrolls	175.9	181.6	185.2
Mining	1.6	1.6	1.6
Contract Construction	9.2	10.4	11.2
Manufacturing	47.9	51.1	52.3
Transportation, Communications and Utilities	7.3	7.5	7.6
Trade	37.7	37.4	37.6
Finance, Insurance and Real Estate	6.8	6.9	6.9
Services	25.5	27.7	27.8
Government	39.9	39.0	40.2
Labor Force	191.8	195.2	193.5
Unemployed - Percent	5.2%	5.2%	4.2%
Tennessee Unemployed - Percent	6.2%	6.3%	5.1%

SOURCE: Employment and Earnings, Bureau of Labor Statistics, Volume 24,
No. 6, Volume 25, No. 6, June 1978.

P - Preliminary.

EAST TOWN MALL TRADE AREA COUNTIES
ESTIMATED PER CAPITA MONEY INCOME

	<u>1969</u>	<u>1974</u>	<u>Percent Change</u> <u>1969-1974</u>
Anderson	\$2,776	\$4,294	54.7
Blount	2,523	4,034	59.9
Campbell	1,521	2,538	66.9
Claiborne	1,540	2,496	62.1
Grainger	1,641	2,618	59.5
Hamblen	2,321	3,500	50.8
Jefferson	1,944	3,033	52.1
Knox	2,743	4,284	56.2
Sevier	2,156	3,437	59.4
Union	1,548	2,427	56.8
Tennessee	2,464	3,821	55.1

SOURCE: Current Population Reports, Series P-25, No. 690, Bureau of
the Census, May 1977.

POPULATION TRENDS
EAST TOWN MALL TRADE AREA

<u>Historical</u>	<u>1970</u> ⁽¹⁾	<u>1975</u> ⁽²⁾	<u>Average Annual Change</u>	
			<u>Numerical</u>	<u>Percent</u>
Primary Zone	126,794	134,585	1,558	1.2%
Secondary A Zone	127,111	142,408	3,059	2.4%
Secondary B Zone	<u>126,078</u>	<u>138,498</u>	<u>2,484</u>	2.0%
Total Trade Area	379,983	415,491	7,101	1.9%
<u>Current and Projected</u> ⁽³⁾	<u>1978</u>	<u>1982</u>	<u>1985</u>	
Primary Zone	140,300	150,200	158,600	
Secondary A Zone	151,600	163,800	173,000	
Secondary B Zone	<u>145,000</u>	<u>154,300</u>	<u>161,300</u>	
Total Trade Area	436,900	468,300	492,900	

- SOURCES: 1) U.S. Census of Population, 1970.
 2) U.S. Department of Commerce, Current Population Reports,
 Series P-25, No. 690, May 1977.
 3) Larry Smith & Company, Ltd. estimates based on projections
 as of June 1978 by the Knoxville Metropolitan Planning
 Commission and Tennessee State Planning Office.

MEAN PER CAPITA INCOME TRENDS
EAST TOWN MALL TRADE AREA

	<u>1969</u> ⁽¹⁾	<u>1978</u> ⁽²⁾	<u>1982</u> ⁽³⁾	<u>1985</u> ⁽³⁾	Index 1978 (Tennessee = 100.0)
Primary Zone	\$2,610	\$5,460	\$5,800	\$6,060	100.6
Secondary A Zone	1,832	4,100	4,350	4,550	75.5
Secondary B Zone	2,524	5,690	6,030	6,310	104.8
Total Trade Area	2,322	5,060	5,400	5,610	93.2
Knoxville SMSA*	\$2,687	\$6,010	\$6,380	\$6,670	110.7
State of Tennessee	\$2,464	\$5,430	\$5,760	\$6,030	100.0

SOURCES: 1) U.S. Census of Population, 1970, which reports income for 1969.

2) Larry Smith & Company, Ltd. estimates based on 1969-1974 compound growth rate trends reported by the U.S. Department of Commerce, Current Population Reports, Series P-25, No. 690, May 1977.

3) Larry Smith & Company, Ltd. projections based on a real income increase of 1.5% annually over 1978.

* NOTE: Knoxville Standard Metropolitan Statistical Area (SMSA) includes Knox, Anderson, Blount and Union Counties.

PROJECTED PER CAPITA COMPARISON GOODS EXPENDITURES
EAST TOWN MALL TRADE AREA

	<u>1978</u>	<u>1982</u>	<u>1985</u>
<u>Primary Zone</u>			
Department Store	\$437	\$464	\$485
Apparel/Accessory	175	186	194
Furniture/Appliance	175	186	194
Other Comparison	<u>87</u>	<u>93</u>	<u>97</u>
Total Comparison Goods	\$874	\$929	\$970
<u>Secondary A Zone</u>			
Department Store	\$328	\$348	\$364
Apparel/Accessory	131	139	146
Furniture/Appliance	131	139	146
Other Comparison	<u>66</u>	<u>70</u>	<u>73</u>
Total Comparison Goods	\$656	\$696	\$729
<u>Secondary B Zone</u>			
Department Store	\$455	\$483	\$505
Apparel/Accessory	182	193	202
Furniture/Appliance	182	193	202
Other Comparison	<u>91</u>	<u>97</u>	<u>101</u>
Total Comparison Goods	\$910	\$966	\$1,010

SOURCE: Larry Smith & Company, Ltd. estimates.

TOTAL COMPARISON GOODS SALES POTENTIAL
EAST TOWN MALL TRADE AREA

(000's...constant 1978 dollars)

	<u>1978</u>	<u>1982</u>	<u>1985</u>
<u>Primary Zone</u>			
Department Store	\$ 61,310	\$ 69,690	\$ 76,920
Apparel/Accessory	24,550	27,940	30,770
Furniture/Appliance	24,550	27,940	30,770
Other Comparison	<u>12,210</u>	<u>13,970</u>	<u>15,380</u>
Total Comparison Goods	\$122,620	\$139,540	\$153,840
<u>Secondary A Zone</u>			
Department Store	\$ 49,720	\$ 57,000	\$ 62,970
Apparel/Accessory	19,860	22,770	25,260
Furniture/Appliance	19,860	22,770	25,260
Other Comparison	<u>10,010</u>	<u>11,470</u>	<u>12,630</u>
Total Comparison Goods	\$ 99,450	\$114,010	\$126,120
<u>Secondary B Zone</u>			
Department Store	\$ 65,980	\$ 74,530	\$ 81,460
Apparel/Accessory	26,390	29,780	32,580
Furniture/Appliance	26,390	29,780	32,580
Other Comparison	<u>13,200</u>	<u>14,970</u>	<u>16,290</u>
Total Comparison Goods	\$131,960	\$149,060	\$162,910
<u>Total Trade Area</u>			
Department Store	\$177,010	\$201,220	\$221,350
Apparel/Accessory	70,800	80,490	88,610
Furniture/Appliance	70,800	80,490	88,610
Other Comparison	<u>35,420</u>	<u>40,410</u>	<u>44,300</u>
Total Trade Area Comparison			
<u>Goods Sales Potential</u>	<u>\$354,030</u>	<u>\$402,610</u>	<u>\$442,870</u>

SITE SHARE OF TRADE AREA
COMPARISON GOODS SALES POTENTIAL
(000's...constant 1978 dollars)

	<u>Site Share</u>	<u>1982</u>	<u>1985</u>
<u>Primary Zone</u>	44.5%		
Department Store		\$31,010	\$34,230
Apparel/Accessory		12,430	13,690
Furniture/Appliance		12,430	13,690
Other Comparison		<u>6,220</u>	<u>6,840</u>
Total Comparison Goods		\$62,090	\$68,450
<u>Secondary A Zone</u>	24.0%		
Department Store		\$13,680	\$15,110
Apparel/Accessory		5,460	6,060
Furniture/Appliance		5,460	6,060
Other Comparison		<u>2,750</u>	<u>3,030</u>
Total Comparison Goods		\$27,350	\$30,260
<u>Secondary B Zone</u>	6.0%		
Department Store		\$ 4,470	\$ 4,890
Apparel/Accessory		1,790	1,950
Furniture/Appliance		1,790	1,950
Other Comparison		<u>890</u>	<u>980</u>
Total Comparison Goods		\$ 8,940	\$ 9,770
<u>Total Trade Area (Plus 10%)</u>			
Department Store		\$54,080	\$59,650
Apparel/Accessory		21,650	23,870
Furniture/Appliance		21,650	23,870
Other Comparison		<u>10,850</u>	<u>11,940</u>
<u>Total Comparison Goods Sales Potential at Site</u>		<u>\$108,230</u>	<u>\$119,330</u>

WARRANTED REGIONAL CENTER COMPARISON GOODS
SPACE AT SITE

<u>Store Type</u>	<u>Sales Level Per Sq. Ft.</u>	<u>Gross Sq. Ft. (nearest 5,000 sq. ft.)</u>	
		<u>1982</u>	<u>1985</u>
Department Store	\$100	540,000	595,000
Apparel/Accessory	135	160,000	175,000
Furniture/Appliance	90	240,000	265,000
Other Comparison	175	<u>60,000</u>	<u>70,000</u>
Total Comparison Goods Space		<u>1,000,000</u>	<u>1,105,000</u>

SOURCE: Larry Smith & Company, Ltd. estimates.

RECOMMENDED DEVELOPMENT SCHEDULE

<u>Store Type</u>	<u>Size (Sq. Ft. GLA)</u>
<u>Comparison Goods</u>	
Department Store	540,000-590,000
Apparel/Accessory	160,000-175,000
Furniture/Appliance/Home Furnishings	10,000- 15,000
Other Comparison	<u>60,000- 70,000</u>
Total Comparison Goods	770,000-850,000

SOURCE: Larry Smith & Company, Ltd. estimates.

APPENDIX H

LETTER TO DARCY SULLIVAN FROM GEORGE EWING

GEORGE EWING REALTY ASSOCIATES

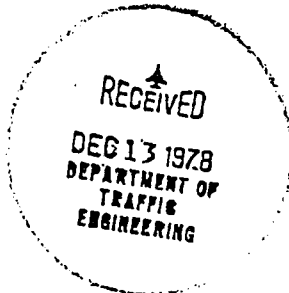
SUITE 200, 6666 POWERS FERRY ROAD, N.W.
ATLANTA, GEORGIA 30339
404 955-4343

December 12, 1978

Mr. Darcy Sullivan
City Traffic Engineer
1400 Loraine Street
Knoxville, Tennessee 37921

RE: East Town Mall
Knoxville, Tennessee

Dear Mr. Sullivan:



Jerry Wentzel called me this morning to tell me of the meeting that you have set-up with the Department of Transportation in Nashville on Friday, and your need for an accurate assessment of the status of the development of East Town, as of the present date.

For your information, I am enclosing a copy of a market study done by Larry Smith and Associates for this project. I am sure you are familiar with the reputation of the Larry Smith organization and can accept their conclusions as being valid. The recommended level of development, when increased by food and service facilities not incorporated within their report, indicates a Center of about 925,000 square feet or essentially the size of West Town which we leased in its initial development, opened in 1972 and expanded in 1973. Based on conversations with our own market research people (Larry Smith) and with the market research people for some of the department stores, I feel very confident that a Center will be built on this site sometime during the 1980's. At the present time, this site and a site on I-75 in the vicinity of Emory Road are being considered. It is my feeling that if we are successful in concluding negotiations with the four majors of West Town and build a 925,000 square foot Center that it will be opened in the Spring of 1982, and in all likelihood, no Center will be built in the I-75 corridor within the reasonably near future. If the majors elect to go to I-75 for a 1982 opening, I believe the East Town site will be developed in the mid-80's on a somewhat smaller, but still very significant basis, in the range of 600,000 square feet or better. Quite frankly, we expect to be successful on the larger scale basis so we have not done the research for the alternate development to determine what exactly the potential would be.

Presently, the feedback we get from the four major department stores of West Town is this:

One store, I think, clearly prefers the East Town site.

One store clearly prefers that nothing happen, but indicates that it will join the Center successful in attracting the other three anchors. It also expressed the feeling that the East Town site was the better of the two.

~~GEORGE A. EWING~~

Mr. Darcy Sullivan
December 12, 1978
Page Two

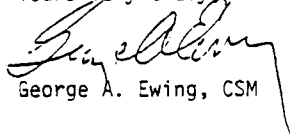
One store is leaning towards I-75, but is reevaluating the situation based on the truly regional scope of the market for East Town, as opposed to the somewhat more limited draw of the I-75 site. It is our feeling that anything that can be drawn to I-75 can be drawn to East Town, but that the reverse is not true. Not all traffic available to East Town can be drawn to I-75. While at this time this store is leaning as to I-75, we are hopeful of convincing them that East Town offers the better opportunity.

One store is visiting Knoxville this week and will have a clearer idea within the next few days of where its preference falls. It is only a guess, but I think that its leaning, prior to visiting Knoxville, was towards the East Town site.

Mr. Sullivan, I have tried to be as objective and realistic in this analysis as it is possible to be. This is no "pie in the sky" wishful thinking. It would be easy to say that all four majors have encouraged us with statements to the effect that, "The site has real merit, and we are interested in discussing its development with you." This statement would be true. I have attempted to go beyond that statement, which obviously is not a commitment on anyone's part, to realistically appraise the underlying feeling of the decision makers with these department stores. While I feel very good about the position that we are in with regard to the competitive situation in Knoxville, neither I nor our competitors can give you an unequivocal commitment from any department store for an opening in the 1982 time frame. We believe we will be successful in this competition, but, at worst, feel that the Center will be built on the site sometime during the coming decade, along with significant other peripheral development in the form of offices, multi-family, motels, etc.

I trust that this analysis will serve your purpose and will be happy to talk to you about our progress at any time.

Yours very truly,


George A. Ewing, CSM

GAE:gg

Enclosure

APPENDIX I

ORIGINAL TRAFFIC ANALYSIS BY BARTON-ASCHMAN AND ASSOCIATES
(1979)

**SITE TRAFFIC ANALYSIS
FOR
EAST TOWN DEVELOPMENT
Knoxville, Tennessee**

Prepared for
Oliver Smith Realty

By Barton-Aschman Associates, Inc.
Evanston, Illinois

January, 1979

CONTENTS

List of Figures and Tables, iii

1.		
INTRODUCTION		1
Study Procedures		2
2.		
SITE ACCESSIBILITY		3
Proposed I-640 Interchanges		6
3.		
TRAFFIC CHARACTERISTICS OF THE DEVELOPMENT		9
Peak Period		9
Traffic Generation		10
Directional Distribution		11
4.		
ANALYSIS OF ROADWAY SYSTEM		16
Recommended Access System		18
Recommended Design Changes to Proposed I-640 Interchanges		21
Recommended Roadway Improvements		26
5.		
SUMMARY		28

LIST OF FIGURES AND TABLES

Figures

1. Site Location and Area Roadways	4
2. Proposed Design of I-640 Interchanges	7
3. Estimated Directional Distribution of Patron Traffic (Percentages)	13
4. Estimated Directional Distribution of Patron Traffic (Design Volumes)	15
5. Estimated 1998 P.M. Peak-Hour Traffic (Tennessee DOT)	17
6. Estimated 1998 P.M. Peak-Hour Traffic (Barton-Aschman Associates, Inc.)	20
7. Recommended Site Access and Roadway Improvements	22
8. Alternate Designs for Crossover Bridge	25

Tables

1. Site Development Program	10
2. Estimated P.M. Peak-Hour Site-Generated Traffic	11
3. Estimated Directional Distribution of Patron Traffic	14

1. INTRODUCTION

A regional commercial development is being proposed for the northeastern section of Knoxville, Tennessee; the development is being called East Town. The development is planned to be similar in composition and size to the existing West Town development located on the city's west side. However, the developers anticipate that East Town will be more accessible than West Town because of the traffic-carrying capabilities of the roadway system proposed for the area.

The East Town site consists of approximately 115 acres located between Millertown and Washington Pikes fronting along the proposed alignment of Interstate 640. The proximity of the site to two proposed interchanges on I-640 at Millertown and Washington Pikes is a major factor contributing to its regional accessibility. The final design plans for I-640 are now being prepared by the Tennessee Department of Transportation, and they are committed to the opening of this six-lane freeway by 1981.

This report presents the findings and recommendations of a traffic analysis commissioned by the developers of East Town. The purposes of this analysis were:

1. To analyze the impact of the development program upon the operation of the adjacent roadway system; in particular, the I-640 interchange configurations proposed by the Tennessee Department of Transportation.
2. To evaluate alternative site access schemes to determine which scheme provides the most efficient access to the site and minimizes the traffic impact upon adjacent roadways.
3. To recommend modifications to the proposed roadway system to ensure that it will accommodate expected traffic volumes safely and efficiently.

Study Procedures

The analysis included the following elements:

1. *Collection of Data.* A comprehensive field reconnaissance of the site and adjacent roadways was conducted to inventory existing roadway and traffic characteristics and to identify current travel patterns. Data regarding traffic volumes, proposed roadway improvements, and expected development plans for the area were obtained from officials of the City of Knoxville, the County of Knox, the Knoxville-Knox County Metropolitan Planning Commission, and the Tennessee Department of Transportation.
2. *Analysis of Traffic Characteristics.* The peak period, volumes, and directional distribution of trips (destined to or from the area) on the roadway system were determined based upon data obtained from empirical surveys conducted at similar developments, and from projections of the distribution of population in the trade area of the development.
3. *Analysis of Site Access and Roadway Needs.* A preliminary plan for site access and external roadway improvements was developed and tested based upon estimated traffic demand that will result from the area development program. Capacity analyses were performed for key intersections in the vicinity of the site to identify access, roadway, and traffic control needs. The findings were then reviewed with the City of Knoxville and the Tennessee Department of Transportation.
4. *Formulation of Recommendations.* Recommendations were formulated for the site access system including the number, location, and general design characteristics of the site access drives. In addition, the improvements that would be necessary on the external street system in order to facilitate traffic flow were identified. Specific emphasis was placed upon the evaluation of the preliminary design plans for the proposed I-640 interchanges at Millertown and Washington Pikes.

2. SITE ACCESSIBILITY

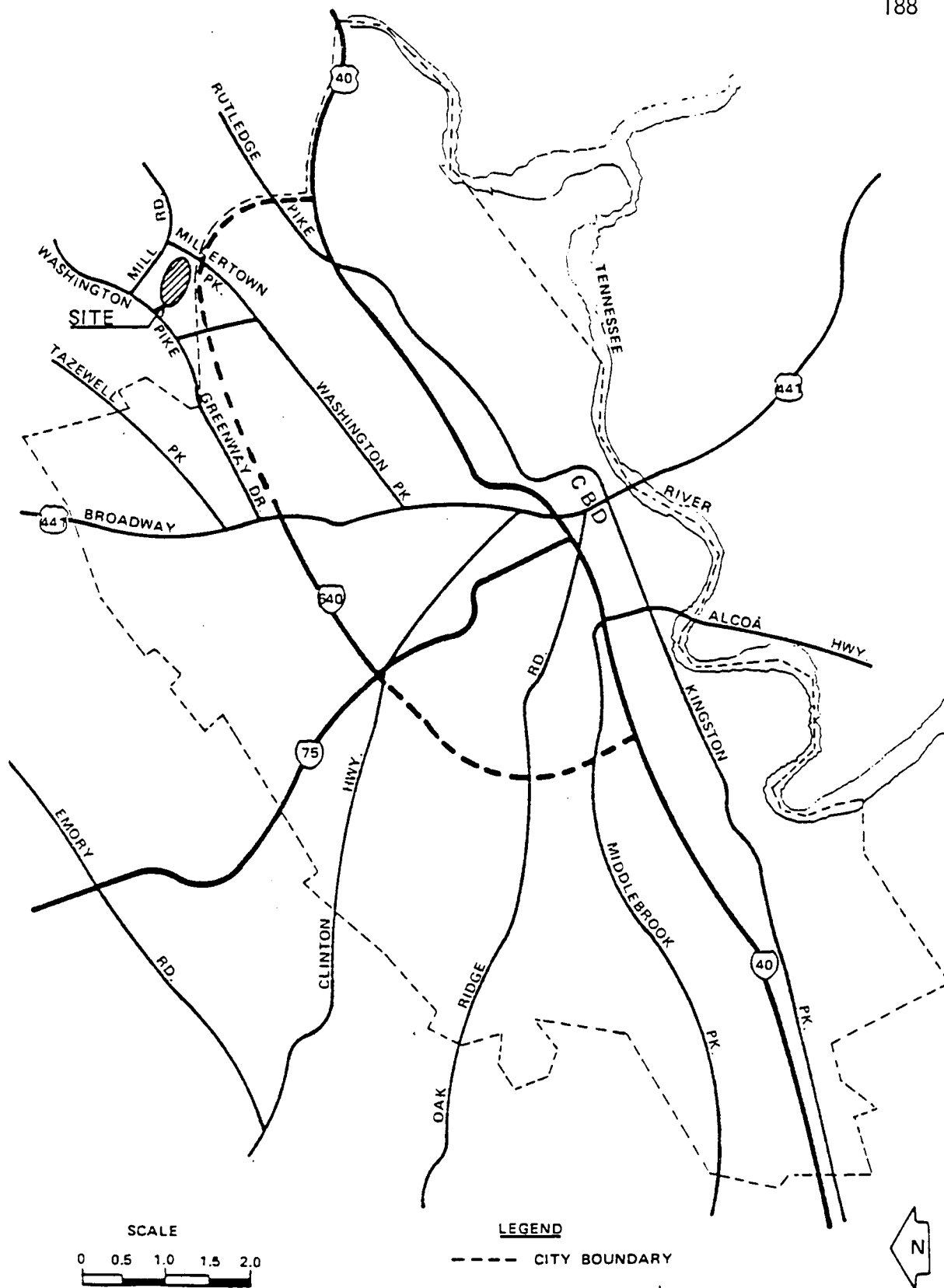
The location of the East Town site with respect to the region is shown in Figure 1. The site is adjacent to the Knoxville city boundaries and marks the edge of urban development in the area. It is approximately the same distance from the downtown area as West Town, but at the opposite end of the city.

The land in the vicinity of the site is primarily undeveloped and rural in character. The accessibility afforded this area by the existing roadway system has been adequate to support only low-density single-family development and rural agricultural land-use. However, the completion of I-640 around Knoxville and the opening of the interchanges at Millertown and Washington Pikes will improve the accessibility of this area substantially. It is expected that this improvement to the accessibility will, in turn, foster new and more intense development of this area. Certainly, East Town would serve as a catalyst in stimulating such new development.

Because the area around the East Town site is now largely open, it is difficult to predict what type of development will occur there in the future. The improvement in accessibility will encourage new development, but terrain, soil conditions, and availability of utilities will still be constraining factors. It is probably safe to assume that the area in the immediate vicinity of East Town will develop intensely, consistent with the type of development that normally occurs around a regional commercial center. Farther from the site, development will probably depend more upon the overriding factors of terrain and soil conditions. Given this situation, the roadways in the vicinity of the site should be designed to provide a high level of service with sufficient flexibility to accommodate an intense development program in the site area.

The primary roadways now serving the site and the surrounding areas are described below.

Millertown Pike is a two-lane rural road that extends approximately eight miles from Washington Pike in the City of Knoxville to Rutledge Pike near Skaggston in Knox County. This route is not a major traffic carrier because the land along its



SITE LOCATION AND AREA ROADWAYS

alignment is sparsely developed, and, for the most part, it parallels Rutledge Pike which is the major traffic carrier in this corridor. The average daily traffic volume on Millertown Pike varies from 3,220 vehicles in Knoxville to 1,980 vehicles in Knox County. Millertown Pike is one of the three routes providing access to the East Town site; the others are Love Creek Road and Humphrey Road. Of course, this situation will change with the construction of I-640 through this area.

Millertown Pike is important to the East Town site because it provides direct access to the existing populated areas within the City of Knoxville and the growing areas in northeast Knox County. More importantly, it provides an alternative access route to the site for traffic that will use I-640.

Washington Pike is a route similar to Millertown Pike. It is a two-lane road that extends for 15 miles from Broadway (U.S. Route 441) in Knoxville to the Union County line. Traffic volumes range from 3,140 vehicles per day in the city to approximately 500 vehicles per day near Union County. Washington Pike is important to East Town because it provides access to the site from existing populated and growing areas and because of its proposed interchange with I-640.

Love Creek Road is a two-lane roadway which extends into the site from Rutledge Pike. Its alignment extends along Love Creek and links with Chilhowee Road on the east and Mill Road on the west. The intersections of Love Creek Road with Millertown Pike and Rutledge Pike are controlled by traffic signals. Love Creek Road contains numerous curves and has a narrow two-lane railroad underpass near Rutledge Pike. Both of these factors decrease the stature of Love Creek Road as a major traffic carrier.

Love Creek Road is important to East Town because its eastern extension (Chilhowee Road) is one of two roadways which cross Interstate 40 in this area; Springhill Road is the other roadway. This route will provide access to the site from the Holston Hills area and for motorists using Rutledge Pike (Rutledge Pike does not have an interchange with I-640).

Mill Road is a two-lane rural road that extends approximately one mile between Millertown and Washington Pikes across the north side of the proposed development site, paralleling the Southern Railroad tracks. Mill Road will serve as the most direct access route for patrons who will be traveling to the site from the northeast on either Washington or Millertown Pikes. The proximity of the railroad tracks to Mill Road and the frequent use of these tracks by freight trains will somewhat reduce the desirability of using this route for access to the site because patrons must cross these tracks to enter the site.

Greenway Drive is a two-lane road which extends from Washington Pike into Knoxville and links with both Tazwell Pike (via Beverly Road) and Broadway. This route is narrow and winding and carries only 1,870 vehicles per day. Greenway Drive will provide the most direct access to the site from the sections of Knoxville north of I-640.

From the previous description of existing roadways in the vicinity of the site, it is obvious that the key to the regional accessibility of the site is the proposed Interstate 640 and its interchanges at Millertown and Washington Pikes. The proposed I-640 interchange configurations are shown in Figure 2 along with a general site plan for East Town, and the interchanges are described in the following section.

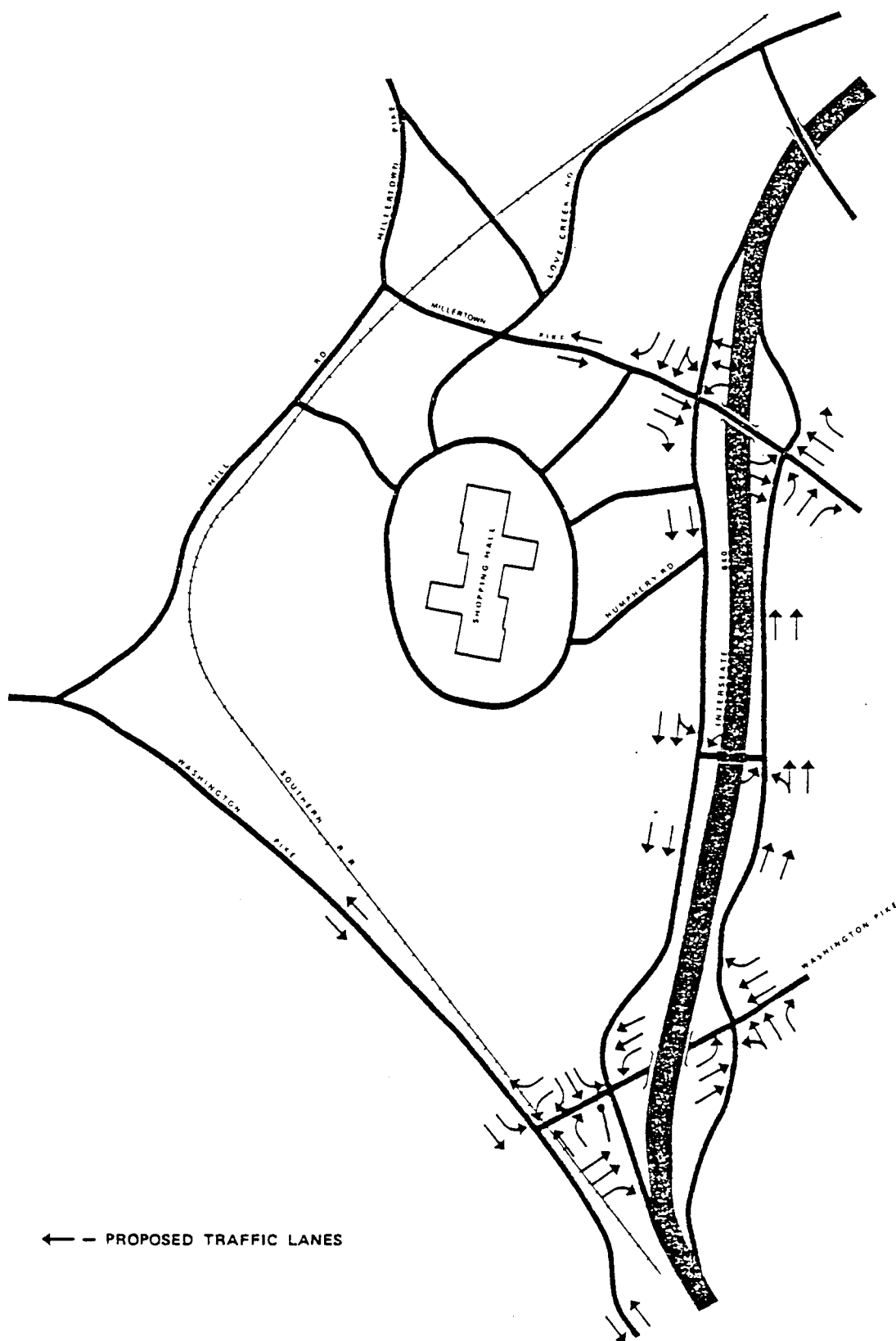
Proposed I-640 Interchanges

Interstate 640 is a proposed six-lane circumferential freeway around central Knoxville that will link I-40 east and west of the central area with I-75 to the north. It is anticipated that this facility will reduce much of the congestion that occurs along I-40 and I-75 near the downtown at "malfunction junction." The present status of I-640 is as follows:

- The segment between I-75 and Broadway is completed and open to traffic.
- The segment between I-75 and I-40 on the west is under construction and is scheduled for opening in January, 1980.
- The segment between Broadway and I-40 on the east is now being designed by the Tennessee Department of Transportation. Right-of-way is being acquired and opening of the facility has been scheduled for January, 1981.

The most recent design plans for the eastern segment of I-640 identify two interchanges between I-40 and Broadway. These interchanges are located at Millertown and Washington Pikes and consist of partial diamond configurations connected by two one-way frontage roads extending the mile between the interchange ramps. A two-lane bridge over I-640 is to be provided at the midpoint between Millertown and Washington Pikes, connecting the two-lane frontage roads. The Tennessee Department of Transportation has purchased access rights to the frontage roads for 300 feet on either side of the bridge location to prevent additional traffic conflicts from occurring near these critical intersections. District officials commented that they would consider permitting major access driveways opposite the bridge location if it would improve the overall operation of the interchange.

The I-640 construction project will include the widening of Millertown Pike for 500 feet on either side of the interchange, the widening of Washington Pike from 500 feet south of I-640 to 1,100 feet east of the intersection with Greenway Drive, and the widening of Greenway Drive from Washington Pike to approximately 1,650 feet west of Washington Pike. The Millertown Pike bridge over I-640 is to have 24 feet of pavement and 10-foot shoulders for each direction separated by a 16-foot median area; the median area will be used as a separate left-turn lane at the ramp intersections. Washington Pike will pass under I-640 and will have the same cross



PROPOSED DESIGN OF I-640 INTERCHANGES

section as Millertown Pike. This will narrow to a five-lane divided cross section over the Southern Railroad tracks near Greenway Drive. Greenway Drive-Washington Pike will be widened to an adequate two-lane roadway with separate left-turn and right-turn lanes at the Washington Pike intersection.

It should be pointed out that the state's plans for I-640 are not finalized at this time. District officials have indicated that modifications could be considered if submitted prior to the letting of final design contracts and if arrangements could be made for funding additional items. The bridges are the most critical items in terms of the design schedule; the bridge design contracts will be let by the state in early 1979.

3. TRAFFIC CHARACTERISTICS OF THE DEVELOPMENT

The proposed development will consist of retail, office, and residential land-uses. The approximate areas devoted to each of the uses are shown in Table 1.

Three specific traffic characteristics of the development must be analyzed in order to evaluate its impact upon traffic conditions and to determine future roadway requirements. These are:

1. The time period of peak traffic generation.
2. The traffic volumes generated during this period.
3. The directional distribution of trips on the area roadway system.

Peak Period

Each land-use type characteristically will exhibit a period of peak traffic volume. The time period of this peak depends on the type of land-use. In a development such as that proposed, it is the combination or overlapping of the peaks for each land-use that determines the overall peak period.

Regional commercial facilities normally experience three traffic peaks on weekdays and one peak on weekends. The first of the weekday peaks occurs simultaneously with the evening through traffic peak, 4:30 P.M. to 5:30 P.M. The second occurs from 7:00 P.M. to 8:00 P.M. when the inbound movement reaches its peak, and the third occurs from 9:00 P.M. to 10:00 P.M. when the outbound movement reaches its peak. The weekend peak normally occurs on Saturday afternoon. Residential and office developments exhibit similar peaking characteristics in that both have peak flow periods which correspond to the normal morning and evening rush hours.

Due to the characteristics of the component land-uses in the proposed development, the overall peak period will be the evening peak hour (4:30 P.M. to 5:30 P.M.).

SITE DEVELOPMENT PROGRAM

Land-use	Development	Land Area	Building Area
Commercial/Retail	Regional Shopping Center	61A	850,000 square feet
Commercial/Retail	Peripheral Stores	13A	132,500 square feet
Commercial/Office	Office Buildings	10A	150,000 square feet
Commercial/Service	Motel	2A	100 rooms
Commercial/Industrial	Mini-Warehouse	9A	278,000 square feet
Residential	Multi-Family Units	20A	162 units

Traffic Generation

Traffic generation characteristics for a development are based upon the magnitude and character of its land-use. For the proposed development, traffic generation was based upon the land-use types and intensities listed in Table 1.

Other factors which affect traffic generation are the availability of alternative transportation modes (i.e., public transportation) and the average occupancy ratio per automobile.

The feasibility of public transportation is a topic of contemporary interest, but its implementation must be justified due to the high initial investment. The land-use patterns (developing and planned) in this area of Knoxville are closely associated with auto transportation due to the accessibility of the site. If a public transit system is initiated in the area, it cannot be expected to replace the automobile, but rather to supplement it.

It is plausible that as the northeast portion of the city develops, and the need for transit service is identified, the service will be extended to serve this area. It is currently impossible to estimate the nature of the public transit service and its effect on reducing auto travel. It has been assumed for analysis purposes that all trips destined to or from the site would be made by auto. The estimated number of trips is indicated in Table 2.

The traffic volumes listed in Table 2 reflect the expected traffic generation characteristics of each land-use component on the site rather than the total traffic to be generated to and from the site. To determine total site traffic generation, consideration must be given to the interaction among the various components on the site (e.g., some vehicles exiting the regional shopping center will be destined to the peripheral stores, some to the multi-family units). Empirical studies have shown that this interaction among land-uses on a site results in approximately a 15 percent reduction in the number of trips that would be obtained by totaling the

ESTIMATED P.M. PEAK-HOUR SITE-GENERATED TRAFFIC

Development	Inbound Vehicles	Outbound Vehicles	Total Vehicles
Regional Shopping Center	1,445	1,615	3,060
Peripheral Stores	200	200	400
Office Buildings	60	240	300
Motel	45	45	90
Mini-Warehouse	Negligible	Negligible	Negligible
Residential	70	30	100

individual generations of each component. Thus, it is estimated that the East Town development will generate approximately 3,300 vehicles during the P.M. peak hour on a design day—1,500 vehicles inbound and 1,800 vehicles outbound.

Directional Distribution

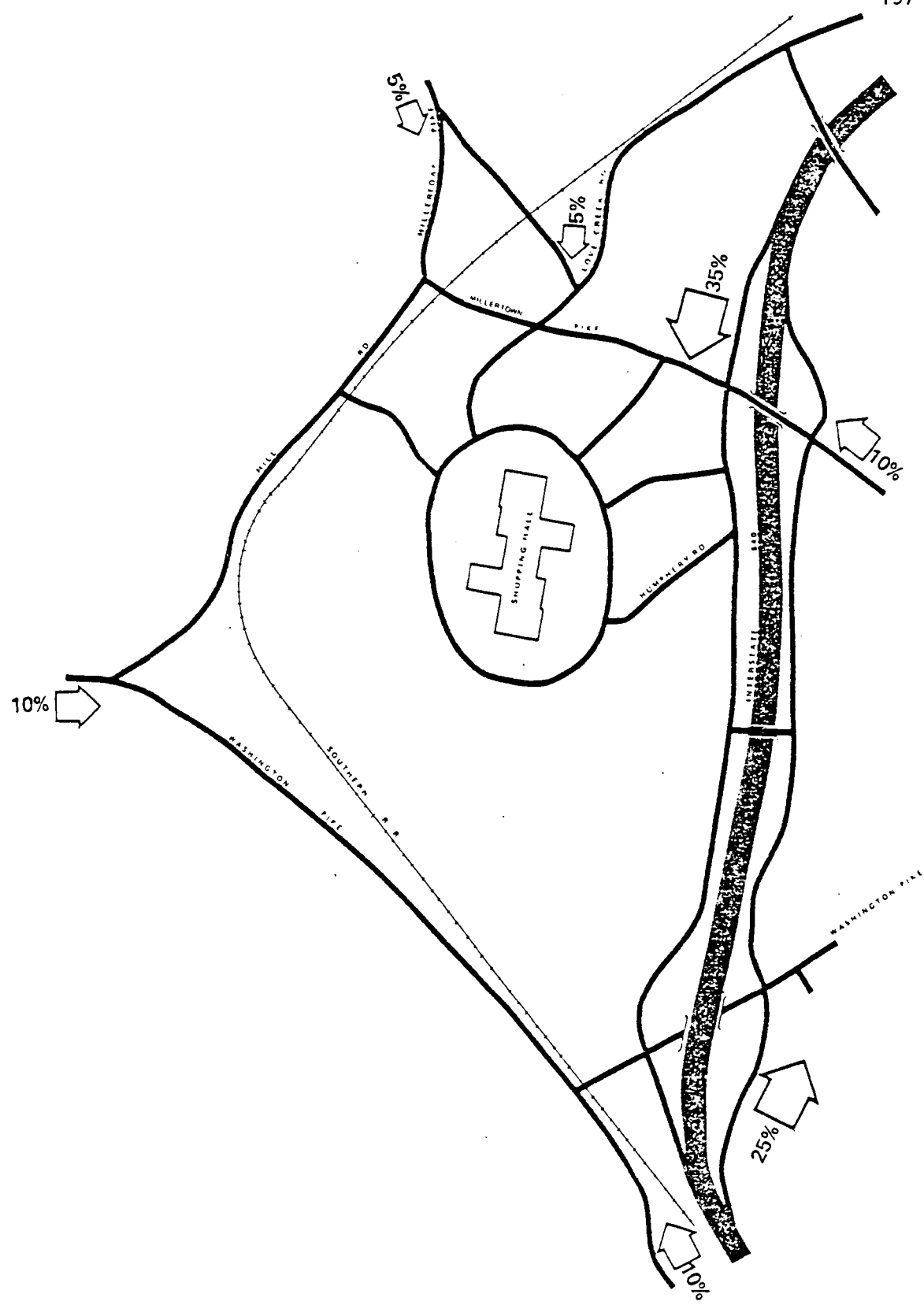
The directional distribution of site-generated trips is a function of several variables. These include the distribution of population within the development's trade area, operational characteristics of the street system, and the ease with which drivers can travel over various sections of the road system without encountering congestion.

The trade area for the East Town development was determined by Larry Smith & Company, Ltd. as part of its analysis of sales potential for the development. The trade area is limited on the west by the existence of competitive facilities, primarily the West Town Shopping Center. The boundary of the trade area has been located approximately midway between the East Town site and West Town. The central part of the city has been excluded from the trade area to allow for the effect of downtown Knoxville shopping facilities. The trade area extends northward to the Tennessee-Kentucky state line, but most of this area is considered to be in the secondary market zone because of its distance from the site. Distance is the factor which influences the configuration of the trade area to the north, the east, and the south. The 1975 population within the trade area was 415,491, and it was estimated to increase to 492,900 by 1985.

It has been shown that shopping trip frequency will decrease as the travel distance between the potential patron and the proposed center increases. The trip generation is also proportional to the population density in the specified area. The combination of these factors can be used to determine the relative number of trips generated by a given area, depending on its population and distance from the site. These trips can then be distributed to the various roadways leading to the site on routes which tend to minimize shopper travel time. The trips on each approach route to the site are then totaled in order to obtain the proportion of total site traffic which will use each approach route.

The projected year 1980 population distribution data obtained from the Knoxville-Knox County Metropolitan Planning Commission was used to determine the distribution of trips shown in Figure 3 and listed in Table 3.

The impact of this directional distribution upon traffic volume patterns can be seen most clearly by the conversion of the distribution percentages to P.M. peak-hour trips. The 3,300 vehicle-trips estimated to be generated by East Town during the P.M. peak hour were assigned to the street system according to the directional distribution previously identified. The results of this distribution are shown in Figure 4. It is obvious from this assignment that the operation of the proposed I-640 interchanges at Millertown and Washington Pikes will be a key factor affecting the efficiency of travel to and from the site.



ESTIMATED DIRECTIONAL DISTRIBUTION OF PATRON TRAFFIC (PERCENTAGES)

ESTIMATED DIRECTIONAL DISTRIBUTION OF PATRON TRAFFIC

Percentage	Route
35%	To and from the east on I-640
25	To and from the west on I-640
10	To and from the south on Millertown Pike
10	To and from the west on Greenway Drive
10	To and from the north on Washington Pike
5	To and from the north on Millertown Pike
5	To and from the east on Love Creek Road

4. ANALYSIS OF ROADWAY SYSTEM

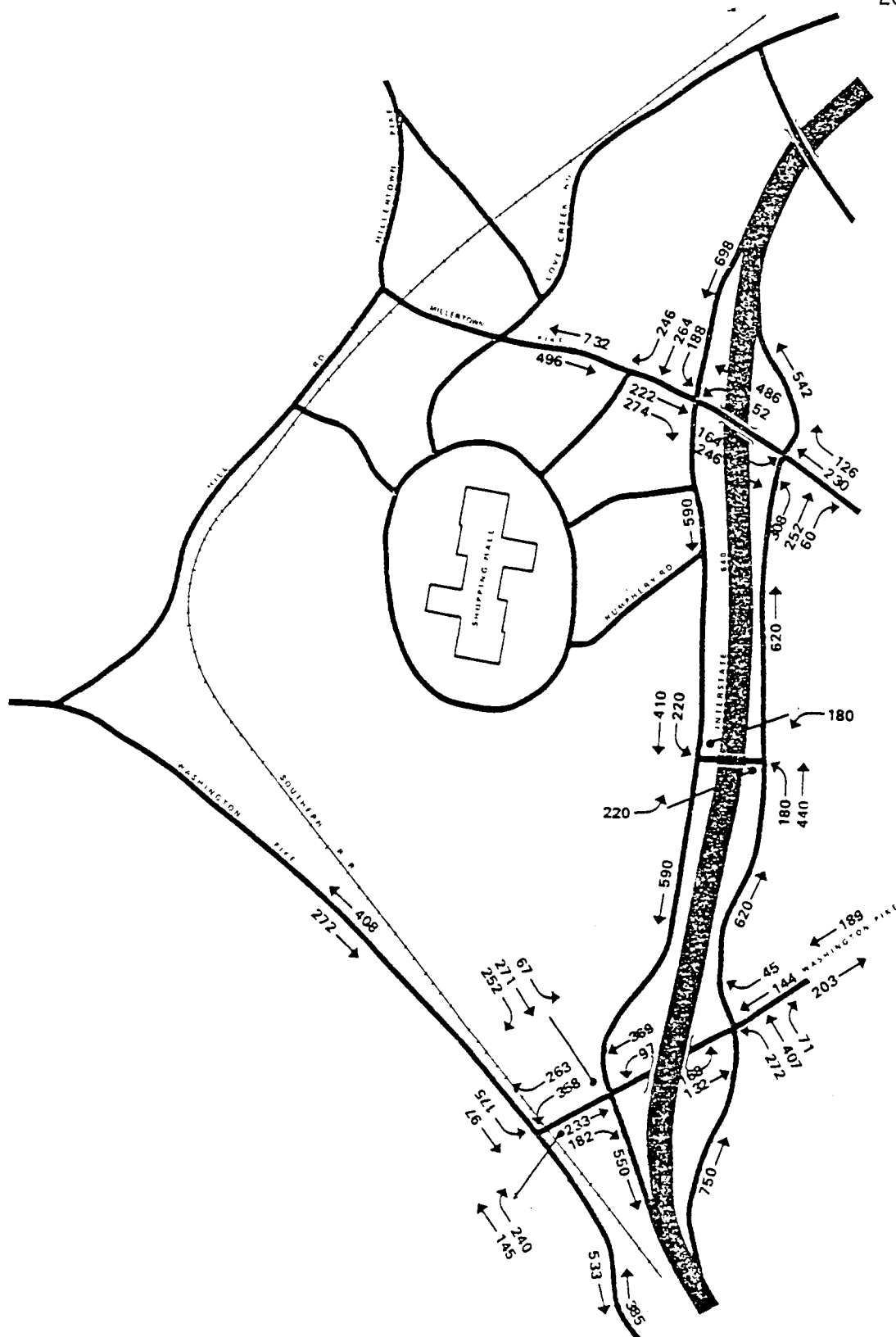
An analysis of the roadway system was accomplished by preparing revised 1998 peak-hour traffic projections for the area roadway system and by performing capacity calculations at the key intersections in the area. For those intersections where a satisfactory level of service (Level of Service C) was not provided by the number and operational characteristics of lanes proposed, modifications were tested to determine the appropriate changes that would improve traffic service. The results of this analysis were the basis for final recommendations regarding site access and external roadway improvements.

A major factor in the analysis of the roadway system was the consideration of alternative site access schemes. The preliminary site planning work identified five points of access to the external roadways with a possible sixth access driveway if deemed necessary. The five access driveways were:

- One driveway to Mill Road.
- One driveway to Love Creek Road.
- One driveway to Millertown Pike.
- Two driveways to the I-640 westbound frontage road.

The possible sixth driveway was to extend to the bridge over I-640. Because the need for this driveway was to be evaluated as part of the study, it was necessary to prepare alternative traffic assignments.

In connection with the I-640 project, the Tennessee Department of Transportation prepared 1998 design-hour traffic projections for the interchanges at Millertown and Washington Pikes. These traffic projections are shown in Figure 5. They were reported to have included traffic generated by development on the East Town site. However, a development of the intensity proposed for East Town was not considered. Therefore, it was necessary to revise the state's projections to obtain traffic volumes which more accurately reflect the development program now being considered.



ESTIMATED 1998 P.M. PEAK HOUR TRAFFIC (TENN. D O T)

To obtain revised traffic projections for the roadway system, the following procedures were used:

1. The 3,300 vehicle-trips that would be generated by East Town during the evening peak hour were considered to be new trips.
2. These vehicle-trips were assigned to the area roadways and alternative access schemes according to the directional distribution presented in the previous section and known driver patterns regarding choice of access driveways.
3. The resulting traffic volumes were then added to the previous projections prepared by the Tennessee Department of Transportation.

Alternative traffic assignments were prepared; one considered the development of an access driveway to East Town opposite the bridge over I-640 and two others did not. Capacity analyses were then performed at the key intersections using the different traffic volumes to test the adequacy of the proposed design of the I-640 interchanges. Where deficiencies were noted, changes to the proposed design were tested and evaluated.

Following completion of this analysis, meetings were held in Nashville with representatives of the various highway agencies involved, to obtain a general consensus regarding the most appropriate access scheme for the site and changes to the proposed interchange design. These meetings were attended by representatives from the City of Knoxville, Knoxville-Knox County Metropolitan Planning Commission, and the Tennessee Department of Transportation. As a result, a general consensus was achieved regarding site access, the types of changes that could be implemented as part of the I-640 interchange construction, and the procedures to be followed to have these changes included in the construction program. These items are discussed in the following sections.

Recommended Access System

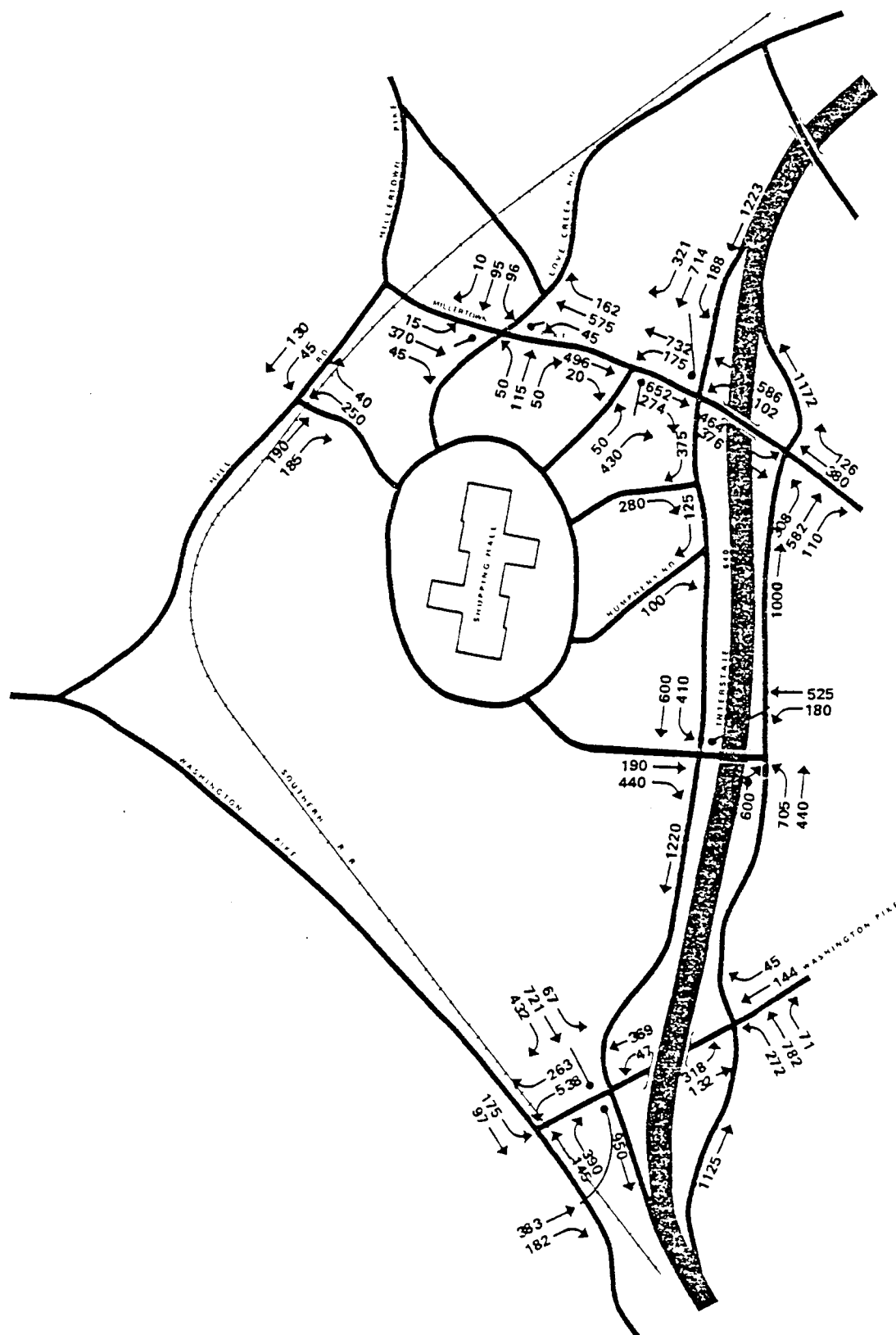
The access system recommended to serve the East Town site consists of five driveways extending from the internal circulation road around the shopping center to the roadways adjacent to the site.

1. One driveway should extend to Mill Road to serve traffic oriented to and from the north on either Washington or Millertown Pike. The preliminary site plans identified this driveway along the alignment of existing Love Creek Road at its interchange with Mill Road. This alignment is satisfactory, but the existing pavement surface will require improvement. This driveway can operate satisfactorily with two lanes; however, other peripheral development may require widening to four lanes. Certainly, an ultimate four-lane cross section should be envisioned for this driveway. The crossing of this driveway at the Southern Railroad tracks

will require improvement in terms of crossing control and design characteristics. Railroad crossing flashers and gates should be provided to serve the increased traffic volumes expected on this roadway. In addition, clearing of trees and underbrush is necessary to obtain adequate sight distance. The operation of the crossing would be improved if the elevation of Mill Road at this intersection were lowered a few feet to approximately the same level as the railroad tracks.

2. One driveway should extend to Love Creek Road and function as an extension of this roadway into the site. This driveway will also operate satisfactorily with two lanes, although additional lanes will be needed at its intersection with Millertown Pike. This intersection is already controlled by a traffic signal.
3. One driveway should extend to Millertown Pike at a point approximately midway between the intersections with the I-640 ramps and Love Creek Road. This driveway should have four lanes—two inbound lanes and two outbound lanes. The intersection of this driveway and Millertown Pike will require traffic signal control in the future which should be considered as part of a signal system with the I-640 ramp intersections.
4. One driveway should extend to the westbound I-640 frontage road approximately 600 feet west of Millertown Pike. This driveway will serve only right turns inbound and right turns outbound because the frontage road has one-way traffic flow. This driveway needs only two lanes if it has no intersections between the shopping center ring road and the freeway frontage road. If there are intersections between these points, separate turn lanes should be provided at the intersections and a four-lane cross section should be considered.
5. A second driveway should extend to the westbound I-640 frontage road; however, this driveway should align with the crossover bridge. This driveway will serve trips from and to the west and will provide alternative access to eastbound I-640. This driveway should have a four-lane cross section—two lanes in each direction. The intersection of this driveway with the frontage road will require traffic signal control that should be interconnected to the traffic signal at the south end of the crossover bridge (at the eastbound frontage road).
6. The preliminary site plan identified the use of Humphrey Road as an additional access point to the westbound I-640 frontage road. This access is not necessary and could be eliminated if property owners along Humphrey Road object to the increased traffic volumes. This connection would be more important if land-use patterns change and Humphrey Road becomes a commercial street compatible with increased traffic levels. Humphrey Road also would serve only right-turn movements.

The revised assignment of 1998 P.M. peak-hour traffic volumes to this site access system and adjacent roadways is shown in Figure 6.



ESTIMATED 1998 P.M. PEAK HOUR TRAFFIC (BARTON - ASCHMAN)

Recommended Design Changes to Proposed I-640 Interchanges

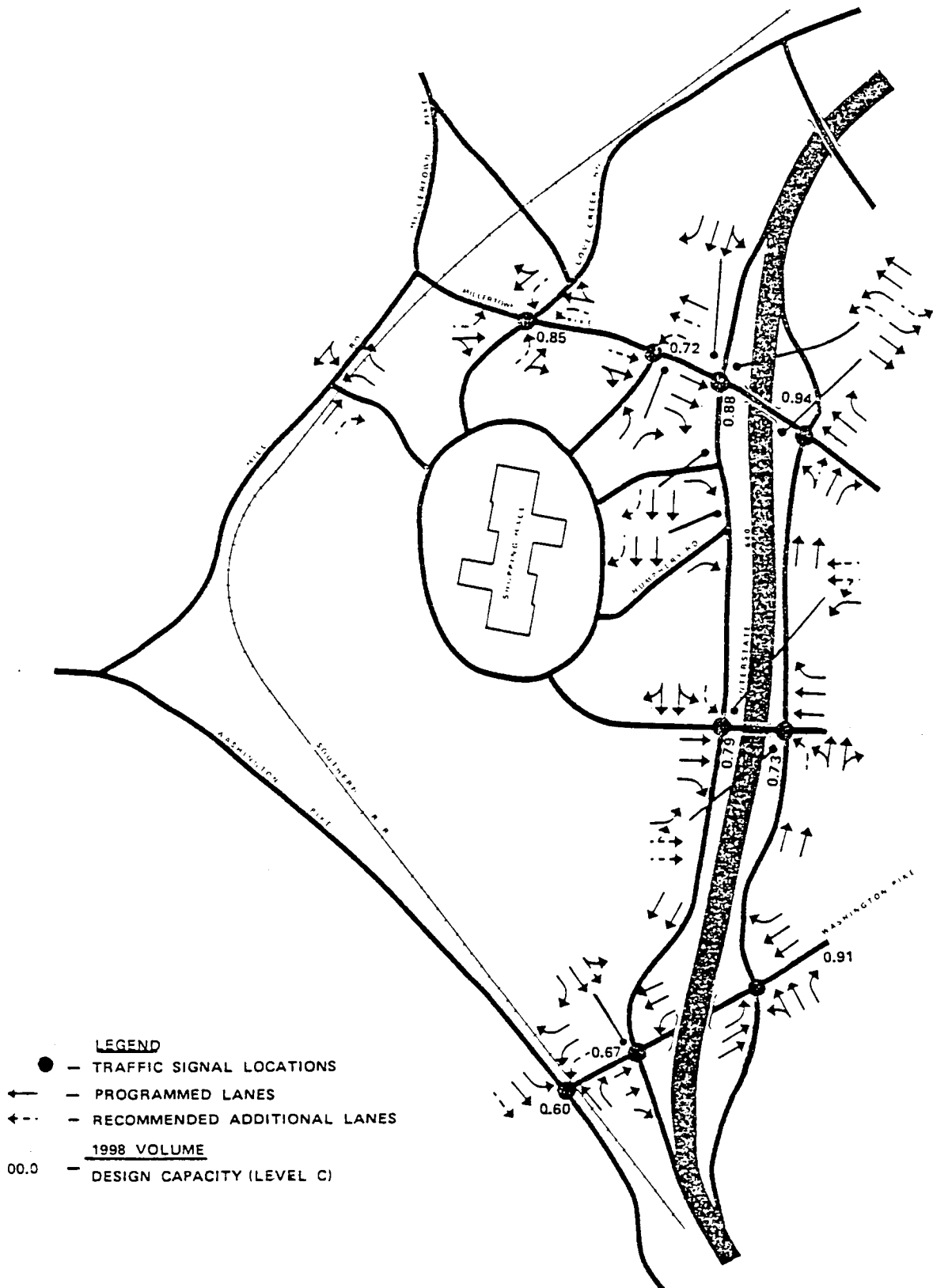
At the meetings in Nashville concerning the design of the I-640 interchanges at Millertown and Washington Pikes, the design changes described below were discussed with representatives of the Tennessee Department of Transportation. They indicated that all the changes with the exception of the crossover bridge could be accomplished through "change orders" during their final design phase. However, planning for the improvements to I-640 is moving at a very rapid pace. To ensure that these changes can be accommodated before the construction contract is awarded, negotiations with the state need to be made at a very early point. The City of Knoxville Department of Traffic Engineering has agreed to take the lead role in these negotiations; they would like to initiate these negotiations by March, 1979. The changes to the crossover bridge are more significant and must be accomplished in another manner (discussed later in this section).

The recommended design changes to the interchanges are described below and shown in Figure 7.

1. The section of Millertown Pike over I-640 and between the ramp intersections is proposed to operate initially as two through lanes in each direction with a single left-turn lane. The bridge is actually 98 feet wide, accommodating a 16-foot median, two 24-foot roadway segments, two 10-foot shoulders, and two five-foot sidewalks. This bridge has been designed with excess width to accommodate future traffic growth. A more efficient traffic operation can be achieved if this segment of Millertown Pike is operated initially with a 26-foot median (to accommodate dual left-turn lanes at the ramp intersections), two 24-foot roadway segments, two five-foot shoulders, and two five-foot sidewalks. In the future, if additional through capacity were desired on Millertown Pike, the lane widths could be reduced to 11 feet, the sidewalks reduced to three feet, and the shoulders eliminated to accommodate three through lanes in each direction.

The operation recommended for Millertown Pike can be achieved without major changes to the proposed Tennessee DOT design. However, if the width of the Millertown Pike bridge over Interstate 640 can be increased by eight feet over the width identified in the preliminary design, greater flexibility will be achieved and conversion to an ultimate eight-lane cross section will be accomplished more easily. Considering the intense development program that is likely to occur in this area, it is important that the initial design for the interchange have the flexibility to permit conversion to an ultimate design with sufficient capacity to accommodate high traffic volumes efficiently.

2. The I-640 ramp/frontage road approaches to Millertown Pike are planned to have three lanes. The three lanes will provide a satisfactory level of service, but the ability to obtain an additional fourth approach lane at both intersections should be preserved so that additional capacity can be achieved if and when it is needed.



RECOMMENDED SITE ACCESS AND ROADWAY IMPROVEMENTS

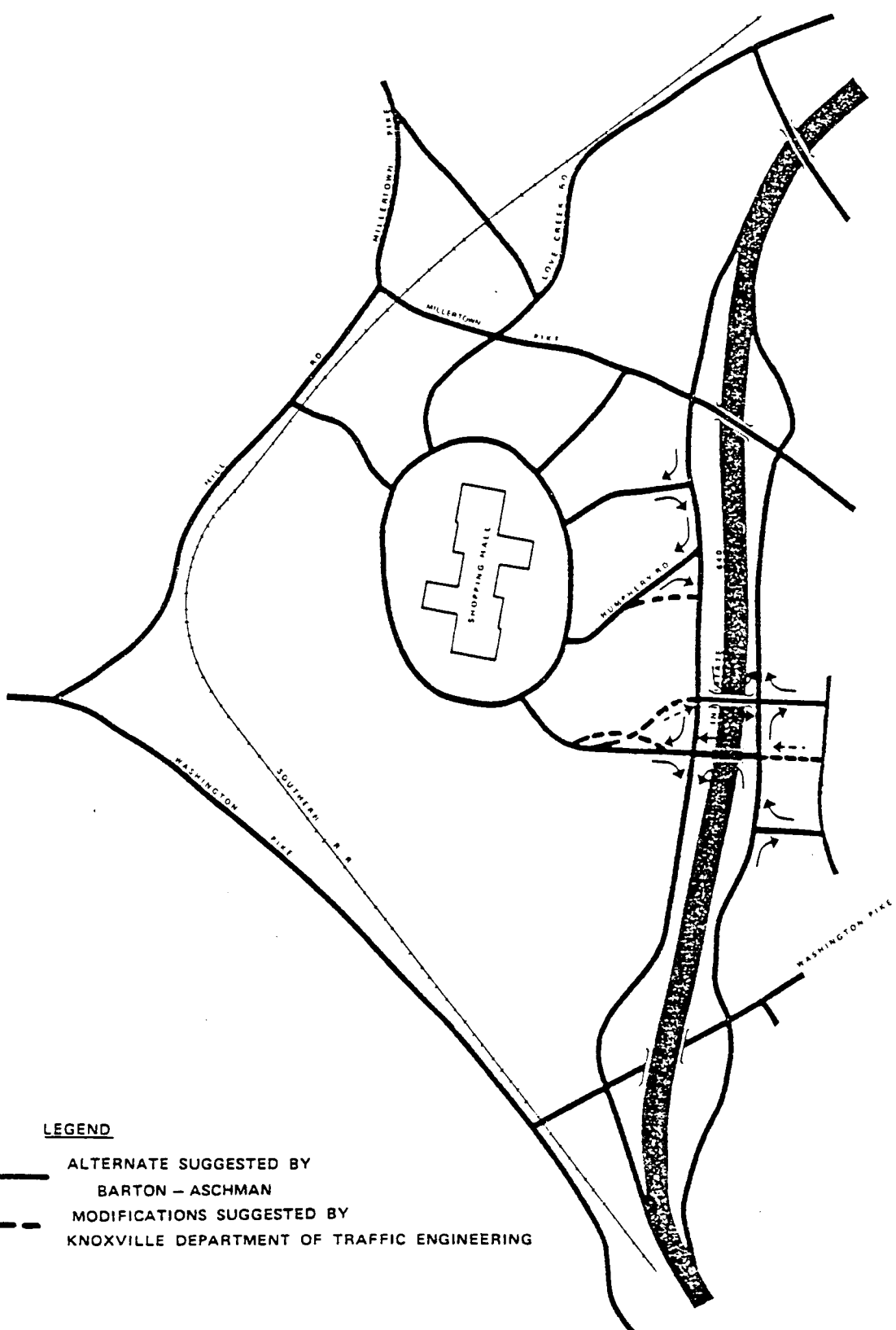
3. Both entrance ramps onto I-640 (i.e., northbound at Millertown Pike and southbound at Washington Pike) are proposed to have two lanes at the top of the ramp merging to one lane before entering the freeway. These lanes were intended to merge the through and right turns entering the freeway. It is recommended that at both entrance ramps, the two lanes serve two through lanes which merge to one before joining the mainline. This modification requires that the tapers for the merge area be extended, the channelization islands cut back for a wider opening, and the right-turn movement converted from free-flow to signalized control. These changes also represent minor modifications to the Tennessee DOT plans.
4. The frontage roads parallel to I-640 are proposed to have two lanes except at their intersections with Millertown and Washington Pikes where separate right-turn lanes are to be added. It is recommended that separate right-turn lanes be added at the intersections with the streets providing access to the East Town development. In addition, separate left-turn lanes should be provided on both frontage roads at the intersections adjacent to the crossover bridge. Because Tennessee DOT considered that the frontage roads eventually may require three lanes, these separate lanes can be accommodated rather easily by the proposed design.
5. The Washington Pike bridge over the Southern Railroad tracks is proposed to operate with two through lanes in each direction (24 feet) separated by a median (16 feet). It is recommended that consideration be given to changing the operation to two through lanes in each direction with a separate left-turn lane in the median. This lane can be accommodated in the proposed 16-foot median without affecting the bridge design. However, to permit the dual left-turn movement from Washington Pike to Greenway Drive requires that two southbound lanes be provided on Greenway Drive for some distance south of Washington Pike; only one southbound lane has been proposed. This modification can be achieved without great difficulty, but since it is not absolutely necessary, it could be postponed until after opening of the development.
6. The major change to Tennessee DOT interchange plans was the design of the crossover bridge. The proposed Tennessee DOT design identifies one lane in each direction with sufficient pavement width to provide a third lane if necessary. It is recommended that a minimum of four lanes be provided if access driveways are aligned opposite the bridge. At the Nashville meeting, no agreement regarding the design of this bridge was obtained, but Tennessee DOT did indicate that if a request were submitted through the proper channels to change the design, it could possibly be withdrawn from the soon-to-be-let design contract and placed in a later phase. The additional time would permit new analyses of the lane requirements across the bridge to be performed.

A five-lane crossover bridge would provide sufficient capacity and flexibility to accommodate the traffic requirements of the area development program. This design would provide two lanes in each direction with back-to-back left-turn lanes, thus permitting two entrance and two exit lanes on the access driveways aligned opposite the bridge. However, the provision of this design is dependent upon obtaining state and federal approval prior to the preparation of final design plans. To this end, the Knoxville-Knox County Metropolitan Planning Commission has initiated the preparation of revised land-use forecasts for the area to obtain traffic projections which reflect a regional activity center. These revised projections represent the first step required by Tennessee DOT and FHWA for changing preliminary designs. The next steps involve official requests to the highway agencies (initiated at the city level) and discussions with highway officials about the development schedule and funding responsibilities. These requests and discussions should occur within the next two months to ensure that final design plans are not initiated for a three-lane bridge.

If the East Town development does not proceed according to schedule, it is quite likely that the state will not modify its current plan for a three-lane crossover bridge. This being the case, it will be necessary to construct a second crossover bridge to obtain the required number of lanes to serve the area development program. This second bridge could be added at the time that the development plans and schedule are firm.

Because the need for this second bridge is quite likely to arise, its location and operational characteristics were reviewed with the City of Knoxville Traffic Engineering Department. It was decided that satisfactory operation could be achieved by locating the second bridge either directly adjacent to the proposed bridge or approximately 200 feet from it. If constructed adjacent to the proposed bridge, the design of the access driveway leading to the crossover bridge should be modified with a divided cross section (i.e., have a center median) so that the inbound and outbound driveway lanes align with the lanes on the bridge.

By locating the second bridge a greater distance from the proposed bridge, greater capacity and longer storage lanes can be achieved at the signalized intersections. The bridge could operate with "English" flow to facilitate U-turns and to reduce the number of conflicting movements at each intersection. A functional plan for this operation was prepared and submitted to the City of Knoxville Department of Traffic Engineering for review. The department suggested modifications that would result in the extension of the "English" flow onto the development driveways aligning with the crossover bridges. These functional plans are shown in Figure 8.



LEGEND

- ALTERNATE SUGGESTED BY
BARTON - ASCHMAN
- - - - - MODIFICATIONS SUGGESTED BY
KNOXVILLE DEPARTMENT OF TRAFFIC ENGINEERING

ALTERNATE DESIGNS FOR CROSSOVER BRIDGE

In summary, efficient traffic operations can be achieved at the crossover bridge by the use of either one five-lane bridge or two three-lane bridges. The schedule of the East Town development program will largely determine which of these alternatives will be considered by the state. If the development schedule is firm by the time final design plans are prepared, a five-lane bridge may be considered. If the development schedule is not firm at the time, the three-lane bridge will be included in the project and it will be necessary to add a second bridge.

Recommended Roadway Improvements

In addition to the design changes identified for the I-640 interchanges, other improvements will be needed on the roadways in the vicinity of the East Town development. These improvements are described as follows:

1. Mill Road should be widened at its intersection with the site access driveway to obtain a separate right-turn lane into the site. This widening can taper back to the existing two-lane width of Mill Road approximately 250 feet west of the intersection. The grade across the railroad tracks should be improved to increase sight distance and modern railroad crossing signals should be installed to protect the crossing.
2. Millertown Pike will require additional widening and improvement north of the improvement limits of the I-640 project. The proposed state plans call for five lanes on Millertown Pike at I-640 tapering back to two lanes 500 feet north of the I-640 westbound frontage road. Instead, the five lanes should extend through the intersection of the site access driveway located approximately 800 feet north of the I-640 westbound frontage road. North of this intersection, the five lanes should taper down to three lanes through the Love Creek Road intersection and then back to two lanes north of that point. The bridge on Millertown Pike over the railroad tracks just south of Mill Road is substandard and should be considered for upgrading as part of the Millertown Pike improvements.
3. Love Creek Road should be widened from two lanes to three lanes on both legs of the Millertown Pike intersection. The additional lane is to accommodate left-turn movements on both approaches. The traffic signal that now controls this intersection should be replaced with a modern traffic signal installation.
4. Based upon the 1998 traffic projections, it is anticipated that traffic signals will be required at the following intersections.

System:

- Love Creek Road and Millertown Pike (existing).
- East Town Driveway and Millertown Pike.
- I-640 Westbound Frontage Road and Millertown Pike.
- I-640 Eastbound Frontage Road and Millertown Pike.

System:

- I-640 Westbound Frontage Road and Crossover Bridge.
- I-640 Eastbound Frontage Road and Crossover Bridge.

System:

- Greenway Drive and Washington Pike.
- I-640 Westbound Frontage Road and Washington Pike.
- I-640 Eastbound Frontage Road and Washington Pike.

Because of the proximity of these signalized intersections to each other, the most efficient traffic flow would be achieved through development of interconnected traffic signal systems on Millertown Pike, the crossover bridge, and Washington Pike.

5. SUMMARY

The site proposed for the East Town development is highly accessible because of its location on the arterial street system (Millertown Pike and Washington Pike) and its proximity to proposed interchanges on the circumferential freeway (Interstate 640). The area roadway system adjacent to the site is still rural in character because major development has not occurred in this area and traffic volumes are still low. However, this situation will change rapidly with the completion of Interstate 640 around Knoxville and the opening of the interchanges at Millertown Pike and Washington Pike.

The most important factor affecting the accessibility of the site is Interstate 640 and the design of the proposed interchanges. The directional distribution analysis of patron traffic identified that 70 to 80 percent of this traffic will pass through the interchange area. Thus, it is imperative that these intersections operate efficiently to serve both the East Town development and area traffic needs.

The preliminary design plans for I-640 which have received federal approval identify a split diamond interchange configuration with a crossover bridge located midway between Millertown and Washington Pikes.

Careful analysis of this design and projected traffic volumes has shown that the most efficient operation of the interchange and access to the site can be achieved by development of a site access system that includes a driveway to the I-640 frontage road aligned opposite the crossover bridge. This access driveway will require state and federal approval because access rights in this area have been purchased by the state.

With the exception of the crossover bridge, the preliminary design plans for the I-640 interchanges can be modified through "change orders" in the final design phase to accommodate the additional needs of the area development program. The crossover bridge requires widening from three lanes to five lanes which cannot be achieved with the present bridge design. However, final design plans have not been prepared for this bridge and it may be possible to delay the preparation of these plans so that a five-lane bridge is considered. If the state proceeds with its

current plans for a three-lane bridge, it will be necessary to construct a second bridge to obtain sufficient capacity to serve the area development program.

In this report, recommendations have been presented regarding the location and design of access driveways, modifications to the I-640 interchange designs, and other external roadway improvements necessary to serve the area development program. The recommended improvements were intended to provide a safe and efficient level of service for area motorists and to enhance the flexibility of the area roadway system. If these proposals are implemented, the transportation system will be able to accommodate the East Town development.

APPENDIX J

NEWSPAPER ARTICLE

(Source: Knoxville News-Sentinel, October 10, 1984)

East Towne Developer May Buy Vacant Sears

The Indianapolis-based developer of East Towne Mall is negotiating with Sears Roebuck & Co. to buy the 36-year-old Central Street store the company vacated Sept. 29.

Barry Lindsey, vice president of real estate development for Melvin Simon & Associates, Inc., said a contract could be signed within the next two weeks. The three-story department store will be empty by the end of the month.

Melvin Simon likely will sell the building and nine acres of property in North Knoxville, Lindsey said.

Sears last week opened its Store of the Future at East Towne that has more colorful and coordinated displays than the old store. Merchandise was sold or moved to the new outlet.

Melvin Simon does not plan to make improvements to the old Sears store. "It's pretty old, but it is built solid," Lindsey said.

The building and adjacent parking lot have an appraised value of \$3,292,830, according to Knox County records.

The business represented one of

the few shopping areas in the Happy Hollow area, and Lindsey said he anticipated the brick structure could be used for offices.

Lindsey would not say whether the purchase was part of Melvin Simon's initial agreement with Sears to move the store to East Towne.

Meanwhile, Robert Weese, general manager of the new Sears store, said sales have "been strong. Traffic was very, very heavy during the week and weekend," he said.

APPENDIX K

FINAL TRAFFIC ANALYSIS BY BARTON-ASCHMAN AND ASSOCIATES
(1980)

**TRAFFIC ANALYSIS
FOR
EAST TOWN DEVELOPMENT AREA
Knoxville, Tennessee**

Prepared for
MELVIN SIMON & ASSOCIATES, INC.
AND
OLIVER SMITH REALTY

By Barton-Aschman Associates, Inc.
Evanston, Illinois
May, 1980

CONTENTS

List of Figures and Tables, iii

1.		
INTRODUCTION		1
Study Procedures		2
Summary of Findings		2
2.		
AREA ACCESSIBILITY		4
Existing Area Roadways		4
Proposed Changes to Area Roadway System		6
3.		
MARKET ANALYSIS OF DEVELOPMENT POTENTIAL		11
Summary of Market Analysis		12
4.		
TRAFFIC PROJECTIONS		17
Through Traffic		17
External Site Traffic		18
Internal Site Traffic		18
5.		
ANALYSIS OF AREA ROADWAY SYSTEM		25
Recommended Access System		25
Recommended Roadway Improvements—Stage I		27
Recommended Roadway Improvements—Stage II		31
6.		
SUMMARY		33

LIST OF FIGURES AND TABLES

Figures

1. Development Area and Roadway System	5
2. 1978 Design of I-640 Interchanges	8
3. Future Roadway Plan	9
4. Conceptual Area Development Program	16
5. Estimated 1998 P.M. Peak-Hour Traffic (Tennessee DOT)	19
6. Estimated Directional Distribution of Regional Traffic	22
7. Estimated 1998 P.M. Peak-Hour Traffic	24
8. Recommended Site Access and Lane Requirements	26
9. Roadway Improvement Program (Stage I)	28
10. Roadway Improvement Program (Stage II)	32

Tables

1. Development Potentials—Northeast Sector and Development Area	13
2. Development Area Potentials	14
3. East Town Area Development Program and Traffic Generations	20
4. Estimated Directional Distribution of External Site Traffic	21

1. INTRODUCTION

A regional commercial development (East Town) is proposed for the northeastern section of Knoxville, Tennessee. It is planned to be similar in composition and size to the existing West Town development located on the city's west side. The East Town area consists of approximately 300 acres located adjacent to Millertown and Washington Pikes fronting along the alignment of Interstate 640. The proximity of this area to two interchanges on I-640 at Millertown and Washington Pikes is a major factor contributing to its regional accessibility. I-640 is now under construction on an accelerated schedule. The Tennessee Department of Transportation is committed to the opening of this six-lane freeway by 1981.

Barton-Aschman Associates, Inc., initially became involved with the East Town project in 1978, conducting a traffic analysis for the regional shopping center site. Since that time, the firm's involvement has been continuous and has included negotiations with the City of Knoxville and the Tennessee Department of Transportation regarding the final design and funding of roadway improvements in the area. In connection with this assignment, it became necessary to expand the scope of the traffic analysis to include all of the area surrounding the shopping center site in order to ensure that the roadway system could efficiently accommodate the total development program anticipated for the area. This report updates the information contained in the January, 1979, report, presents the results of the Barton-Aschman analysis of the area development program, and describes the roadway improvements that should be constructed in connection with the project.

The purposes of this analysis were to:

1. Identify and analyze the area development program and its impact upon the operation of the adjacent roadway system; in particular, the I-640 interchange configurations.
2. Evaluate alternative access plans to determine which provides the most efficient access to the area and minimizes the traffic impact upon the roadway system.
3. Recommend modifications to the proposed roadway system to ensure that it will accommodate expected traffic volumes safely and efficiently.

Study Procedures

The analysis included the following elements:

1. *Collection of Data.* A comprehensive field reconnaissance of the area and roadway system was conducted to inventory existing roadway and traffic characteristics and to identify current travel patterns. Data regarding traffic volumes, proposed roadway improvements, and expected development plans for the area were obtained from officials of the City of Knoxville, the County of Knox, the Knoxville-Knox County Metropolitan Planning Commission, and the Tennessee Department of Transportation.
2. *Market Analysis of Area Development Potential.* Development potentials for the Knoxville/Knox County area were projected in order to prepare a conceptual development plan of the area for traffic planning purposes. The plan was used to estimate and assign traffic to the area roadway system.
3. *Analysis of Traffic Characteristics.* The peak-period volumes, and directional distribution of trips (destined to or from the area) on the roadway system were determined based upon data obtained from empirical surveys conducted at similar developments, and from projections of the distribution of population in the trade area of the development.
4. *Analysis of Site Access and Roadway Needs.* A preliminary plan for access and external roadway improvements was developed and tested based upon estimated traffic demand that will result from the area development program. Capacity analyses were performed for key intersections in the vicinity of the site to identify access, roadway, and traffic control needs. The findings were then reviewed with the City of Knoxville and the Tennessee Department of Transportation.
5. *Formulation of Recommendations.* Recommendations were formulated for the site access system to the shopping center including the number, location, and general design characteristics of the site access drives. In addition, the improvements that would be necessary on the external street system in order to facilitate traffic flow were identified. Specific emphasis was placed on design plans for the proposed I-640 interchanges at Millertown and Washington Pikes. Agreements were reached with both the City of Knoxville and the Tennessee Department of Transportation regarding the nature of the improvements required, funding responsibilities, and schedule.

Summary of Findings

1. The key to the regional accessibility of the East Town area is I-640 and its interchanges at Millertown and Washington Pikes. These are the only two interchanges provided between I-40 and Broadway (a distance of 4.5 miles); East Town is located in the land fronting on I-640 between these two interchanges.
2. The Tennessee Department of Transportation has revised the I-640 interchange designs to include additional turn lanes at key intersections and two parallel, three-lane bridges at the midpoint crossover. A major divided driveway to the shopping center will be located opposite the bridges to provide access to lanes in both directions on I-640.

3. The ultimate improvement to Love Creek Road, Mill Road, and Millertown Pike will include a new bridge over the Southern Railroad tracks for both north-south (Millertown Pike) and east-west (Love Creek Road-Mill Road) traffic. Love Creek Road will be realigned to connect with Mill Road and intersect Millertown Pike on the new bridge.
4. A conceptual area development program was prepared for the East Town area to test and evaluate the area roadway system. This development program included a variety of commercial, residential, and industrial uses on 300 acres producing a total of 7,450 trips during the evening peak hour. The recommended roadway system described in this report will efficiently accommodate the trips generated by the anticipated development program.
5. The directional distribution of regional trips on the area roadway system indicates that approximately 60 percent of the trips to East Town will use I-640 and approximately 80 percent of the trips will pass through the interchanges.
6. The access system recommended to serve East Town consists of seven driveways—one to Mill Road, one as an extension of Love Creek Road into the site, one to Millertown Pike, and four to the I-640 frontage road.
7. In addition to the modifications to the I-640 interchanges now being constructed, the recommended roadway improvements to be completed by the opening of the shopping center include:
 - The widening of Millertown Pike to five lanes from the I-640 interchange past the East Town driveway and to three lanes past Love Creek Road.
 - The widening of Mill Road for separate turn lanes at the East Town access driveway.
 - The widening of Love Creek Road for separate left-turn lanes at its intersection with Millertown Pike.
 - The installation of interconnected traffic signal systems along Millertown Pike, on the I-640 frontage roads at the crossover bridges, and along Washington Pike.
8. As new development occurs adjacent to East Town following the opening of the shopping center, additional roadway improvements away from the I-640 interchanges are recommended to keep pace with traffic growth:
 - The construction of a new five-lane bridge on Millertown Pike over the Southern Railroad tracks.
 - The widening of Millertown Pike to five lanes south of the new bridge.
 - The realignment of Love Creek Road to align with Mill Road intersecting Millertown Pike on the bridge over the railroad tracks.
 - The widening of Love Creek Road - Mill Road to five lanes through the East Town area.
9. Agreements have been reached with the City of Knoxville and the Tennessee Department of Transportation regarding implementation of the recommended improvements listed above. With these improvements the roadway system will safely and efficiently accommodate the needs of the East Town area development program.

2. AREA ACCESSIBILITY

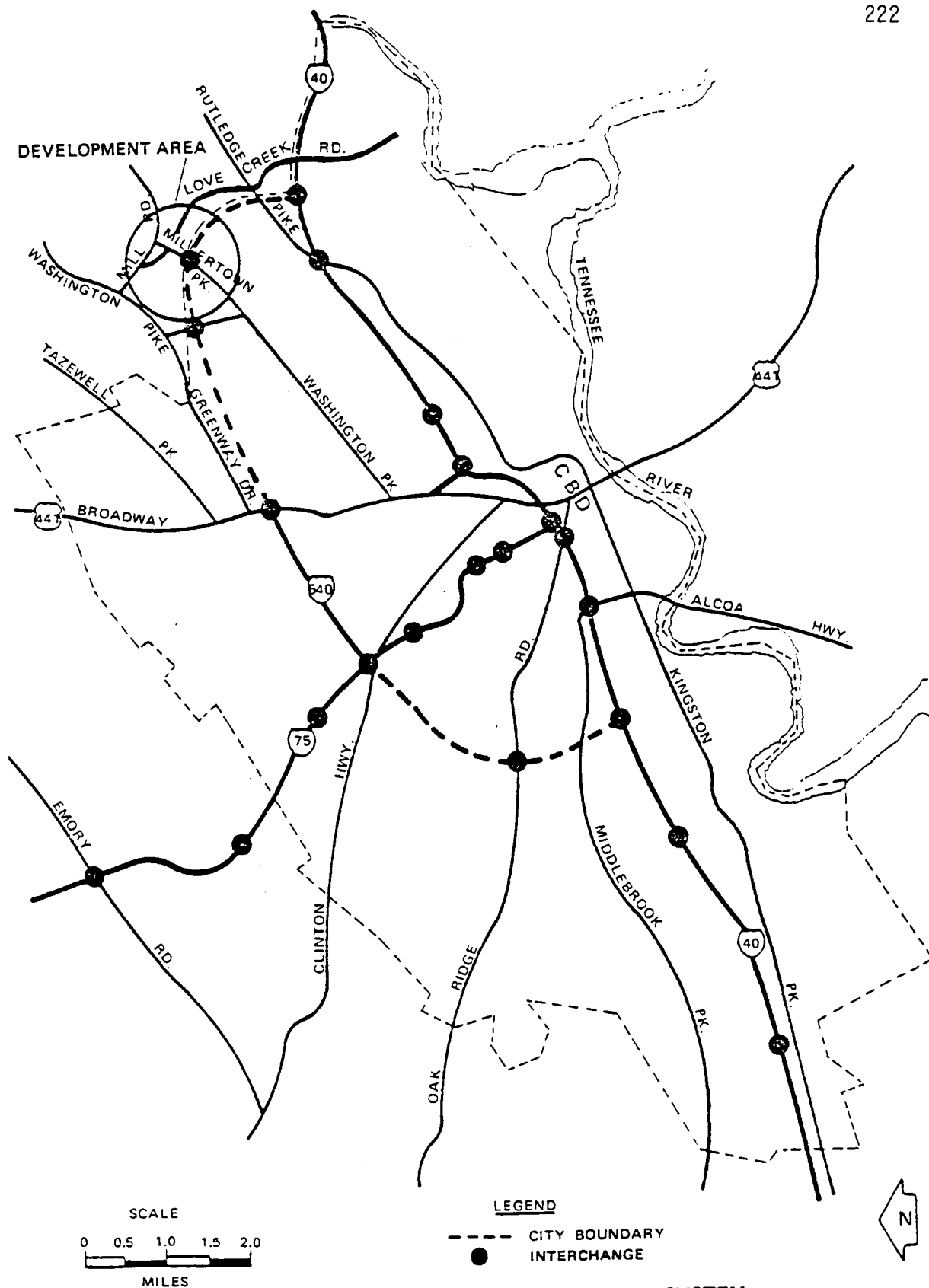
The location of the East Town development area with respect to the region is shown in Figure 1. The area is adjacent to the Knoxville city boundaries and marks the edge of urban development in the area. Formal arrangements have been completed for the annexation of this area into the City of Knoxville. The area is approximately the same distance from the downtown area as West Town, but at the opposite end of the city.

The land in the development area is primarily undeveloped and rural in character. The accessibility afforded this area by the existing roadway system and the availability of utilities has been adequate to support only low-density single-family development and rural agricultural land-use. However, the completion of I-640 around Knoxville and the opening of the interchanges at Millertown and Washington Pikes will improve the accessibility of this area substantially. It is expected that this improvement to the accessibility and the extension of utilities will, in turn, foster new and more intense development of this area. Certainly, East Town Mall would serve as a catalyst in stimulating such new development.

Existing Area Roadways

The primary roadways now serving the area are described below.

Millertown Pike is a two-lane rural road that extends approximately eight miles from Washington Pike in the City of Knoxville to Rutledge Pike near Skaggston in Knox County. This route is not a major traffic carrier because the land along its alignment is sparsely developed, and, for the most part, it parallels Rutledge Pike which is the major traffic carrier in this corridor. The average daily traffic volume on Millertown Pike varies from 3,220 vehicles in Knoxville to 1,980 vehicles in Knox County. A two-lane bridge over the Southern Railroad tracks is located on Millertown Pike between its intersections with Mill Road and Love Creek Road. Millertown Pike is important to the East Town area because it provides direct access to the existing populated areas within the City of Knoxville and the growing areas in northeast Knox County. It also provides an alternative access route to the site for traffic that will use I-640 and chose to enter the site from Millertown Pike rather than from the interstate frontage road.



DEVELOPMENT AREA AND ROADWAY SYSTEM

Washington Pike is a route similar to Millertown Pike. It is a two-lane road that extends for 15 miles from Broadway (U.S. Route 441) in Knoxville to the Union County line. Traffic volumes range from 3,140 vehicles per day in the city to approximately 500 vehicles per day near Union County. Washington Pike is important to East Town because it provides access to the area from existing populated and growing areas and because of its interchange with I-640.

Love Creek Road is a two-lane roadway which extends into the site from Rutledge Pike. Its alignment extends along Love Creek and links with Chilhowee Road on the east and Mill Road on the west. The intersections of Love Creek Road with Millertown Pike and Rutledge Pike are controlled by traffic signals. Love Creek Road contains several curves and has a two-lane railroad underpass near Rutledge Pike. Both of these factors decrease the stature of Love Creek Road as a major traffic carrier. Knox County proposes to widen this roadway and to rebuild the underpass and upgrade the function of this route. Love Creek Road is important to East Town because its eastern extension (Chilhowee Road) is one of two roadways which cross I-40 in this area; Springhill Road is the other roadway. This route will provide access to the site from the Holston Hills area and for motorists using Rutledge Pike (Note: Rutledge Pike does not have an interchange with I-640).

Mill Road is a two-lane rural road that extends approximately one mile between Millertown and Washington Pikes across the north side of the proposed development area, paralleling the Southern Railroad tracks. Mill Road will serve as the most direct access route for patrons who will be traveling to the area from the northeast on Washington Pike. The proximity and use of the railroad tracks adjacent to Mill Road will somewhat reduce the desirability of using this route for access.

Greenway Drive is a two-lane road which extends from Washington Pike into Knoxville and links with both Tazwell Pike (via Beverly Road) and Broadway; this route carries 1,870 vehicles per day. Greenway Drive will provide the most direct access to the site from some sections of Knoxville north of I-640.

From the previous description of existing roadways in the vicinity of the site, it is obvious that the key to the regional accessibility of the area is I-640 and its interchanges at Millertown and Washington Pikes.

Proposed Changes to Area Roadway System

When completed I-640 will be a six-lane circumferential freeway around central Knoxville that will link I-40 east and west of the central area with I-75 to the north. It is anticipated that this facility will reduce much of the congestion that occurs along I-40 and I-75 near the downtown at "malfunction junction." The present status of I-640 is as follows:

- The segment between I-75 and Broadway is completed and open to traffic.
- The segment between I-75 and I-40 on the west is under construction and is scheduled for opening in 1980.
- The segment between Broadway and I-40 on the east is now under construction and opening of the facility has been scheduled for 1981.

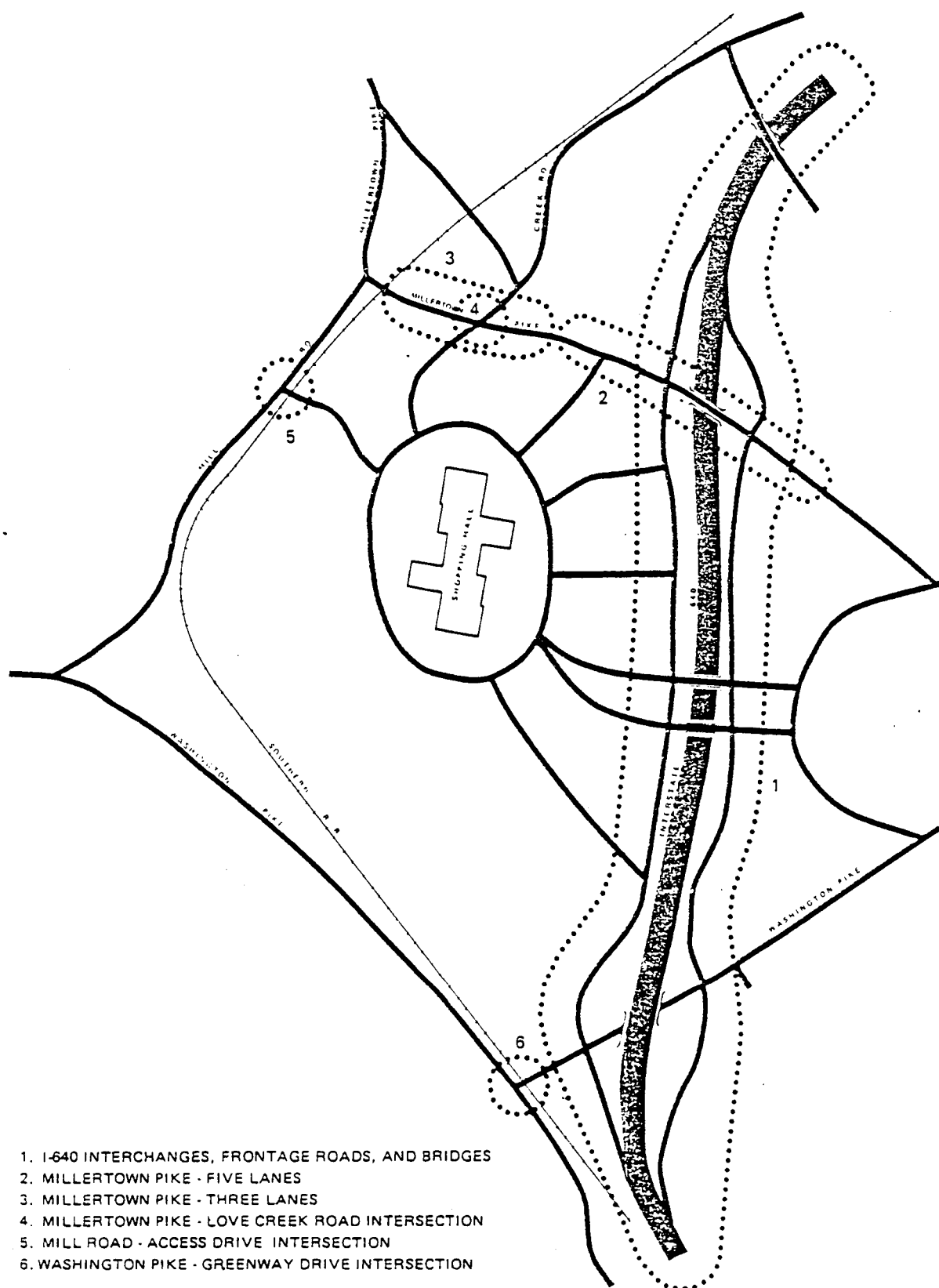
On the eastern segment of I-640 there will be two interchanges between I-40 and Broadway. These interchanges are located at Millertown and Washington Pikes and consist of partial diamond configurations connected by two one-way frontage roads extending the mile between the interchange ramps.

The I-640 interchange configurations have gone through many revisions since the initial design stages of the project. The design that was being considered prior to the East Town project (1978) is shown in Figure 2 along with the location of East Town Mall. The plans included a two-lane bridge over I-640 at the midpoint between Millertown and Washington Pikes, connecting the frontage roads. That bridge was the subject of detailed evaluations by the City of Knoxville, the Tennessee Department of Transportation, and Barton-Aschman Associates. After reviewing the needs of the area development program, it was determined that two parallel bridges would be necessary to accommodate expected traffic loads efficiently. The Tennessee Department of Transportation with the consent of the Federal Highway Administration has agreed to revise the design plans to include two parallel three-lane bridges. Both bridges will operate with two through lanes and a third continuous flow U-turn lane (see Figure 3). The access drives to development on either side of the freeway will align opposite the two bridges and will operate as one-way streets.

The I-640 construction project will include the widening of Millertown Pike for 500 feet on either side of the interchange, the widening of Washington Pike from 500 feet south of I-640 to 1,100 feet east of the intersection with Greenway Drive, and the widening of Greenway Drive from Washington Pike to approximately 1,650 feet west of Washington Pike. The Millertown Pike bridge over I-640 was to have 24 feet of pavement and 10-foot shoulders for each direction separated by a 16-foot median area; the median area was to be used as a separate left-turn lane at the ramp intersections. This has since been revised to provide for dual left-turn lanes in the median at both ramp intersections. Washington Pike will pass under I-640 and will have a wide five-lane cross section with a median and shoulders. A narrower five-lane divided cross section will extend over the Southern Railroad tracks near Greenway Drive. Greenway Drive-Washington Pike will be widened to an adequate two-lane roadway with separate left-turn and right-turn lanes at the Washington Pike intersection.

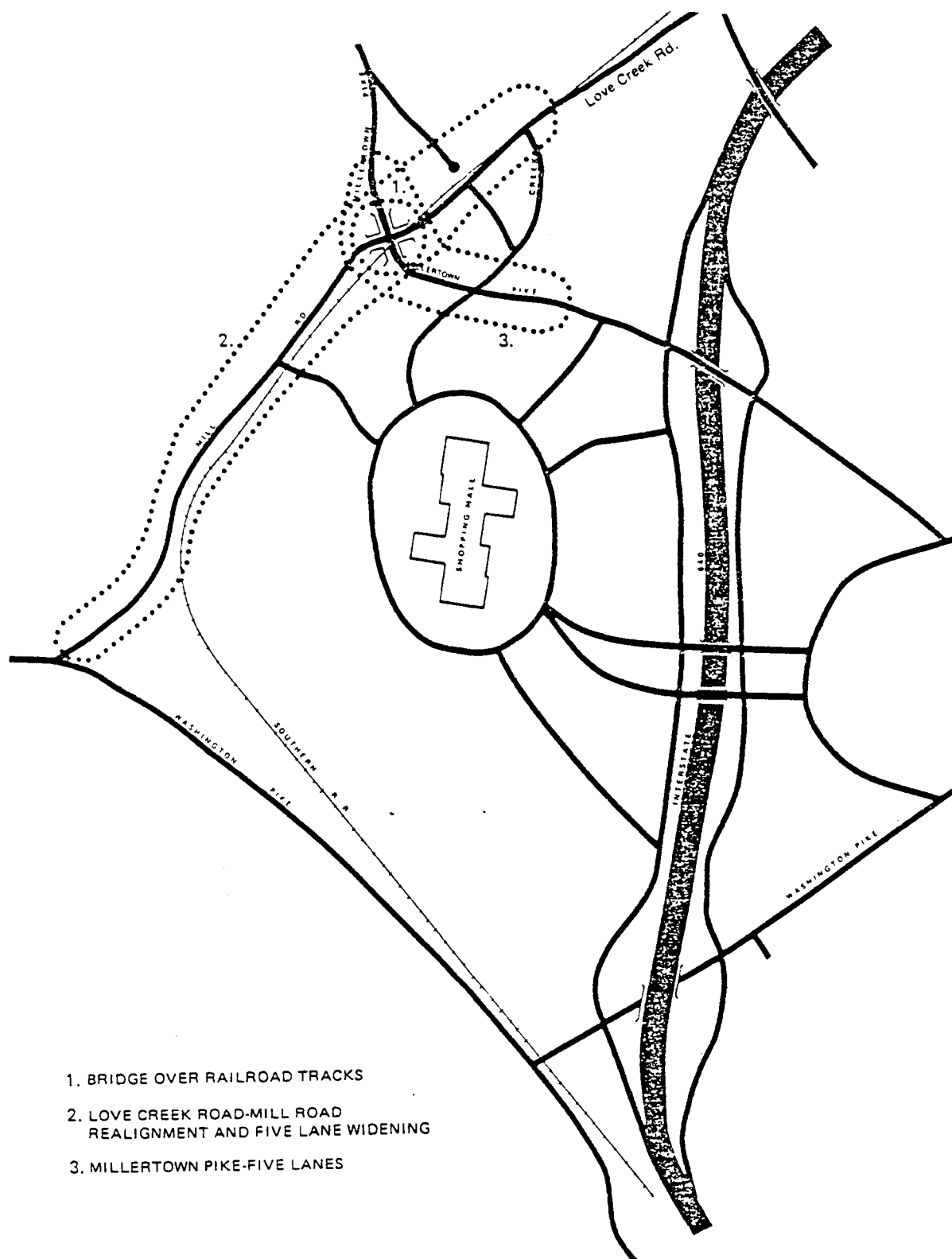
During the past 18 months, in connection with work on the East Town project, Barton-Aschman Associates has worked with the City of Knoxville, the Tennessee Department of Transportation, and the Federal Highway Administration to modify the design plans for the interchanges. The interchanges that are currently being constructed reflect those modifications and are compatible with the needs of the anticipated development program. These interchanges are described in more detail later in this report.

A second proposed change to the area roadway system involves the alignment of Love Creek Road and grade separation from the Southern Railroad tracks. The ultimate improvement to Love Creek Road, Mill Road, and Millertown Pike will permit grade separation from the Southern Railroad tracks for both north-south (Millertown Pike) and east-west (Love Creek Road-Mill Road) traffic. This improvement will involve construction of a grade-separated intersection over the tracks near the present Millertown Pike



1. I-640 INTERCHANGES, FRONTAGE ROADS, AND BRIDGES
2. MILLERTOWN PIKE - FIVE LANES
3. MILLERTOWN PIKE - THREE LANES
4. MILLERTOWN PIKE - LOVE CREEK ROAD INTERSECTION
5. MILL ROAD - ACCESS DRIVE INTERSECTION
6. WASHINGTON PIKE - GREENWAY DRIVE INTERSECTION

ROADWAY IMPROVEMENT PROGRAM (STAGE I)



1. BRIDGE OVER RAILROAD TRACKS
2. LOVE CREEK ROAD-MILL ROAD
REALIGNMENT AND FIVE LANE WIDENING
3. MILLERTOWN PIKE-FIVE LANES

ROADWAY IMPROVEMENT PROGRAM (STAGE II)

bridge and relocation of Love Creek Road to align with Mill Road. This change is shown in Figure 3.

A third proposed change to the area roadway system involves the construction of a new freeway facility-South Knoxville Boulevard-from the south city limits to the business loop with a new bridge over the Tennessee River. This facility is to be constructed to freeway standards (e.g., grade-separated intersections) along an alignment east of Chapman Highway. The construction is to be staged over the next 10 years. When completed, South Knoxville Boulevard will improve access from the South Knoxville area across the Tennessee River and to the interstate freeways.

3. MARKET ANALYSIS OF DEVELOPMENT POTENTIAL

A necessary step in the preparation of a transportation plan for the East Town area was the identification of development potentials for the land immediately surrounding the regional shopping center site. Development potentials for commercial (retail, hotel, and offices), residential, and light industrial land-uses were identified in five-year increments from 1980 to 2000 to coincide with the 20-year planning horizon of the State Department of Transportation and to reflect the likely timing of development activity. A map identifying locations and users associated with these development potentials surrounding the shopping center also was prepared for transportation planning purposes.

Three separate development scenarios were prepared, based on varying market assumptions for the different land-uses. These are discussed in the following paragraphs.

Estimates of future development in the East Town Shopping Center area were based on the assumption that aggregate development potentials for Knoxville/Knox County and for the northeast sector of Knox County would be captured.¹ The area for which these potentials are outlined in detail includes the 120-acre East Town Shopping Center property and parcels surrounding the property bordered by Washington Pike, Mill Road, Millertown Pike, and I-640. In all scenarios, it was assumed that a regional shopping center with 850,000 to 1,000,000 square feet of retail space will be built on the site.

The market analysis involved a number of steps:

First, development potentials for the Knoxville/Knox County area were projected. These projections were based on demographic trends related to population and household increases for the area, office space construction and absorption trends, building permit data, interviews with local developers and chamber of commerce officials, and information on hotel and retail developments in the area.

¹ The northeast sector corresponds to the area designation used by the Knoxville/Knox County Metropolitan Planning Commission.

A field reconnaissance of the West Town Regional Shopping Center and surrounding development patterns was undertaken and evaluated for comparability with the East Town site. This reconnaissance included a review of transportation access and existing road network in relation to the shopping center and peripheral development.

Previous reports and studies undertaken for the East Town development area were also reviewed, including the site traffic analysis prepared by Barton-Aschman Associates in January, 1979, and preliminary land-use projections for the proposed East Town Mall area, prepared by the transportation planning staff of the Metropolitan Planning Commission.

A second step in the analysis was an estimate of the share of Knoxville/Knox County development activity that could be captured by the northeast sector of the county, given the development of a new regional shopping center and improved transportation access afforded by the I-640 improvements. Past trends in development activity by sector of Knoxville/Knox County were reviewed to determine a reasonable development projection for the northeast sector. A field survey of the area was also undertaken.

Finally, development potentials associated with the land areas peripheral to the regional shopping center and interchanges were determined based on a consideration of locational factors, infrastructure availability, and northeast sector development potentials.

Summary of Market Analysis

Based on projections covering the 1980 to 2000 time frame, a total of approximately 100 acres is potentially developable for hotel, office, housing, and other commercial land-uses, in addition to the acreage associated with the regional shopping center development. This projection represents the midrange estimate and the most probable of the development scenarios. Table 1 summarizes the site development potentials by land-use category under the three separate development scenarios. The low range represents a slow growth scenario and is the minimum development that could be anticipated. Conversely, the high-range estimates represent the maximum development that could occur based on anticipated market demand factors in Knoxville/Knox County and the northeast sector. Table 2 summarizes the phasing of development activity for the East Town area.

Under the midrange scenario, a total of 940 multi-family units would be developable in the East Town area. Another 180,000 square feet of space for retail uses and about 130,000 square feet of office space are projected for the area. A mini-warehouse development of 277,500 square feet is also supportable. Finally, it is anticipated that the interchange locations will favor the development of one to two hotels or motels of about 150 rooms each over a 20-year period. These development potentials have been translated into acreage requirements based on assumptions regarding dwelling units per acre, floor area ratios, and rooms per acre for transient facilities.

In all of the projections, existing development patterns throughout the Knoxville/Knox County area, were considered as was the competitive position of the

DEVELOPMENT POTENTIALS--NORTHEAST SECTOR AND DEVELOPMENT AREA, 1980-2000(1)

	Low Range		Midrange		High Range	
	Site Area	Northeast Sector	Site Area	Northeast Sector	Site Area	Northeast Sector
Housing Units						
Single-Family	0	800	0	1,440	0	2,140
Multi-Family	<u>495</u>	<u>830</u>	<u>940</u>	<u>1,430</u>	<u>1,470</u>	<u>2,000</u>
Total:	495	1,630	940	2,870	1,470	4,140
Office Space, Net Rentable (000s of square feet)	78.5	97.5	131.5	162.5	210	260
Retail and Other Commercial Space (000s of square feet)	90	90	180	180	350	350
Hotel Rooms	200	200	300	300	400	400
Light Industrial, Mini-Warehouse (000s of square feet)	277.5	277.5	277.5	277.5	277.5	277.5
Total Acreage Absorbed	60	885	103	1,577	160	2,338

(1) From Table 2.

DEVELOPMENT AREA POTENTIALS, 1980-2000

	1980-1985			1985-1990			1990-1995			1995-2000		
	Low Range	Mid-Range	High Range	Low Range	Mid-Range	High Range	Low Range	Mid-Range	High Range	Low Range	Mid-Range	High Range
<u>Housing Units</u>	110	270	380	180	360	540	140	210	420	65	100	130
<u>Multi-Family</u>												
<u>Office</u>												
<u>Net Rentable (000s of square feet)</u>	7.5	12.5	20	15	25	40	28	47	75	28	47	75
<u>Other Retail/Commercial (000s of square feet)</u>	30.0	30.0	100.0	40.0	100.0	150.0	10.0	25.0	50.0	10.0	25.0	50.0
<u>Hotel Rooms</u>	-	-	-	100	150	200	-	-	-	100	150	200
<u>Light Industrial-Mini-Warehouse (000s) of square feet)</u>	-	-	-	277.5	277.5	277.5	-	-	-	-	-	-
<u>Acreage Requirements</u>												
<u>Housing--MF at 15 DU/Acre</u>	7.5	18.0	25.0	12.0	24.0	36.0	9.5	14.0	28.0	4.5	7.0	9.0
<u>Office at .35 FAR(1)</u>	1.0	1.0	1.5	1.0	2.0	3.0	2.0	3.5	5.5	2.0	3.5	5.5
<u>Other Retail/Commercial, at .3 FAR(1)</u>	2.5	2.5	8.0	3.0	8.0	12.0	1.0	2.0	4.0	1.0	2.0	4.0
<u>Hotel at 50 Rooms/Acre</u>	-	-	-	2.0	3.0	4.0	-	-	-	2.0	3.0	4.0
<u>Light Industrial-Mini-Warehouse at .7 FAR(1)</u>	-	-	-	9.5	9.5	9.5	-	-	-	-	-	-
<u>Total Acres:</u>	11.0	21.5	34.5	27.5	46.5	64.5	12.5	19.5	37.5	9.5	15.5	22.5
<u>(1) Floor area ratio.</u>												

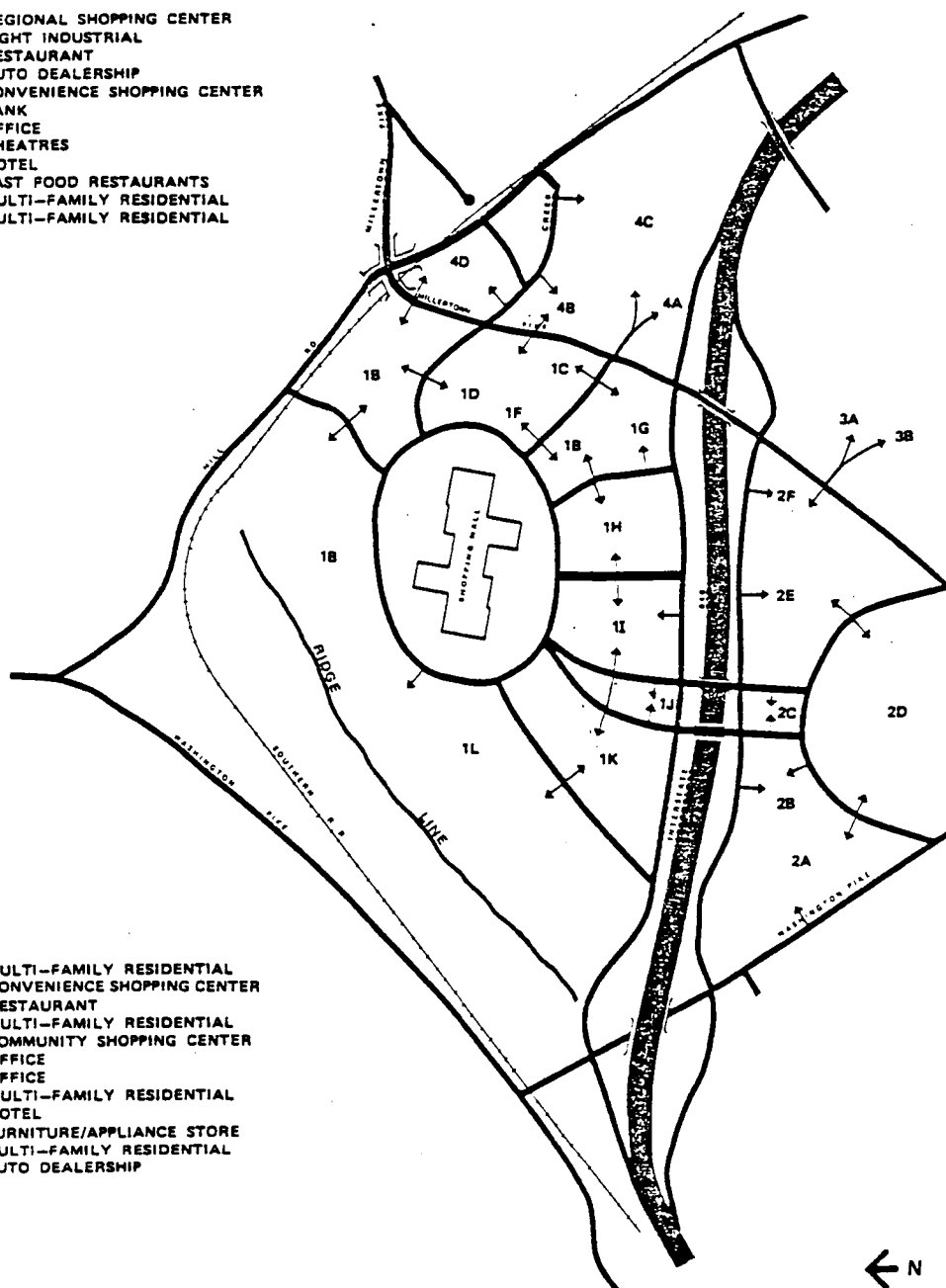
Source: Barton-Aschman Associates, Inc.

northeast sector vis-a-vis other sectors of the city/county and the site area relative to the West Town location. It should be noted that under the midrange assumption, most development in the northeast sector will cluster around the shopping center location and, therefore, will likely be associated with the balance of land available adjacent to the shopping center property, once the regional shopping center is built.

The conceptual development program for the area is shown in Figure 4. This program does not represent a recommended land-use or zoning plan for the area, but rather a development plan to be used for traffic planning purposes to test the roadway system. The key element of this plan is the quantity of development considered in planning the area roadway system.

- 1A REGIONAL SHOPPING CENTER
- 1B LIGHT INDUSTRIAL
- 1C RESTAURANT
- 1D AUTO DEALERSHIP
- 1E CONVENIENCE SHOPPING CENTER
- 1F BANK
- 1G OFFICE
- 1H THEATRES
- 1I MOTEL
- 1J FAST FOOD RESTAURANTS
- 1K MULTI-FAMILY RESIDENTIAL
- 1L MULTI-FAMILY RESIDENTIAL

- 2A MULTI-FAMILY RESIDENTIAL
- 2B CONVENIENCE SHOPPING CENTER
- 2C RESTAURANT
- 2D MULTI-FAMILY RESIDENTIAL
- 2E COMMUNITY SHOPPING CENTER
- 2F OFFICE
- 3A OFFICE
- 3B MULTI-FAMILY RESIDENTIAL
- 4A HOTEL
- 4B FURNITURE/APPLIANCE STORE
- 4C MULTI-FAMILY RESIDENTIAL
- 4D AUTO DEALERSHIP



CONCEPTUAL AREA DEVELOPMENT PROGRAM

4. TRAFFIC PROJECTIONS

The analysis of development potential in the East Town area was based on a 20-year period in order to permit estimation of 1998 peak-hour traffic volumes for the area roadway system. This design year (1998) corresponds to the design year selected by the Tennessee Department of Transportation for I-640 and its interchanges. The critical peak period for the area roadways will be the evening peak hour (4:30 to 5:30 P.M.) due to the characteristics of the component land-uses in the anticipated development program.

Each land-use type characteristically will have a period of peak traffic generation. The time of this peak depends on the type of land-use. In a development area such as that proposed, it is the combination (or overlapping) of the peaks for each land-use that determines the overall peak period.

Regional commercial facilities normally experience three traffic peaks on weekdays and one peak on weekends. The first of the weekday peaks occurs simultaneously with the evening through traffic peak, 4:30 to 5:30 P.M. The second occurs from 7:00 to 8:00 P.M. when the inbound movement reaches a peak, and the third occurs from 9:00 P.M. to 10:00 P.M. when the outbound movement reaches a peak. The weekend peak normally occurs on Saturday afternoon. Residential and office developments have similar peaking characteristics in that both have peak flow periods which correspond to the normal morning and evening rush hours. Thus, the combined peak of these land-uses will occur at the same time as the evening rush hour, which also represents the period with highest through traffic volumes on the roadways.

The 1998 peak-hour traffic projections have three major components:

- Through traffic with *neither* an origin nor destination in the area.
- External site traffic with *either* an origin or a destination in the area.
- Internal site traffic with *both* an origin and destination in the area.

Through Traffic

Through traffic volumes were estimated by using the traffic projections prepared in

1978 by the Tennessee Department of Transportation (see Figure 5). These projections were included in the I-640 design plans and reflected a relatively low-density development program for the area.

External Site Traffic

External site traffic volumes were estimated by applying appropriate generation factors to the expected area development program as identified in the previous section. The volume of external traffic generated by each land-use is listed in Table 3. The external site traffic was assigned to the roadway system according to the direction from/to which traffic would approach/depart the site area. This directional distribution was based on the projected population distribution within the development's area of influence. Four specific areas of influence were used to obtain directional distribution:

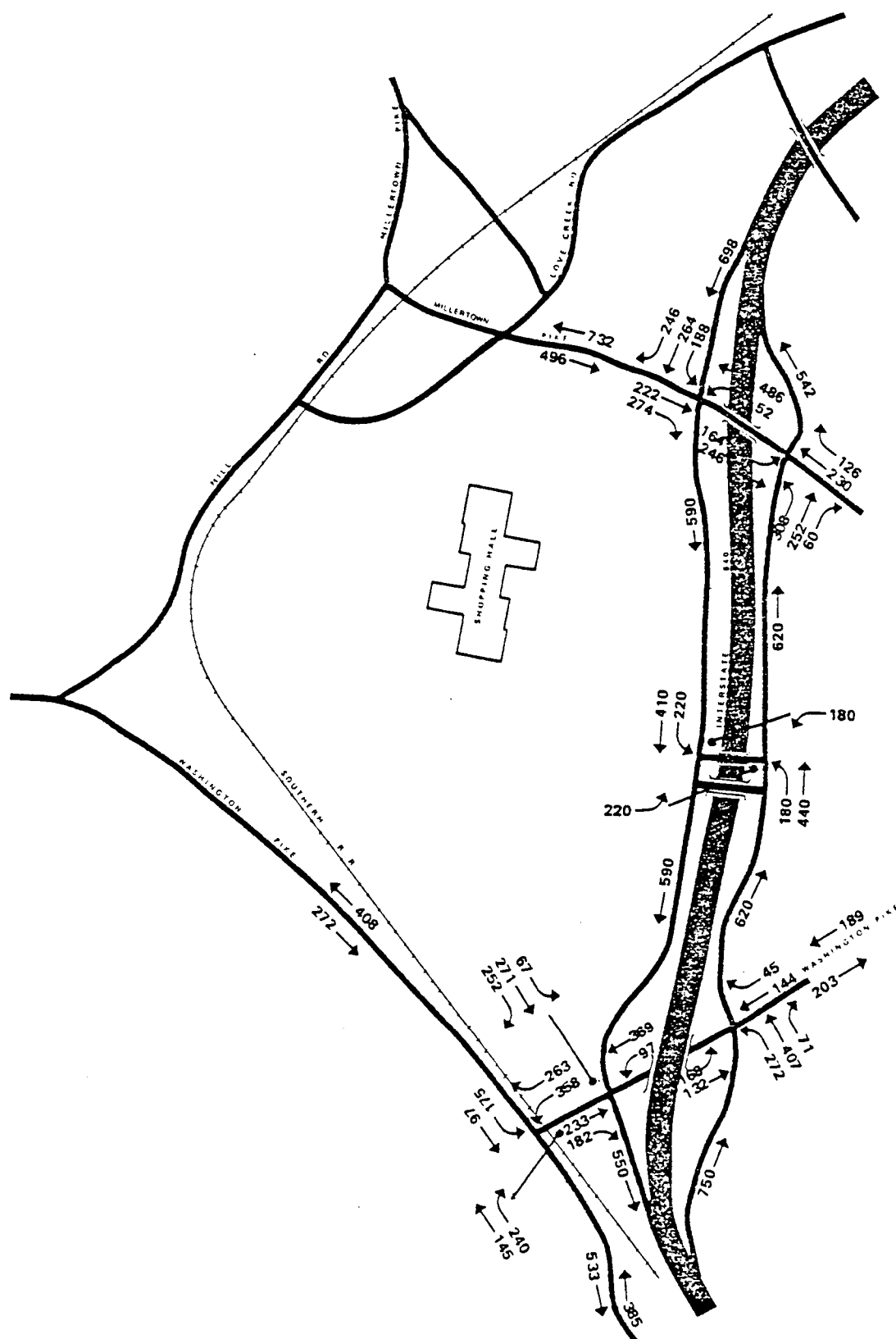
1. *Regional*. This is the area within the primary and secondary trade areas for the regional shopping center as defined by Larry Smith & Company, Ltd. The trade area is limited on the west by competitive facilities, primarily the West Town Shopping Center. The boundary of the trade area has been located approximately midway between the East Town site and West Town. The central part of the city has been excluded from the trade area to allow for the effect of downtown Knoxville shopping facilities. The trade area extends northward to the Tennessee-Kentucky state line, but most of this area is considered to be in the secondary market zone because of its distance from the site. Distance is the factor which influences the configuration of the trade area to the north, the east, and the south. The 1975 population within the trade area was 415,491, and it was estimated to increase to 492,900 by 1985.
2. *Subregional*. This is the area within the primary trade area for the regional shopping center. It excludes land south of Fort Loudon Lake, west of Clinton Highway, and at a distance greater than 12 miles north or east of the site.
3. *Community*. This is the area within approximately six miles of the site.
4. *Local*. This is the area within approximately three miles of the site.

Four directional distributions were obtained by weighting the population within each zone in the above areas to reflect their distance from the site area and then assigning each zone to routes which provide the most direct and efficient travel to and from the site area. The projected 1980 population distribution data was obtained from the Knoxville-Knox County Metropolitan Planning Commission. The resulting directional distributions are listed in Table 4. As can be seen, the orientation of traffic changes as the area of influence changes; I-640 is used for a larger number of regional trips than local trips. The orientation of regional trips are depicted in Figure 6.

The directional distribution of regional trips on the area roadway system indicates that approximately 60 percent of trips destined to the regional shopping center will use I-640 and approximately 80 percent of these trips will pass through the interchanges. The operation of the proposed I-640 interchanges at Millertown and Washington Pikes will be a key factor affecting the efficiency of travel to and from the site.

Internal Site Traffic

Internal site traffic is comprised of multipurpose trips involving stops at two or more



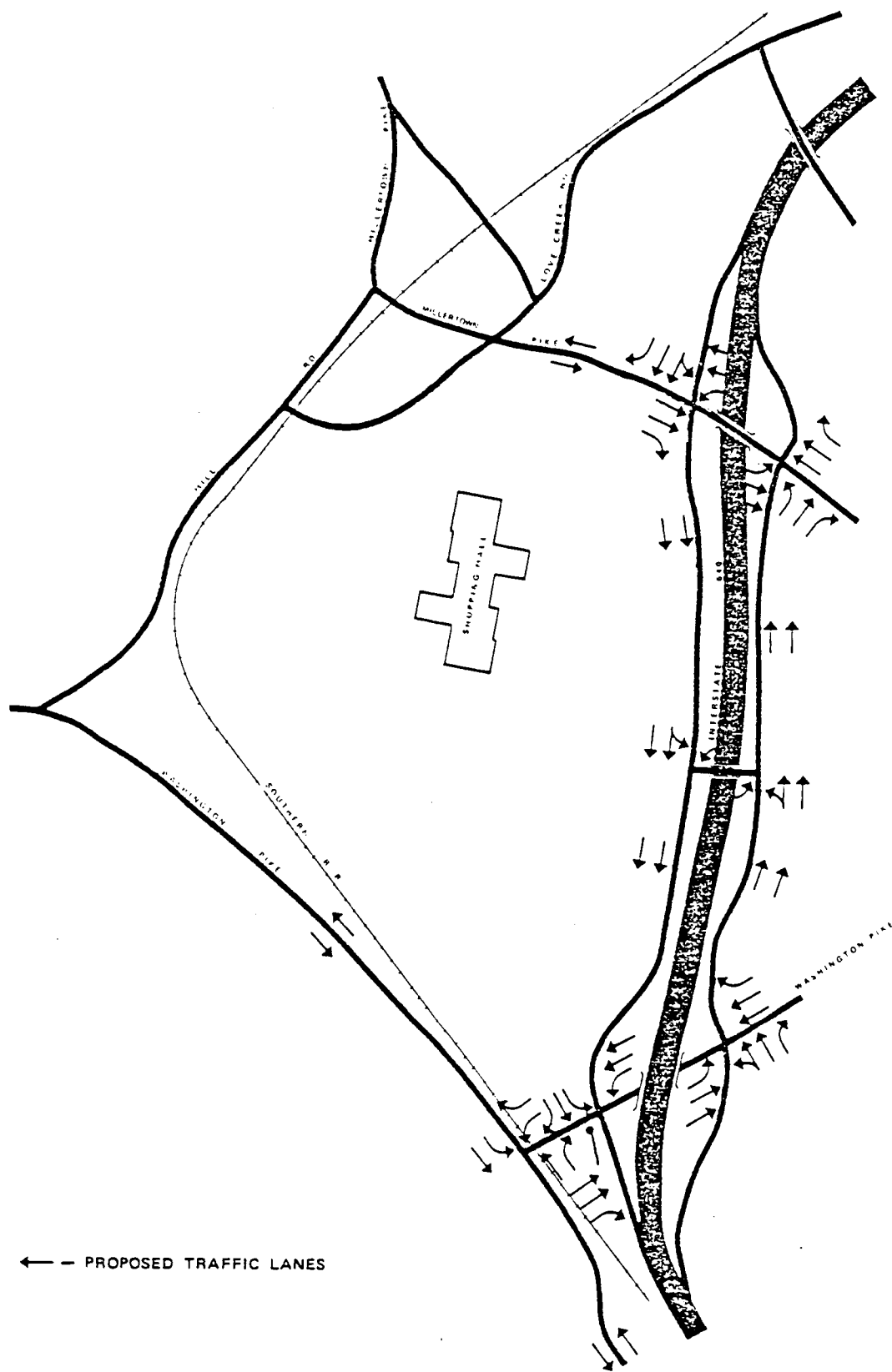
ESTIMATED 1998 P.M. PEAK HOUR TRAFFIC (TENN. DOT)

EAST JAWN AREA DEVELOPMENT PROGRAM AND TRAFFIC GENERATIONS

Area Designation	Development	Intensity	Traffic Distribution	External Site Traffic		Internal Site Traffic		Total Site Traffic	
				Single Purpose Inbound	Single Purpose Outbound	Multiple Purpose Inbound	Multiple Purpose Outbound	Inbound	Outbound
1A	Regional Shopping Center	850,000 Sq.Ft.	Regional	1,135	1,310	310	305	1,445	1,615
1B	Light Industrial	275,000 Sq.Ft.	Subregional	70	140	20	35	90	175
1C	Restaurant	8,000 Sq.Ft.	Local	20	20	20	20	40	40
1D	Auto Dealership	-	Community	40	40	-	-	40	40
1E	Convenience Shopping Center	25,000 Sq.Ft.	Local	120	130	55	45	175	175
1F	Bank	5,000 Sq.Ft.	Local	35	35	40	40	75	75
1G	Office	85,000 Sq.Ft.	Subregional	20	90	5	25	25	115
1H	Theatres	50,000 Sq.Ft.	Community	35	35	15	15	50	50
1I	Motel	200 Rooms	Regional	65	65	-	-	65	65
1J	Fast Food Restaurants	10,000 Sq.Ft.	Local	80	80	90	70	170	150
1K	Multi-Family Residential	150 Units	Community	45	15	15	15	60	30
1L	Multi-Family Residential	150 Units	Community	45	15	15	15	60	30
			Subtotal:	1,710	1,975	585	585	2,295	2,560
2A	Multi-Family Residential	250 Units	Community	75	25	25	25	100	50
2B	Convenience Shopping Center	30,000 Sq.Ft.	Local	150	150	60	60	210	210
2C	Restaurant	8,000 Sq.Ft.	Local	20	20	20	20	40	40
2D	Multi-Family Residential	200 Units	Community	60	20	20	20	80	40
2E	Community Shopping Center	200,000 Sq.Ft.	Community	380	355	170	145	550	500
2F	Office	80,000 Sq.Ft.	Subregional	15	90	5	20	20	110
			Subtotal:	700	660	300	290	1,000	950
3A	Office	50,000 Sq.Ft.	Subregional	10	55	5	15	15	70
3B	Multi-Family Residential	200 Units	Community	60	20	20	20	80	40
			Subtotal:	70	75	25	35	95	110
4A	Hotel	200 Rooms	Regional	75	75	-	-	75	75
4B	Furniture/Appliance Store	30,000 Sq.Ft.	Community	30	30	15	15	45	45
4C	Multi-Family Residential	200 Units	Community	60	20	20	20	80	40
4D	Auto Dealership	-	Community	40	40	-	-	40	40
			Subtotal:	205	165	35	35	240	200
			Total:	2,685	2,875	945	945	3,630	3,820

ESTIMATED DIRECTIONAL DISTRIBUTION OF EXTERNAL SITE TRAFFIC

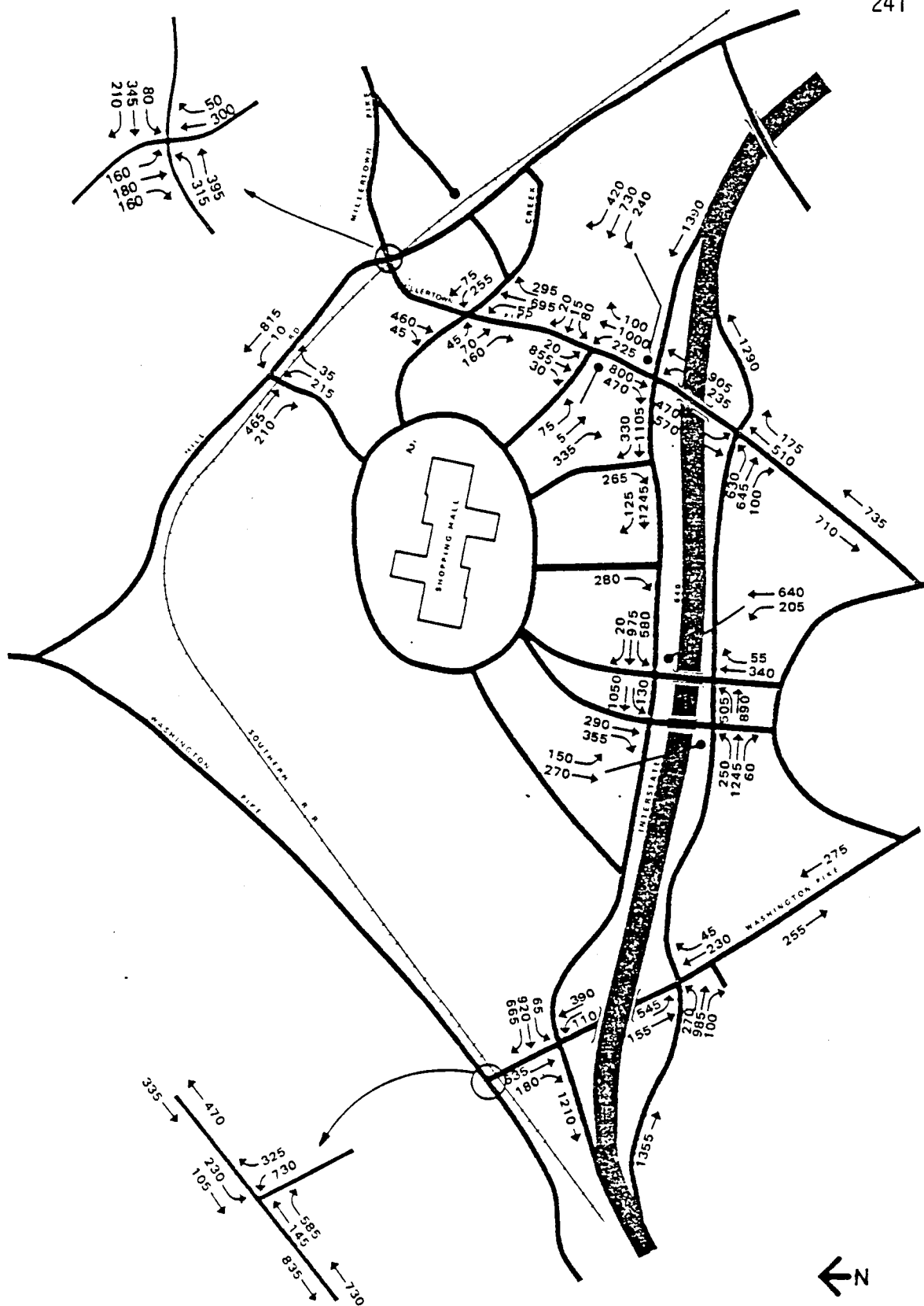
Route	Percentage			
	Regional	Subregional	Community	Local
To and from the east on I-640	35%	25%	20%	15%
To and from the west on I-640	25	30	25	10
To and from the south on Millertown Pike	10	10	15	25
To and from the south on Greenway Drive	10	15	15	15
To and from the north on Washington Pike	10	10	15	15
To and from the north on Millertown Pike	5	5	5	5
To and from the east on Love Creek Road	5	5	5	10
To and from the south on Washington Pike	0	0	5	5



1978 DESIGN OF I-640 INTERCHANGES

developments within the site area. Studies of high-density activity centers have shown that a significant portion of the trips involve stops at more than one development; the smaller commercial developments take advantage of the draw of the larger developments and capture some of the "passing traffic." The estimated internal site traffic for each type of development is shown in Table 3. The internal site traffic may or may not use the external roadways depending upon the locations of the land-uses between which the trips are being made.

The projected 1998 P.M. peak-hour traffic volumes shown in Figure 7 reflect the addition of projected through traffic, external site traffic, and internal site traffic. The roadway system to which the peak-hour traffic volumes were assigned reflects the plan that evolved from meetings and negotiations with the City of Knoxville and the Tennessee Department of Transportation. The analysis of this roadway system is described in the next chapter.



ESTIMATED 1998 PM PEAK-HOUR TRAFFIC

5.

ANALYSIS OF AREA ROADWAY SYSTEM

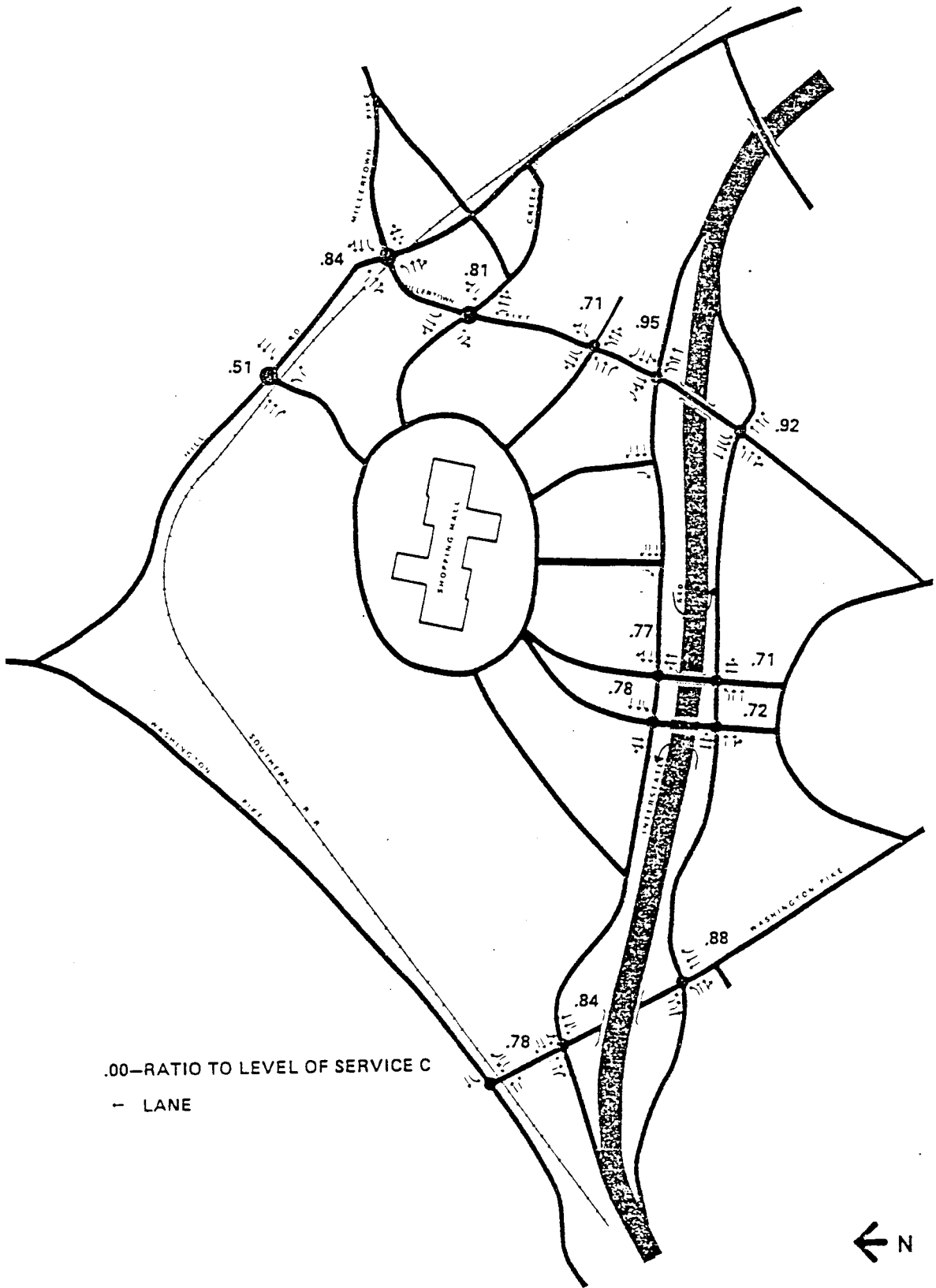
An analysis of the roadway system was accomplished by preparing revised 1998 peak-hour traffic projections for the area roadway system and by calculating capacity for the key intersections in the area. For those intersections where a satisfactory level of service (Level of Service C) was not provided by the number and operational characteristics of lanes proposed, modifications were tested to determine the changes needed to improve traffic service. The results of this analysis were the basis for final recommendations regarding site access and external roadway improvements.

A major factor in the analysis of the roadway system was the consideration of alternative site access schemes to the shopping center. Alternative traffic assignments were prepared; one considered the development of an access driveway to East Town opposite the bridge over I-640 and two others did not. Capacity analyses were then performed at the key intersections using the different traffic volumes to test the adequacy of the proposed design of the I-640 interchanges. Where deficiencies were noted, changes to the proposed design were tested and evaluated.

Following completion of this analysis, meetings were held in Nashville with representatives of the various highway agencies involved, to obtain a general consensus regarding the most appropriate access scheme for the site and changes to the proposed interchange design. These meetings were attended by representatives from the City of Knoxville, Knoxville-Knox County Metropolitan Planning Commission, and the Tennessee Department of Transportation. As a result, a general consensus was achieved regarding site access, the types of changes that could be implemented as part of the I-640 interchange construction, and the procedures to be followed to have these changes included in the construction program. These items are discussed in the following sections.

Recommended Access System

The access system recommended to serve the East Town site consists of seven driveways extending from the internal circulation road around the shopping center to the roadways adjacent to the site. (See Figure 8.)

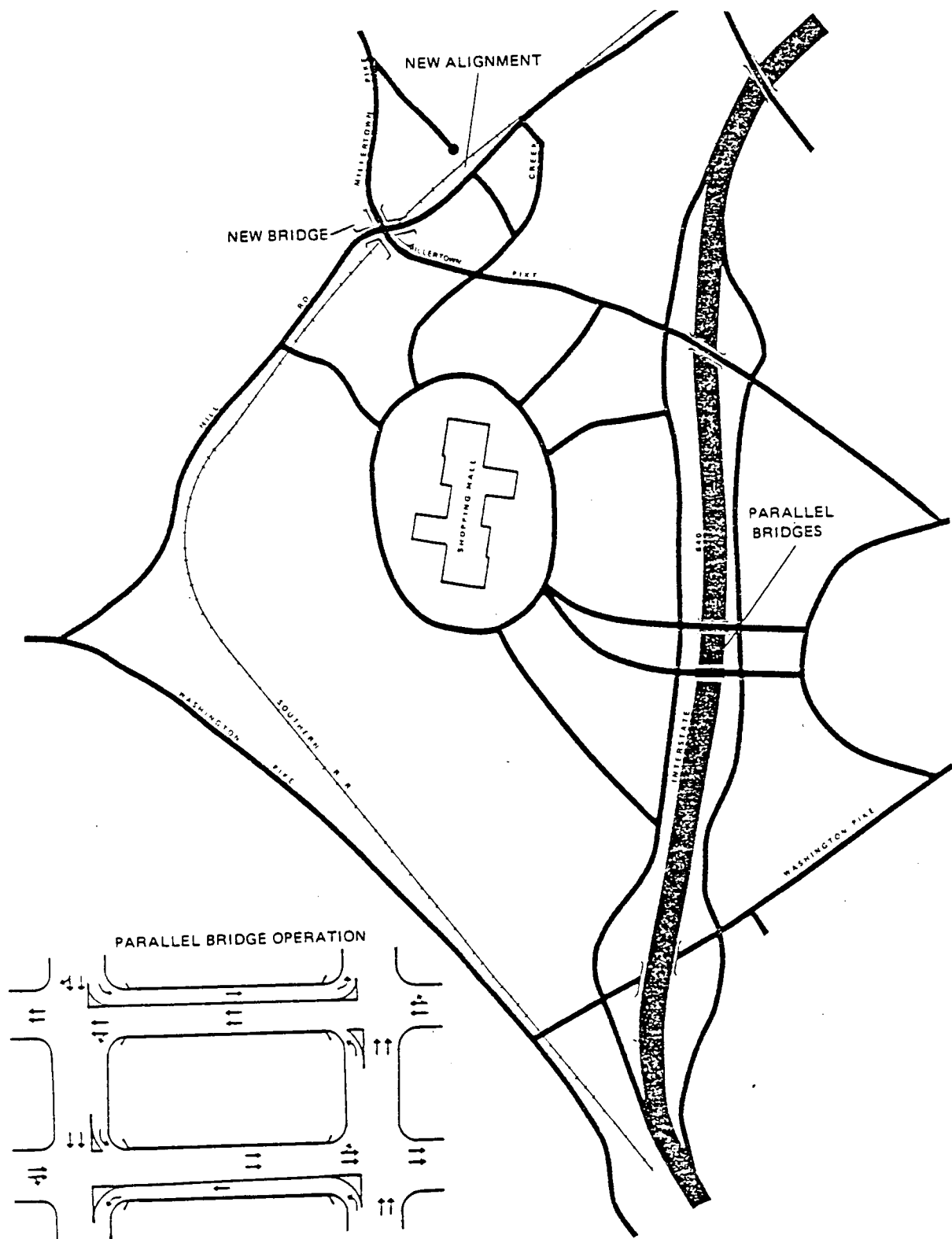


RECOMMENDED SITE ACCESS AND LANE REQUIREMENTS

1. One driveway should extend to Mill Road to serve traffic oriented to and from the north on either Washington or Millertown Pike. This driveway should occur along the alignment of existing Love Creek Road at its intersection with Mill Road. This driveway can operate satisfactorily with two lanes; however, other peripheral development may require widening to four lanes. Certainly, an ultimate four-lane cross section should be envisioned for this driveway. The crossing of this driveway at the Southern Railroad tracks will require improvement in terms of crossing control and design characteristics. Railroad crossing flashers and gates should be provided to serve the increased traffic volumes expected on this roadway. In addition, clearing of trees and underbrush is necessary to obtain adequate sight distance. The operation of the crossing could be improved if the elevation of Mill Road at this intersection were lowered a few feet to approximately the same level as the railroad tracks.
2. One driveway should extend to Love Creek Road and function as an extension of this roadway into the site. This driveway will also operate satisfactorily with two lanes, although additional lanes will be needed at its intersection with Millertown Pike. This intersection is already controlled by a traffic signal.
3. One driveway should extend to Millertown Pike at a point approximately midway between the intersections with the I-640 ramps and Love Creek Road. This driveway should have four lanes—two inbound lanes and two outbound lanes. The intersection of this driveway and Millertown Pike will require traffic signal control in the future which should be considered as part of a signal system with the I-640 ramp intersections.
4. One driveway should extend to the westbound I-640 frontage road approximately 600 feet west of Millertown Pike. This driveway will serve only right turns inbound and right turns outbound because the frontage road has one-way traffic flow. This driveway needs only two lanes if it has no intersection between the shopping center ring road and the freeway frontage road. If there are intersections between these points, separate turn lanes should be provided at the intersections and a four-lane cross section should be considered.
5. A second driveway should extend to the westbound I-640 frontage road approximately midway between Millertown Pike and the crossover bridges. This driveway would be at the general location of Humphrey Road, but it should align directly north-south instead of conforming to the diagonal orientation of Humphrey Road. This driveway also will serve only right-turn movements and can function with two through lanes.
6. A four-lane divided driveway operating as two one-way roadways should extend from the shopping center ring road to the I-640 frontage road aligning with the two bridges. This driveway will serve traffic destined to or from either direction on I-640.
7. A fourth driveway to the I-640 westbound frontage road is recommended along existing Valley View Drive. This driveway will predominantly serve the anticipated residential development to the northwest of the shopping center. It will also be limited to right-turn movements at the one-way frontage road.

Recommended Roadway Improvements—Stage I

The following roadway improvements are shown in Figure 9 and should be completed by the opening of the regional shopping center:



FUTURE ROADWAY PLAN

1. *Millertown Pike.* This roadway should be widened to five lanes, starting approximately 500 feet south of the I-640 interchange and extending approximately 500 feet north of the access driveway to the shopping center. At that point, Millertown Pike should be widened 32 feet on only the west side of the centerline (creating the ultimate west curb line) to a point 200 feet north of the intersection with Love Creek Road. This section of Millertown Pike should operate as one lane in each direction with a center left-turn lane. The bridge on Millertown Pike over I-640 should operate with six lanes—two through lanes in each direction with dual left-turn lanes in the median. The bridge cross section would include two five-foot shoulders, two five-foot sidewalks, two 24-foot roadway segments, and a 26-foot median area for dual turn lanes. Separate right-turn lanes should be provided on Millertown Pike at both ramp/frontage road intersections, with optional right turns permitted from the southbound through lane at the north frontage road.
2. *I-640 Westbound Ramps/North Frontage Road.* The westbound I-640 ramp at Millertown Pike should have one lane, widening to three lanes at the Millertown Pike intersection. These three lanes should operate as a right-turn lane, a through lane, an optional left-turn and through lane. A fourth lane exclusively to serve left turns should be considered as a possible future addition.

The north frontage road should have two through lanes with separate turn lanes added on the north side (for right-turn lanes) or the south side (for left-turn lanes). Separate left-turn lanes should be provided at the parallel bridges, one serving the U-turn movement and the other serving the crossover movement. Separate right-turn lanes should be added at the access drives to the shopping center and at the intersection with Washington Pike.

The westbound I-640 entrance ramp should be two lanes wide at Washington Pike merging to one lane prior to the entry to the through lanes. This entrance ramp is the shortest ramp at this interchange and may require lengthening to achieve a proper merging distance for the lane drop on the ramp. Both entrance ramps onto I-640 (i.e., northbound at Millertown Pike and southbound at Washington Pike) should have two lanes at the top of the ramp merging to one lane before entering the freeway. These lanes originally were intended to merge the through and right turns entering the freeway. It is recommended that at both entrance ramps the two lanes serve two through lanes which merge to one before joining the mainline. This modification requires that the tapers for the merge area be extended, the channelization islands cut back for a wider opening, and the right-turn movement converted from free-flow to signalized control.

3. *I-640 Eastbound Ramps/South Frontage Road.* The eastbound I-640 exit ramp at Washington Pike should have one lane, widening to three lanes at the Washington Pike intersection. These three lanes should operate as a left-turn lane, a through lane, and an optional through and right-turn lane.

The south frontage road should have two through lanes with separate turn lanes added on the north side (for left-turn lanes) or the south side (for right-turn lanes). Separate left-turn lanes should be provided at the parallel bridges (one serving the U-turn movement and the other serving the crossover movement), and at the intersection with Millertown Pike.

The eastbound I-640 entrance ramp should be two lanes wide at Millertown Pike merging to one lane prior to the entry to the through lanes.

4. *Midpoint Crossover Bridge.* The crossover bridge should consist of two parallel three-lane bridges located approximately 100 to 200 feet apart. Both of the bridges should operate with two through lanes and a third U-turn lane on the outside of the bridge. The access drives to the development on either side of the freeway should align opposite the two bridges and should operate as one-way streets with two lanes.
5. *Washington Pike.* This route should be basically a five-lane roadway through the interchange area—two through lanes in each direction with a center lane for left-turn movements. Separate right-turn lanes should be provided on Washington Pike at both ramp/frontage road intersections. The inside southbound through lane on Washington Pike at the eastbound exit ramp/south frontage road intersection should be converted to a second left-turn lane, leaving one southbound through lane. This lane conversion is necessary to accommodate the left-turn movement which will be far heavier than the through movement. The center lane on Washington Pike at its intersection with Greenway Drive should operate as a second left-turn lane.
6. *Greenway Drive/Washington Pike.* This route should be basically a two-lane roadway with separate turn lanes at major intersections. At the intersection of Greenway Drive and Washington Pike, Greenway Drive should be widened to accommodate a separate right-turn lane and second westbound through lane. The additional through lane is necessary to serve the dual left-turn movements from Washington Pike. This lane must be extended a sufficient distance to permit the two lanes to be merged back into one.
7. *Mill Road.* Mill Road should be widened at its intersection with the site access driveway to obtain a separate right-turn lane into the site. This widening can taper back to the existing two-lane width of Mill Road approximately 250 feet west of the intersection. The grade across the railroad tracks should be improved to increase sight distance and modern railroad crossing signals should be installed to protect the crossing.
8. *Love Creek Road.* Love Creek Road should be widened from two lanes to three lanes on both legs of the Millertown Pike intersection. The additional lane is to accommodate left-turn movements on both approaches. The traffic signal that now controls this intersection should be replaced with a modern traffic signal installation.
9. *Traffic Signal Control.* Based on the traffic projections, it is anticipated that traffic signals will be required at the following intersections.

System:

- Love Creek Road and Millertown Pike (existing).
- East Town driveway and Millertown Pike.
- I-640 westbound frontage road and Millertown Pike.
- I-640 eastbound frontage road and Millertown Pike.

System:

- I-640 westbound frontage road and east crossover bridge.
- I-640 eastbound frontage road and east crossover bridge.
- I-640 eastbound frontage road and west crossover bridge.
- I-640 westbound frontage road and west crossover bridge.

System:

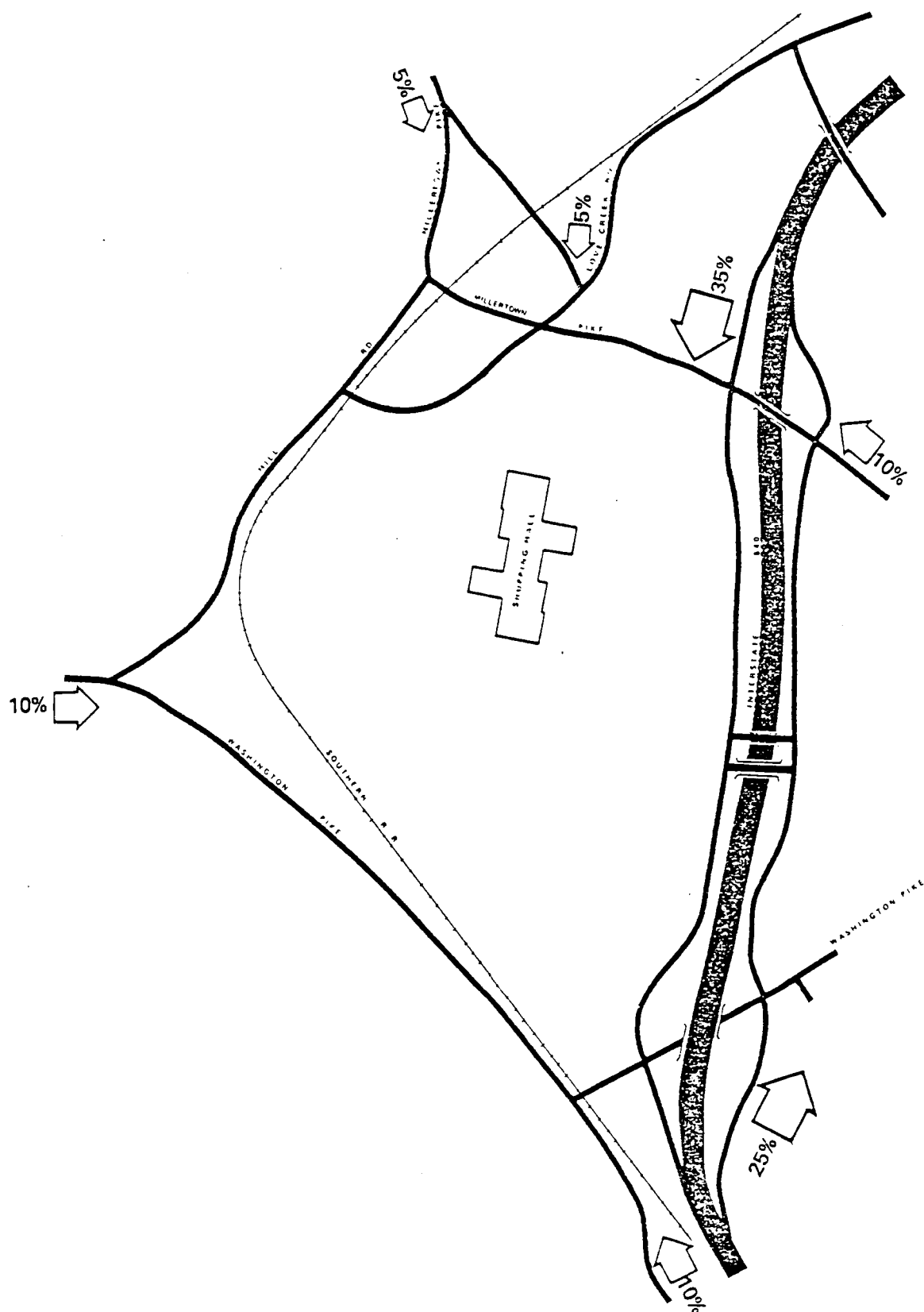
- Greenway Drive and Washington Pike.
- I-640 westbound frontage road and Washington Pike.
- I-640 eastbound frontage road and Washington Pike.

Because of the proximity of these signalized intersections to each other, the most efficient traffic flow would be achieved through development of interconnected traffic signal systems on Millertown Pike, the crossover bridge, and Washington Pike.

Recommended Roadway Improvements—Stage II

Under the Stage I roadway improvement program, I-640 and its interchanges, frontage roads, and crossover bridges would be completed as designed; no changes to these elements are anticipated in connection with the growth of traffic through 1998. However, improvements to other roadways in the interchange areas will be necessary as new development takes place adjacent to the regional shopping center. These improvements are shown in Figure 10 and are discussed below:

1. *Millertown Pike.* A new five-lane bridge over the Southern Railroad tracks should be constructed near the alignment of the existing two-lane bridge. This bridge design would permit five lanes of Millertown Pike (north-south) and five lanes of realigned Love Creek Road (east-west) to be grade-separated from the tracks. Millertown Pike should be widened to five lanes from a point 500 feet north of the bridge to the five-lane cross section adjacent to the shopping center; an additional 32 feet of pavement will be needed on the east side of the centerline.
2. *Love Creek Road.* Love Creek Road should be widened to five lanes and realigned with Mill Road so that it intersects Millertown Pike on the bridge over the railroad tracks. This new intersection will likely require traffic signal control and should be interconnected to the other signals on Millertown Pike. The old alignment of Love Creek Road opposite the shopping center access drive should remain as a public roadway.
3. *Mill Road.* Mill Road should be widened to five lanes from the new bridge over the railroad tracks to its intersection with Washington Pike.



ESTIMATED DIRECTIONAL DISTRIBUTION OF REGIONAL TRAFFIC

6. SUMMARY

The site proposed for the East Town development is highly accessible because of its location on the arterial street system (Millertown Pike and Washington Pike) and its proximity to interchanges on the circumferential freeway (Interstate 640). The area roadway system adjacent to the site is still rural in character because major development has not occurred in this area and traffic volumes are still low. However, this situation will change rapidly with the completion of Interstate 640 around Knoxville and the opening of the interchanges at Millertown Pike and Washington Pike.

The most important factor affecting the accessibility of the site is Interstate 640 and the design of the interchanges. The directional distribution analysis of patron traffic identified that 70 to 80 percent of this traffic will pass through the interchange area. Thus, it is imperative that these intersections operate efficiently to serve both the East Town development and area traffic needs.

The design plans for I-640 which have received federal approval identify a split diamond interchange configuration with two parallel crossover bridges located midway between Millertown and Washington Pikes. Careful analysis of this design and projected traffic volumes has shown that the most efficient operation of the interchange and access to the site can be achieved by development of a site access system that includes driveways to the I-640 frontage road aligned opposite the crossover bridges. The preliminary design plans for the I-640 interchanges have been modified through "change orders" in the final design phase to accommodate the additional needs of the area development program.

Agreements have been reached with the City of Knoxville and the Tennessee Department of Transportation regarding the configuration of the roadway system, the staging of improvements, and implementation responsibilities. The ultimate roadway system that has been proposed will be able to safely and efficiently accommodate the needs of the East Town area development program.

APPENDIX L

NEWSPAPER ARTICLE

(Source: Knoxville Journal, December 19, 1984)

\$58M projects planned around East Towne Mall

By JOE KRAKOVIAK
Journal Reporter

Apartments and light commercial development costing \$58 million are planned around East Towne Mall, developers said Thursday.

The two projects are awaiting the sale of low-interest industrial development bonds to begin construction.

East Towne Village is planned as a \$28 million residential development adjacent to East Towne Mall. It will include about 500 apartments and a retirement high-rise with about 150 units.

Developed by Brown, Brown & West, it could begin construction this year depending on how soon about \$25 million in low-interest in-

dustrial development bonds can be sold.

"It will be a natural," said David G. Brown. "The residents and the mall will work together."

Madison Square, set for 47 acres east of Washington Pike near the mall, is planned as a 400-unit apartment complex with such additions as a grocery store, said developer Henry T. Ogle.

"Essentially East Knoxville has not developed apartments," Ogle said. "West Knoxville has. Anybody who's look around West Town Mall can see that."

The first phase of East Town Village's 30-acre project will include construction of 200 to 250 units of the apartment complex. Units will run from 550 square feet

for efficiencies at about \$250 a month to about 1,000 square feet for two-bedrooms at \$385 a month.

The second phase of apartments will be completed within four years, Brown said. The complex will have swimming pools, recreation rooms and tennis courts.

Brown said 20 percent of the units will be set aside for below-median-income renters, a move required to qualify for the bonds. He will seek preliminary approval for the project March 21 from the county Health & Education Facilities Board and can then solicit investors.

The retirement complex will be six or seven stories complete with medical facilities at about \$600 to

\$700 a month.

Brown said he has the land under option to purchase from Melvin Simon & Associates of Indianapolis, the developers of East Towne Mall. Brown said Simon will build a nearby "strip" mall with supermarket and drug store catering to the residential development.

The complex will be north of the mall.

"You can see the land behind the JC Penney store as you come across the bridge from the interstate exit," Brown said.

Ogle said his group, which includes securities executive Brown Ayres and associates, has the land under option with Bank of Commerce. He said the project could be phased in over two years.

APPENDIX M

LETTER TO BILL SANSOM FROM RANDY TYREE

MAYOR
RANDY TYREE

August 14, 1979

The Honorable William E. Sansom
Commissioner
Tennessee Department of Transportation
Highway Building
Nashville, Tennessee 37219

SUBJECT: Proposed East Town Regional Shopping Center.

Dear Bill:

As you are aware, a proposal exists for the development of a major regional shopping center on property adjacent to Interstate Route 640 between Washington Pike and Millertown Pike in north-east Knox County. Members of the City's staff and representatives of the Metropolitan Planning Commission have been working with the developer for some time and we have each had the opportunity to make substantial inputs into the planning efforts of the other. The developer has already completed or initiated a number of significant steps which must be cleared before construction can begin including the following:

1. The property has been assembled and is under the total ownership of the proposed developers.
2. The property has been rezoned by the Metropolitan Planning Commission and the County Commission.
3. The owners of the property have indicated a desire for annexation to the City. Both the developer and this administration believe that such annexation is necessary in order to insure the delivery of adequate urban services to the proposed development. The fact that the developer has initiated the annexation process and thus made a commitment to payment of higher taxes is, I believe, a firm indication of their intent to proceed without delay.

The Honorable William E. Sansom
Page Two
August 14, 1979

4. We believe that it is obvious that since the Washington Pike/Millertown Pike interchange will be the only interchange providing access to I-640 in northeast Knoxville that there will indeed be very intense commercial development surrounding that interchange. The recent receipt of bids by the Department of Transportation for construction of I-640 between Broadway and I-40 near Rutledge Pike has convinced the business community that the completion of I-640 will be a reality within the near future and that the time has come to make commitments to development which had been pending for some time. The business community now appears to be ready to make a commitment to that development and a public announcement on the participation of a major retail tenant in the proposed East Town Center is anticipated in the near future.
5. The developer has completed Phase I of a traffic impact study for the proposed development and identified several potential capacity restraints which would have an adverse impact not only on the accessibility of the center and other surrounding development but also on the operation of the Interstate interchange.

In order that we may avoid a situation where the safety and efficiency of a newly completed highway project is placed in jeopardy shortly after completion of that project, several changes in the plans for I-640 have been generated by the developers consultant and reviewed by our staff. Attached is a list of those changes and a series of sketches illustrating the proposed changes. I believe that it would be in the best interest not only of the developer but also the City of Knoxville and the Department of Transportation to incorporate the recommended changes into the initial construction of I-640. I request that these changes be made and offer the following assurances on behalf of the City of Knoxville.

The Honorable William E. Sansom
Page Three
August 14, 1979

1. The City will assume financial responsibility for any costs incurred within the City limits at the time the project is completed and which are beyond the limits of the present FAI project. This will obviously include those areas which are located to the south and west of the interchange on Washington Pike and Millertown Pike which are already within the corporate limits. Other areas to the north and east may also be included depending upon the ultimate limits of annexation.
2. The City will assume responsibility for any additional construction costs within the limits of the current FAI project which we are unable to adequately justify based on projected traffic volumes to be generated by anticipated primary and secondary development within the vicinity of the interchange.

Based on the previous discussion, I believe that it is obvious that we are convinced that intense commercial development will exist on several hundred acres of land surrounding the proposed interchange and that it is in the best interest of the citizens of Knoxville and Knox County as well as the tens of thousands of motorists who will be utilizing I-640, to make those changes which will minimize the possibility of a serious degrading of traffic service if the land and street system should develop in an uncoordinated manner.

Thank you for your interest in this matter and your continued cooperation in the development of the transportation system adequate to meet the needs of a growing community. If there is any way that I or any of the members of my staff can be of assistance in pursuing this matter, please let me know.

Sincerely,



RANDY THREE
MAYOR

APPENDIX N

LETTER TO RANDY TYREE FROM DON MOORE

CITY OF KNOXVILLE
INTER-DEPARTMENTAL MEMORANDUM

DATE: February 12, 1979
TO: Randy Tyree
FROM: Don R. Moore *DRM*
SUBJECT: Control of Access on the I-640 East frontage roads near the proposed East Town Mall

Recently you and Mr. Sullivan met with the developer of the proposed East Town Mall Development, and discussed various requirements the City may ask of his development. In that meeting you have asked Mr. Sullivan to investigate the control of access at the crossover bridge between the two frontage roads adjoining the proposed site of the East Town Mall development. An investigation of the access control indicates that the decision was made by Mr. Paul Morrison from the Design Department in the Nashville office of the Tennessee Department of Transportation and the approval was granted by Mr. Neal Lance of the Federal Highway Administration. The control of access as it is currently shown in the Tennessee Department of Transportation's plans for I-640 indicates a control of access with a break at either end of the proposed mid-point bridge crossing between the two frontage roads. I am enclosing sketches that indicate the options available to the City.

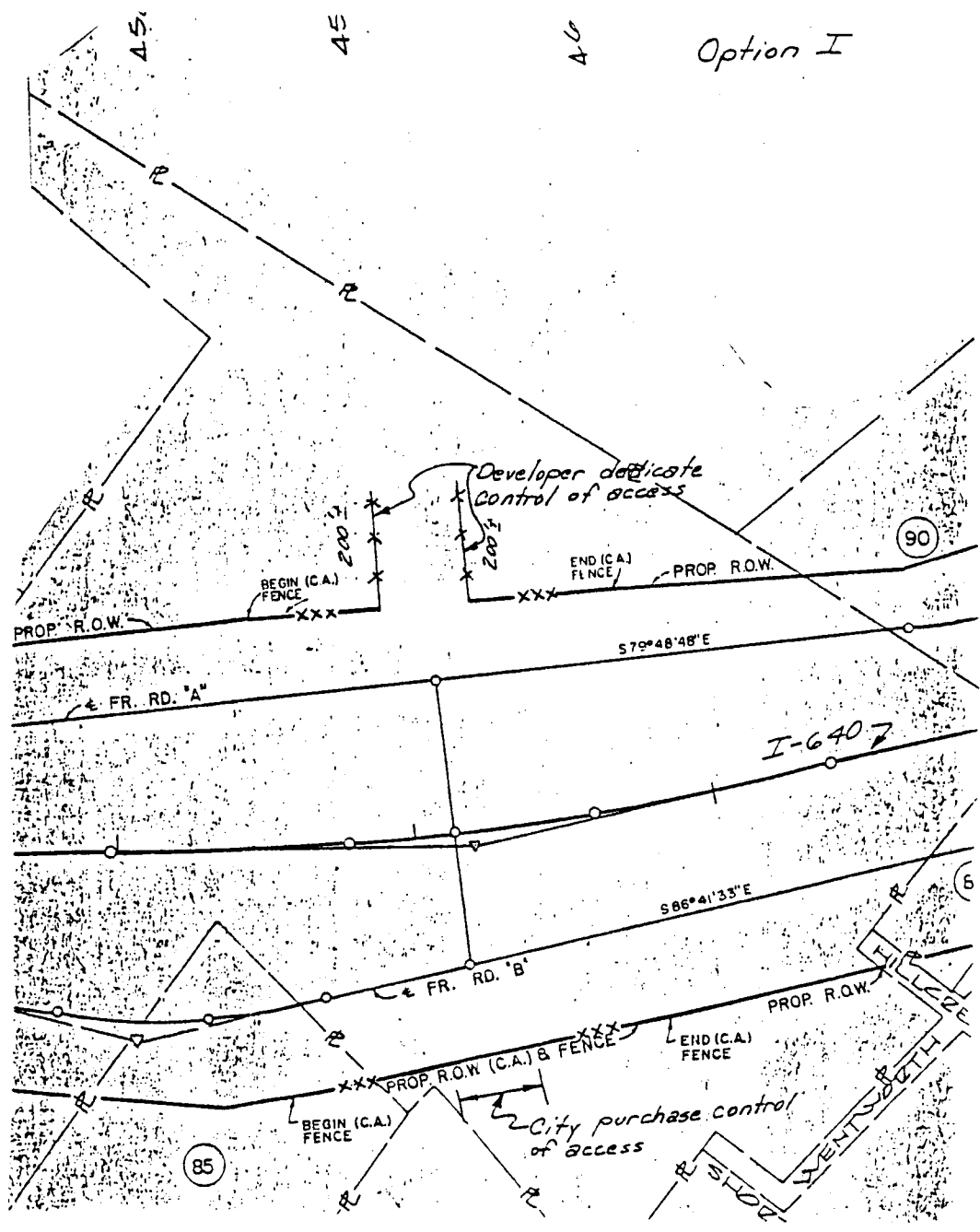
The first option would be to require the developer to dedicate approximately 200 feet of his proposed driveway into East Town Mall to the City of Knoxville with control of access for approximately 200 feet back into the project. In this option, I would request the City of Knoxville to purchase the control of access for the section that the Tennessee Department of Transportation will leave open on the south side of I-640.

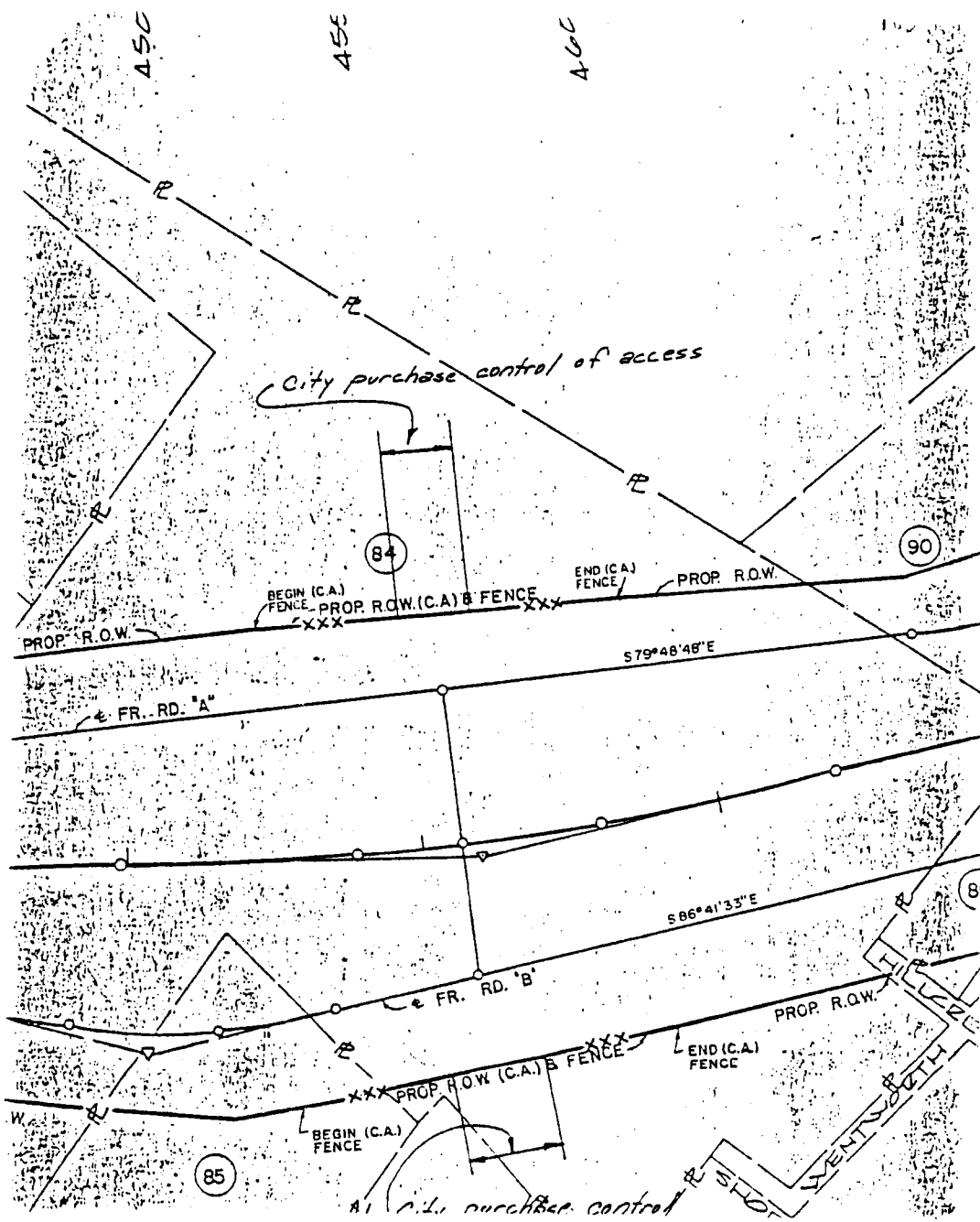
Option 2 would be to buy the control of access on both the north and south sides of the interstate and allow the access to be broken if the requirements of the City are met.

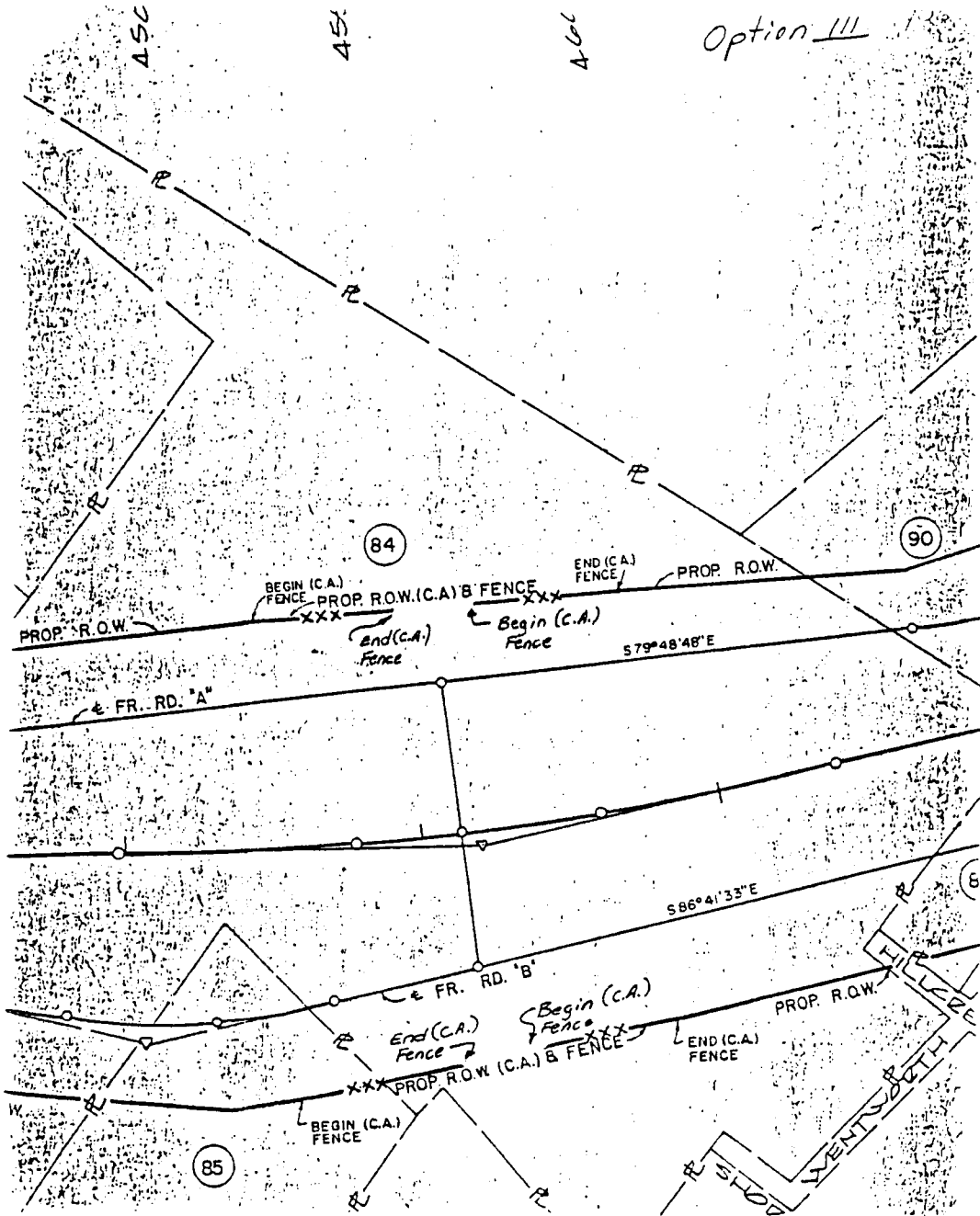
Randy Tyree
Page Two
February 12, 1979

Option 3 is to allow the plans that the Tennessee Department of Transportation currently have to stand and negotiate vigorously with the developer of East Town and the future developer on the south side of the interstate so that they will develop the intersection to reduce any congestion. This option could cause the most problems with future traffic.

I am recommending the City investigate Option 1. If you have any questions concerning this matter, please contact me at your convenience.







APPENDIX O

LETTER TO BILL SANSOM FROM RANDY TYREE

MAYOR
RANDY TYREE

January 11, 1980

The Honorable William E. Sansom
Commissioner
Tennessee Department of Transportation
Highway Building
Nashville, Tennessee 37219

Dear Mr. *Bill* Sansom:

On December 20, 1979 members of my staff met with you and your staff and representatives of the proposed East Town Mall to discuss possible revisions to the Interstate 640 construction plans to accommodate the traffic volumes which are now being projected for the Interchange with Washington Pike and Millertown Pike. We have reviewed the information and cost estimates made available at that meeting and would offer the following proposals concerning the nature of and financial responsibility for the proposed changes.

1. We believe that the plans should be modified to reflect the ramp and frontage road changes discussed in detail at the December 20 meeting and that the dual bridge design with "Texas" U turns provisions should be adopted. As the study by Barton-Aschman Associates has indicated this design will provide the highest level of service and the most operational flexibility to accommodate not only the proposed shopping center but the many and varied other commercial uses which inevitably follow such a center.
2. It is proposed that the Tennessee Department of Transportation and the Federal Highway Administration assume the responsibility for the basic roadway changes (estimated at \$435,000) and initially assume the responsibility for cost equivalent of a six lane bridge (estimated at \$913,000) which is the minimum design capable of providing even level of service D or E operation. The total cost to the Tennessee Department of Transportation and the Federal Highway Administration under this proposal would be \$1,348,000 or an increase of \$832,000 above the present design.

The Honorable William E. Sansom
 Page Two
 January 11, 1980

3. The City of Knoxville will assume full responsibility for the cost differential between a six lane bridge and the twin three lane bridges (estimated at \$1,306,000) or \$393,000.
4. While it has been suggested that the Tennessee Department of Transportation and the Federal Highway Administration assume the initial responsibility for the cost of a six lane bridge, it is recognized that the need for the additional lanes is somewhat speculatively and that the Department and the FHWA might be accepting unnecessary exposure and setting an undesirable precedent. Therefore, the City of Knoxville will agree to guarantee repayment to the Tennessee Department of Transportation of the cost differential between a three lane bridge and a six lane bridge or \$260,000 if the projected development does not materialize during some agreed upon period of time. It is suggested that an appropriate timetable would be breaking ground for construction on at least 750,000 square feet of retail and commercial space within 18 months of the time the bridges are open to traffic. Such a guarantee should provide the Department with an acceptable level of protection against other requests for similar financial participation to accommodate speculative development.

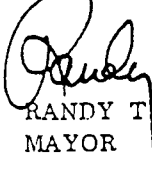
In summary, the proposal would call for total expenses to the Department and City as follows:

	With Anticipated Development	Without Anticipated Development
TDOT and FHWA		
Total	1,348,000	1,088,000
Increase	832,000	572,000
City of Knoxville		
Total	393,000	653,000
Increase	393,000	653,000

The Honorable William E. Sansom
Page Three
January 11, 1980

Under the proposed cost distribution all negotiations with the presently proposed or future developers would be undertaken by the City of Knoxville thus relieving the Department of any obligation to deal with a third party. If you have any questions or require more detailed information concerning this proposal, please let me know.

Sincerely,



RANDY TREE
MAYOR

/afb

APPENDIX P

AGREEMENT FOR I-640'S MODIFICATIONS

THIS AGREEMENT, made and entered into this _____ day of July, 1980, between the CITY OF KNOXVILLE, a municipal corporation organized and existing in the State of Tennessee, hereinafter referred to as "City", and _____.

W I T N E S S E T H:

WHEREAS, _____ plans to develop a regional shopping mall called "East Town" containing one million plus square feet of commercial space on approximately 115 acres located adjacent to I-640 and between Washington and Millertown Pikes, and

WHEREAS, the City of Knoxville desires to minimize traffic congestion and improve traffic flow and accessibility to the mall, and

WHEREAS, the City of Knoxville and State of Tennessee Department of Transportation have negotiated an agreement to modify the I-640 construction plans, ramps, frontage roads, and provide for a dual bridge system in this area with the City to finance additional construction expenses estimated at \$653,000, and

WHEREAS, the value of the East Town regional shopping mall developed and owned by _____ will

be greatly enhanced by these traffic improvements, _____

_____ agrees to contribute to the financial costs for these changes incurred by the City of Knoxville.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the City of Knoxville and _____

_____ agree and contract as follows:

(1) The City shall pay to the State of Tennessee the sum currently estimated at Six Hundred Fifty Three Thousand Dollars (\$653,000) for construction of a three-lane crossover bridge at the interchange of Interstate Route 640 with Washington and Millertown Pikes and frontage roads connecting to said pikes, in accordance with the terms of an agreement entered into between the City and the State of Tennessee.

(2) _____ shall pay to the City as a portion of these construction costs, the amount of Two Hundred Thousand Dollars (\$200,000), plus all interest costs incurred by the City between the time payment was made to the Tennessee Department of Transportation and the repayment date, payable in three (3) equal installments payable the end of the month at six (6) month, twelve (12) month and eighteen (18) months, said period to commence upon the completion and formal opening to traffic of Interstate Route 640 between I-40 near Rutledge Pike and Broadway.

(3) If at the termination of the eighteenth (18th) month period described above, _____ has not placed under construction contract a minimum of 500,000 sq. ft. of non-residential development in the East Town regional shopping mall, _____ shall pay to the City an additional Two Hundred Fifty Three Thousand Dollars (\$253,000) (or such lesser or greater amount as has been paid to the Tennessee Department of Transportation by the City in accordance with an agreement dated _____) plus applicable interest costs, payable in four (4) equal payments payable at the end of twenty-four (24) months, thirty (30) months, thirty-six (36) months and forty-two (42) months from the previously defined I-640 completion date.

IN WITNESS WHEREOF, the City and _____
have caused this agreement to be executed by their respective duly authorized
officials on the day and date first above written.

CITY OF KNOXVILLE, TENNESSEE

APPROVED AS TO
FORM AND CORRECTNESS:

Mayor

Director of Law

APPENDIX Q

KNOXVILLE'S DEVELOPMENT REVIEW AND APPROVAL PROCESS

The number of steps involved and the resulting time required to develop land in Knox County depends first on whether the property has the appropriate zoning classification; second, on whether that zone requires a Use on Review approval by MPC; and third, on whether the property is to be subdivided. In the City of Knoxville, zoning depends on conformance with the One Year Plan so an additional review and approval may be needed.

REZONING

If a rezoning is required, two or three months should be allotted for final approval by the appropriate legislative body which must be preceded by a hearing and recommendation by MPC. (See Chart 1). The time varies because of the variations in meeting dates. The Knoxville City Council requires a 15 day public notice period and a request will not be heard until 15 days after the MPC hearing. The City Council will have two readings, normally at successive meetings, and final legislative action is effective 17 days after the second reading, assuming a favorable vote. The County Commission requires a 30 day public notice period after the MPC hearing with action effective immediately upon a favorable vote on one reading.

APPROVAL OF USES ON REVIEW, INCLUDING DEVELOPMENT PLANS

A Use on Review approval by MPC is necessary if the property has a zoning classification which requires approval of a development plan, or where the use is listed as a use "permitted on review" in the City Zoning Ordinance or County Zoning Resolution, or for any construction activity in a designated floodway zone. (See Chart 2). MPC action on a Use on Review is final unless the decision is appealed to the respective legislative body. The time period for an appeal of the MPC decision is 15 days in the City and 30 days in the County; no building permit will be issued until the appeal period has expired.

SUBDIVISIONS

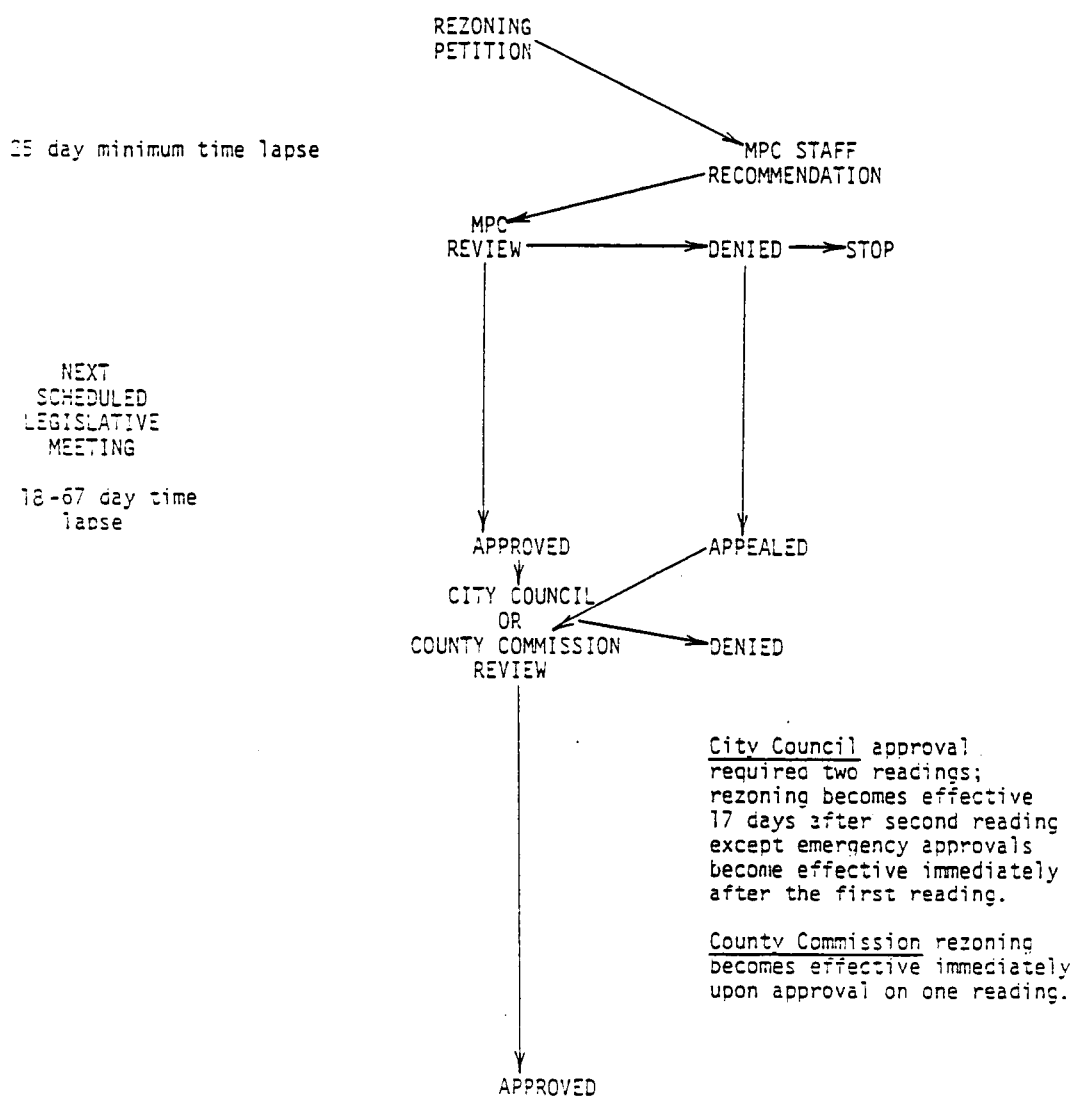
If the property is to be subdivided into lots and/or public roads are to be constructed, a subdivision must be approved by MPC and recorded. As shown on Chart 3, a three step process is required. Only two of the steps require MPC approval, the Concept Plan and the Final Plat. The Design Plan is approved by the responsible reviewing agencies through a process coordinated by MPC. The amount of time required to complete the subdivision process is usually 90 to 120 days. MPC decisions may be appealed to Knoxville City Council or the Knox County Commission.

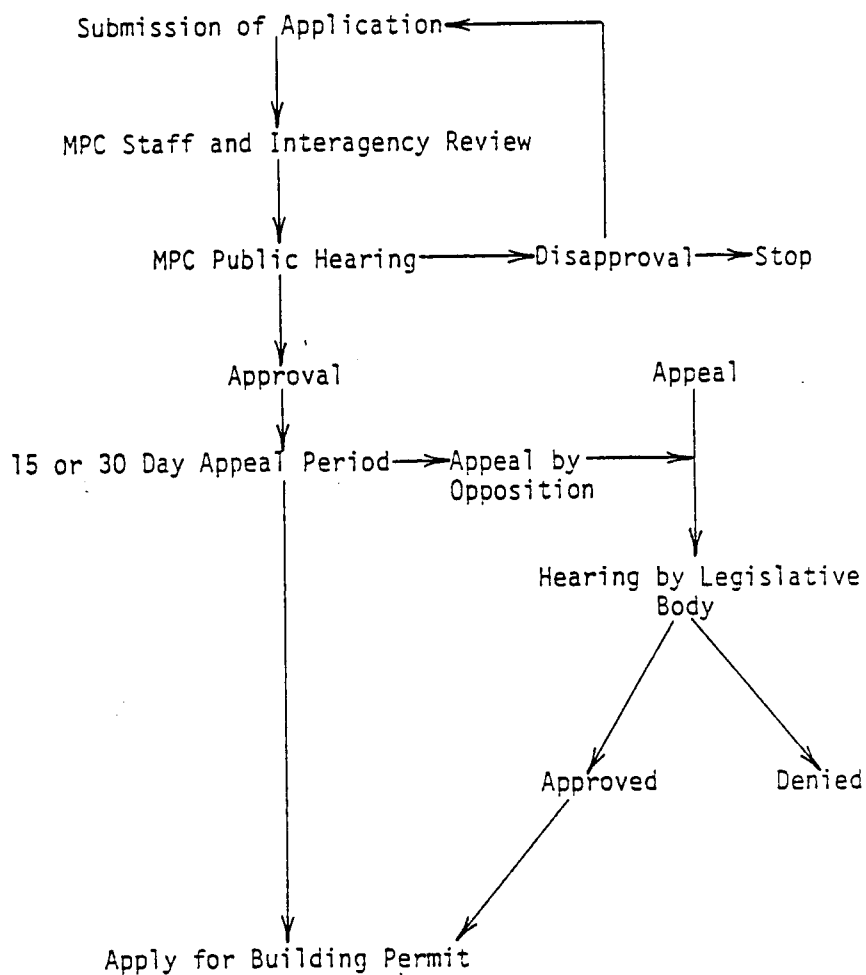
Special provisions permit the approval of minor subdivisions with only one submission, the Final Plat. One lot subdivisions are routinely approved by the staff of MPC without the need for a public hearing and formal action by the Planning Commission.

OTHER OPTIONS

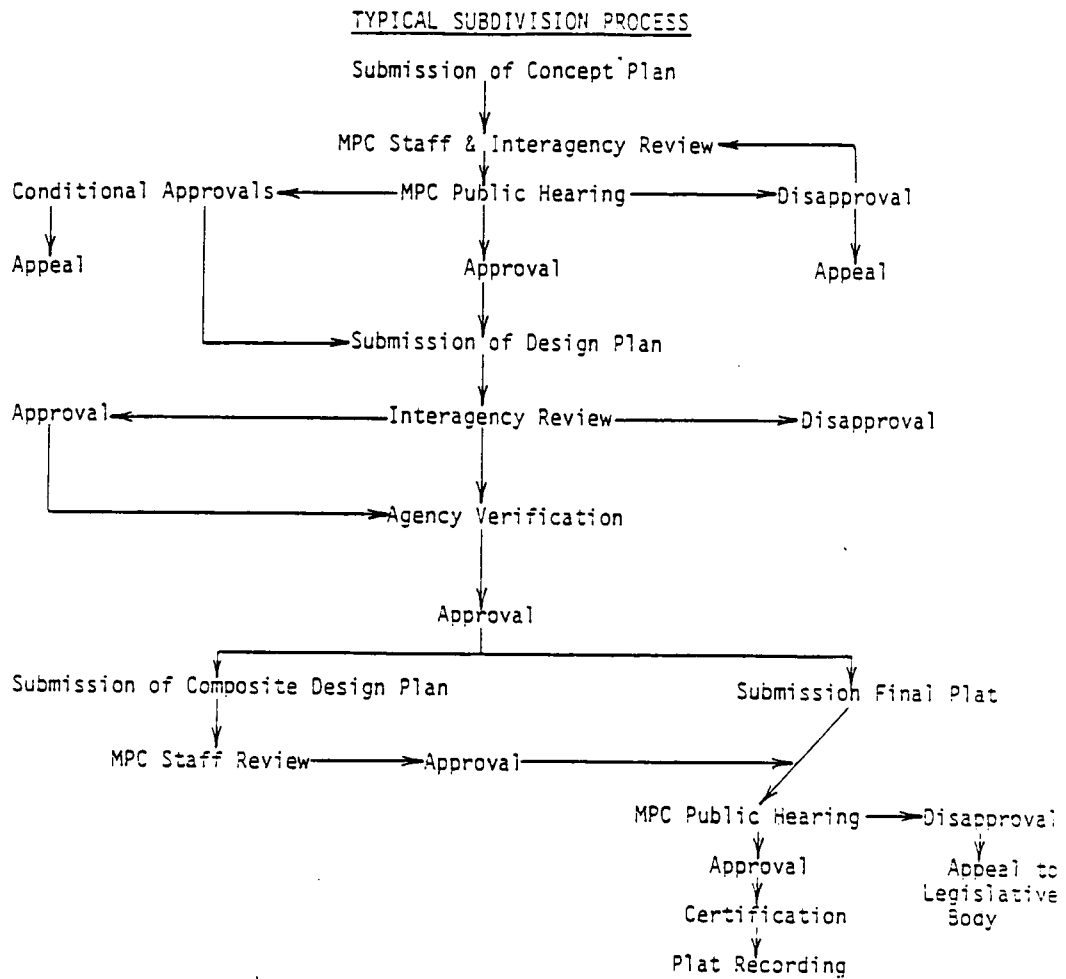
The charts shown here do not illustrate all variations that can occur in the review and approval process. Appeals to Chancery Court of a legislative decision or actions of the City of Knoxville Board of Zoning Appeals or the Knox County Board of Adjustments and Enforcement are examples of variations not illustrated.

REZONING PROCESS



TYPICAL USE ON REVIEW PROCESS*

*Required for development plan approval in planned district or zone, approval of a Use on Review in a specific zone or district, approval of construction in a Floodway zone, etc.



Approval of a subdivision application may take 90-120 days or longer depending upon design delays and the expediency with which the application travels through the interrelated stages of the approval process. Unless a time extension has been granted by the Planning Commission, the Final Plat of the first unit shall be submitted within twenty-four (24) months of the approval of the Concept Plan.



SUBDIVISION PROCESS

	Step 1: INITIAL PLANNING	Step 2: DESIGNING	Step 3: RECORDING
Submitted	CONCEPT PLAN	DESIGN PLAN	FINAL PLAT
Purpose	An overall, general plan for development of a site.	Detailed planning and resolving competing needs of the development through engineering and cooperation.	Legal Record
Content	(1) Application form (2) Subdivision name (3) Location map (4) Topography at 2 foot intervals (5) Physical characteristics (6) Date and scale (7) Identification of property and developer (8) Drainage plan (9) Road profiles (10) Lot layout (11) Utility company letters (12) Engineers or surveyor's certification (13) List of information	(1) Approved Concept Plan (2) Dimensions and bearings for lot lines, roads, easements (3) Reference markers (4) Bench markers (5) Drawings and calculations for detailed drainage plan (6) Profiles and typical cross sections of drainage areas and filled or disturbed areas (7) Utility plans (8) Road profile and typical cross section.	(1) Survey instrument for recording (2) File of approved construction location and engineering data which is reflected in Composite Design
Review/Comment	(1) MPC staff (2) Responsible public agencies (3) Public	(1) City Engineer or County Highway Department review and approve road plan (2) City Engineer or County Hydrologist review and approve drainage plan (3) Utility companies review and approve plans for water, sewer, (4) Health Department reviews and approves sewage treatment plan (5) MPC staff checks for all approvals from reviewing agencies.	(1) MPC staff (2) Responsible public agencies (3) Public
Approval	MPC at formal public meeting	MPC staff contingent on receipt of design approval (possibly conditional) from reviewing agencies and utilities and certified Composite Design Plan.	MPC at formal public hearing
Effect of Approval	Establishes agreement among developers, utility agencies, departments of government and MPC as to an acceptable approach to development	(1) Assures MPC will give consideration to a Final Plat that conforms with the approved Design Plat and with the Regulations (2) Assures acceptance of public improvements constructed according to Design Plan.	(1) Permits record of property transfer (2) Forms permanent public record of improvements

(For One Lot and Minor Subdivisions this process does not apply. See pages 5-16, 5-17 of Subdivision Regulations.)
KNOXVILLE/KNOX COUNTY METROPOLITAN PLANNING COMMISSION - 400 MAIN AVE. - SUITE 403 - CITY/COUNTY BUILDING - KNOXVILLE, TN. 37902 521-

APPENDIX R

MPC MINUTES THROUGHOUT EAST TOWNE'S DEVELOPMENT

MPC Minutes
October 12, 1978
Page Thirteen

Mr. Ernie Caddote appeared before the commission and stated that he represented some residents in West Hills, West Park and homes north of Middlebrook Pike, Francis Road and Bearden Jr. High. He stated that they do not need any more commercial in this area.

Mr. Bernstein stated that a hardware store will not effect this area any more than a four lane highway.

Mrs. DeSelm asked Mr. Bernstein if he had considered this space for an office.

Mr. Bernstein stated that would be fine if Mr. Bean were a Doctor or Dentist, but he just wants a hardware store not an office. He stated that they will not put a service station here and this does not include the corner.

MOTION TO APPROVE was made and seconded. Motion carried 8-1.

OLIVER SMITH REALTY - Rezoning from Residential 3, C-A and C-B and Industrial zone to Shopping Center Zone.
(1) Fronting approx. 340' west side Millertown Pike fronting approx. 1350' west side Loves Creek Road by depth north side approx. 2250' depth south side approx. 1700' Rear fronting approx. 200' east side Humonrey Road and being approx. 1650' wide in rear (2) Fronting approx. 250' north west side Humonrey Road descend by depth west side approx. 1400' east side approx. 1400' width south side approx. 670' north side approx. 350' all of parcels 87 and 87A, County Map 41 and all of parcels 348, 34C, and 34D, County Map 42.

STAFF RECOMMENDATION: APPROVE twenty acres of the property to Shopping Center because:

1. The population projections and infrastructure of this area could support a community shopping center at this location.
2. Additional acreage should be added to the Shopping Center Zone only when it can be shown by market analysis, transportation study, and utility improvement projections that the site could support a regional shopping center.

Mr. W. D. O'Neal appeared before the commission representing the petitioner. He stated that they have read the staff recommendation and have met all the requirements for a regional shopping center, but MPC is saying they will approve only 20 acres, but we need a regional shopping center. He stated that the newspaper has said they don't want another situation like Westown.

Mr. Oliver Smith appeared before the commission and stated that there has been certain accusations made in the past regarding the Westown Shopping center. He stated this is a completely different situation and the developers have spent a lot of money and time on developing this center. He stated that he has booklets that state what has been planned and they have given copies of them to all officials. He said they know what it costs to build roads and that he has dedicated many roads himself. He stated that there had been a problem at Westown with the water and he had offered to fix this but the area residents would not let him fix Gleason Road. He stated the MPC staff is professional and he feels they have been gentlemen, but he is talking about bringing in people from outside counties to shop here. He said that Westown employs about 3500 people and there is a lot of sales tax coming in from it. He said that Eastown will have a lot more space in it.

Mr. O'Neal stated that additional acreage should be added to this only after a market analysis is done. He stated that every analysis shows that this is a regional shopping center, not a neighborhood shopping center area. He stated that in 1982 the population in this area will be 468,000 and this shopping center will draw people from all around like Westown does. He stated that they will have their own parking and it will be in a good location right next to I-640.

Mr. Bill Hottel, an area resident, appeared before the commission and stated that he agrees with the staff recommendation and feels that a 120 acre tract is not needed here. He stated that they need adequate traffic projections for this area because this may cause stacking coming off the interstate. He said there are possible problems of drainage and sewage and there is no guarantee of frontage roads or the bridge from the interstate to get here. He said they need to know what they are getting into from the beginning.

Mr. Smith stated that in the market analysis the ingress and egress has to be taken care of at the beginning or the City, County, State or Federal people will not be involved.

Mr. Siler stated that this lies in an area of John Sevier Small Area Study that calls for a regional shopping center. He stated that the staff does not object to a center here, but they have not had access to Mr. Smith's studies. He stated that I-640 comes along close to this and there are several roads that could be put and used here. He said we need to establish the public questions on the front end without starting something like Westown.

Mr. Green asked Mr. Smith if twenty acres would allow him to start his shopping center.

Mr. Smith stated that if he puts in a 120 acre center then he will have to go through a Federal Environmental Impact Study which will take eight months to a year, but we wouldn't have to do this with just twenty acres. He stated there has been a lot of work done on this traffic study and there has been many hours of study done on this traffic.

Mrs. DeSelm stated that she did not see much trouble with the 20 acres or the 120 acres. She asked Mr. Smith if he would still four lane Gleason Road. She asked what control the commission would have over this site if this plan doesn't work with the state and could someone else build here if Mr. Smith does not.

Mr. Siler stated that the commission would have to go on to the city. He stated that the staff decided to go with the 20 acres as a statement of intent, because they would rather see a regional shopping center here, but not yet.

Mr. Beal stated that Mortgage lenders will not lend their money or corporations will not commit themselves to enter in any center unless their real estate company has made sure the property is okay. He stated the commission should either go all the way or not at all.

MPC Minutes
October 12, 1978
Page Fourteen

Mr. Spencer stated that he agrees that the intent of the planning is to protect the developer and it won't consider the impact of the surrounding area. He stated we need to allow our staff to go over the situation and allow the 20 acre approval to be a cushion for the developer to fall back on.

Dr. Tipton stated that the ingress and egress suggested at I-640 may be the only access to the shopping center.

Mr. Siler stated that it could be but he doubts it because there is also Millertown Pike.

Dr. Tipton stated that a lot of people don't know how they are going to get in and out of here.

Mr. Siler stated that that is why we must make commitments from the public side.

Mr. Beal asked how long it would take for the staff to get these facts together.

Mr. Smith stated that they have met with people and done a lot of work, but to go out and do a \$15,000 survey without a guarantee is not a good move. He stated that it will not be done unless it is done right.

Mrs. DeSeim asked Mr. Spencer what he would recommend.

Mr. Spencer stated that he goes along with the staff recommendation.

Dr. Tipton stated that he felt this should be postponed.

Mr. Smith stated that they had been postponed until today and he would rather be denied than postponed.

MOTION to APPROVE the petition was made and seconded. A poll was called and the commissioners voted as follows:

Dr. Tipton - No
Rev. McKeivley - Yes
Dr. Overton - No
Mr. Spencer - No
Mr. Beal - Yes
Mr. Polhemus - Yes
Mr. Coleman - Yes
Mrs. DeSeim - No
Mr. Weigel - Yes

Motion carried 5-4.

4-Q-78 OSCAR DAVIS - DORIS CIRCLE - Rezoning from Residential B zone to Commercial A zone. Fronting approx. 100' north west side Doris Circle by a depth approx. 175' east and west side being approx. 230' east of Maynardville Highway Part of parcel 98, part of lots 17 and 18 County Map 29.

STAFF RECOMMENDATION: DENY, because:

1. The request is contrary to the Hall's Small Area Plan developed by staff.
2. Commercial activities should be held to those properties having direct access to Maynardville Highway.

Francis Hickman appeared before the commission and stated that there was a mistake in the staff report. He stated the land use and zoning were incorrect as described. He stated that the property to the east has been here today rezoning and he felt this petition should be sent back to the staff for more studying done next to the Small Area Study. He said there is a shopping center here and much more commercial property.

MOTION to POSTPONE until the November 9, 1978 meeting was made and seconded. Motion carried 10-0.

9-F-78 ELBERT W. MYNATT - DORIS CIRCLE - Rezoning from Residential B zone to Commercial A zone.

Postponed until the November 9, 1978 meeting as requested at beginning of meeting.

9-Q-78 CITY OF KNOXVILLE - MAGNOLIA AVENUE - Rezoning from Existing zone to O-1 Office, Medical and Related Services District

STAFF RECOMMENDATION: No changes be made to the zoning districts in the area, because:

1. Appropriate action for this request is an amendment to the requirements of Commercial-J Zones to require that open storage and heavy commercial uses be approved as use on reviews in C-3 zoned by MPC after considering the appropriateness of individual sites for such uses.

No action was taken on this petition due to the staff recommendation.

REZONINGS - New:

10-A-78 SOUTHSIDE LEASING COMPANY - CEDAR LANE - Request rezoning from O-1 Office, Medical and Related Services District to C-1 Neighborhood Commercial District. Fronting approx. 100' south side Cedar Lane by a depth west side approx. 150' east side approx. 150' rear approx. 100' being approx. 240' north of Central Avenue 39th ward, 3rd Councilmanic District City Block 39-130, lot 5.

STAFF RECOMMENDATION: APPROVE, because:

1. Request is consistent with other land uses and zonings that have occurred in this area recently.

MOTION to APPROVE was made and seconded. Motion carried 10-0.

MINUTES
 November 8, 1979
 Twenty-Three

4-79 RZ JIM RICHARDS, ET. AL.

WEST SIDE CLINE AVENUE SOUTHEAST OF INTERSTATE-75 RIGHT OF WAY - Rezoning from I-2 Restricted Manufacturing Warehousing district to O-1 Office, Medical, and Related Services District. Fronting approx. 108' southwest on Cline Avenue by a depth east side approx. 162' by a depth west side approx. 150' rear side approx. 96' and approx. 20' southeast of Interstate-75 right of way. 20th Ward, 6th Councilmanic District, City Block 221 lots 75 and 76 as shown on map in MPC office.

STAFF RECOMMENDATION: APPROVE, because:

1. The rezoning would be consistent with other uses and development in this area.

MOTION to APPROVE as recommended by the staff was made and seconded. Motion carried 11-0.

4-79 RZ WILLIAM B. BRODY

ST SIDE ALLEN DRIVE SOUTHWEST OF CLINTON HIGHWAY - Rezoning from R-1 Single Family Residential District to Highway and Arterial Commercial District. Fronting approx. 100' east side Allen Drive by an average depth approx. 200' rear side approx. 100' being approx. 250' southwest of Clinton Highway. 41st Ward, 3rd Councilmanic District, City Block 41-670 lot 6 as shown on map in MPC office.

STAFF RECOMMENDATION: DENY, because:

1. The request is contrary to the existing residential development along Allen Drive, and the introduction of additional commercial zoning onto this local street would adversely impact the residential area.

Mr. Sumter Ferguson appeared before the commission and stated that this property was surrounded by C-4. The dilapidated Dunn Hotel is here and is being used for storage. There is a vacant lot behind it. All this property went on same deed, but parts of it are zoned differently.

Mr. Parnell stated that to move the commercial zone back to allow this use would set a precedent in the area.

Mrs. DeSelm stated that she did not know how the area across the street was zoned C-4, but she did not feel they could deny this man's request for the same thing.

MOTION to APPROVE C-4 Highway & Arterial Commercial District was made and seconded. Motion carried 11-0.

4-79 RZ GREATER KNOXVILLE MALL L.T.D.

HUMPHREY ROAD, MILLERTOWN PIKE, AND LOVES CREEK ROAD - Rezoning from Shopping Center Zone to SC-3 Regional Shopping Center District. Fronting approx. 540' west side Millertown Pike and fronting approx. 1350' west side Loves Creek Road by a depth north side approx. 2250' by a depth south side approx. 1700' rear fronting approx. 200' east side Humphrey Road and being approx. 1650' wide in rear fronting approx. 250' west side Humphrey Road by a depth west side approx. 1400' east side approx. 1400' south side approx. 670' north side approx. 60'. All of parcels 26, 27, 28, 29, and 30, CLT map 59, 32nd Ward, 4th Councilmanic District as shown on map in MPC office.

STAFF RECOMMENDATION: APPROVE, because:

1. Once the property is annexed, the SC-3 district in the city will provide the same zoning as presently found within the shopping center zone in the county.

MOTION TO APPROVE as recommended by the staff was made and seconded. Motion carried 11-0.

4-79 RZ NELLIE WILLIAMS GENTRY

ST SIDE CHERT PIT ROAD SOUTH OF MONEYSMAKER DRIVE - Rezoning from Agricultural Zone to Residential A Zone. Fronting approx. 340' west side Chert Pit Road by an average depth approx. 270' rear side approx. 340' and approx. 640' south of Moneysmaker Drive. All of parcel 109 CLT map 105 as shown on map in MPC office.

STAFF RECOMMENDATION: APPROVE, because:

1. The request is consistent with the Ball Camp Small Area Plan developed by MPC staff for this area which proposes low density residential development.
2. This zoning is consistent with other zoning and land uses in the area.

MOTION to APPROVE as recommended by the staff was made and seconded. Motion carried 11-0.

USE ON REVIEWMETROPOLITAN PLANNING COMMISSION REPORTFILE NO. 10-0-81-URMEETING DATE Oct. 8, 1981NAME OF APPLICANT EAST INVESTMENT PROPERTIESJURISDICTION (City X Councilmanic District 4th) (County)LOCATION West side Millertown Pk., north side Interstate 640SIZE OF TRACT 90 acresDENSITY PROPOSED NASMALL AREA PLAN Loveland MAP NO. 59 ZONING SC-3REQUESTED Approval of development plans in an SC-3, Regional Shopping Center DistrictBEST PERMITTED IN PRESENT ZONE (Yes) X (No) CIRCULATION MPC approval of site planEXISTING LAND USE Residences and vacantZONING HISTORY Property was zoned SC-3 when annexed into the city 11-0-79-RZDESCRIPTION OF PROPERTY

fronting appx. 650' west side Millertown Pk. and fronting appx. 250' east and west sides Humphrey Rd. by an average depth appx. 2950' by an average width appx. 3050' being of irregular shape appx. 610' north of Interstate 640 on Humphrey Rd. 33rd Ward, 4th Councilmanic District, City Block 33-970, parcels 26 through 30, CLT Map 59, Loveland Small Area Plan.

GROUNDING LAND USE AND ZONING

Property surrounding the site is zoned R-1 & RB residential, CA and CB commercial and I and I-3 industrial. Uses include single family residential, neighborhood serving commercial and a heavy operation in the industrial zoning. I-640 is located southwest of the site.

ACCESSIBILITY

Access is via I-640 and Millertown Pk., both arterial facilities.

COMMUNITY FACILITIES

Water Source -	<u>KUB</u>	Pipe Size	<u>12"</u>
sewer Source -	<u>Knoxville Waste Water Control System</u>	Pipe Size	<u>12"</u>
Fire Protection Source -	<u>#11</u>	Location	<u>Buffat Mill/Whittle Spg</u>
Schools - Elem	<u>NA</u>	Capac	<u> </u>
	<u>Enr</u>	High	<u>NA</u>
	<u>Enr</u>	Capac	<u> </u>
	<u>Enr</u>	Jr. Hi	<u>NA</u>

RECOMMENDATION APPROVE subject to meeting all requirements of the Zoning Ordinance, the road being constructed to the standards of a public street including curb cuts being limited 50' separation; landscaping provided within parking area; engineering approval of drainage; because the proposal is consistent with zoning on the property. Approval of other satellite uses around ring road would have to be approved by MPC at a later date.

PAGE 12
MPC MINUTES
OCTOBER 8, 1981

STAFF RECOMMENDATION: APPROVE subject to redesign of parking areas so that backing into a public ROW will not be required; closure of the southwesternmost access point to the proposed parking area; meeting all requirements of the Zoning Ordinance; meeting all requirements of the subdivision regulations regarding the dedication of public rights-of-way; staff review of protective covenants regarding common ownership and maintenance of common open space and parking; establishment of permanent access easements for all units not having direct access to a public street; approval of a drainage plan by the County Hydrologist.

MOTION AND SECOND WAS MADE TO APPROVE THE STAFF RECOMMENDATION. MOTION CARRIED 14-0. PETITION APPROVED.

10-D-81-UR - EAST INVESTMENT PROPERTIES - WEST SIDE MILLERTOWN PK., NORTH SIDE I-640 - Request approval of development plans in an SC-3, Regional Shopping Center District. Property fronting appx. 650' west side Millertown Pk. and fronting appx. 250' east and west sides Humphrey Rd. by an average depth appx. 2950' by an average width appx. 3050' being of irregular shape appx. 610' north of Interstate 640 on Humphrey Rd. 33rd Ward, 4th Councilmanic District, City Block 33-970, parcels 26 through 30, CLT Map 59, Loveland Small Area Plan.

STAFF RECOMMENDATION: APPROVE subject to meeting all requirements of the Zoning Ordinance; the ring road being constructed to the standards of a public street including curb cuts being limited to 150' separation; landscaping provided within parking area; engineering approval of drainage plans because the proposal is consistent with zoning on the property. Approval of other satellite uses around ring road would have to be approved by MPC at a later date.

Mrs. Stone read a memo from Ken Pruitt in which he stated that the City Engineering Department had requested that the staff recommendation include the requirement that the developer construct a left turn lane in the Millertown Pike right-of-way to accommodate east bound traffic wanting to enter the complex via the Millertown Pike entrance.

Mr. John Fowler, representing this request, stated they were aware of the staff recommendation and the memo. He stated they would like to request the parking and landscaping be approved as submitted; they were willing to accept the building of the ring road and had no objection to the construction of the left turn lane providing there was sufficient right-of-way.

Mr. Parnell stated that the staff wished the parking design and landscaping design to be done in conformance with the ordinance; a review of the plan should be done with the applicant's engineer.

Mr. Fowler stated that had been done.

Mr. Parnell stated it still needed to meet the requirements of the ordinance.

Mr. Brasfield stated he felt that this should be postponed 30 days to allow the applicant and the staff to work out the parking and landscaping, or, it could be approved subject to the parking and landscaping being approved later by the staff and the petition would not have to come back before the Planning Commission.

Mr. Fowler stated they had not been aware that there was any problem with these matters; they would be willing to follow Mr. Brasfield's suggestion that it be approved and that they would get approval of the parking and landscaping later from the staff. If it could not be worked out with the staff then they would come back before the Planning Commission.

MOTION AND SECOND WAS MADE TO APPROVE THE STAFF RECOMMENDATION INCLUDING THE MEMO. MOTION CARRIED 14-0. PETITION APPROVED AS RECOMMENDED BY THE STAFF WITH THE PARKING AND LANDSCAPING TO BE WORKED OUT WITH STAFFS OF MPC AND THE CITY ENGINEERING DEPARTMENT.

A five minute recess was taken at this point.

REZONINGS - OLD:

7-C-81-RZ - MRS. R.T. BURKHART - SOUTH SIDE HOLSTON RIVER, WEST SIDE WEST DEADEND WOODDALE RD. - Rezoning from Industrial Zone to Residential A Zone.

This matter was postponed earlier in the meeting at the applicant's request to April 8, 1982.

AGE 7
PC MINUTES
JUNE 10, 1982

MOTION AND SECOND WAS MADE TO APPROVE STAFF RECOMMENDATION. MOTION CARRIED 12-0. VARIANCE APPROVED. SUBDIVISION APPROVED.

6-V3-82- DAMERON'S ADDITION - Resub of lots 61, 62, 63, 79, 80 & 81 - Northwest side Pruitt Place, southeast side Bernard Ave., and southwest side Central Ave.

VARIANCES REQUESTED:

1. ROW dedication from 25' to 20' from centerline of Pruitt Place.
2. ROW dedication from 45' to 30' from centerline of Central Ave.
3. Drainage and utility easements under existing buildings.

STAFF RECOMMENDATION: APPROVE variances No.1 and 2 as recommended by City of Knoxville Engineering Dept. and based upon current Knoxville-Knox County Transportation Improvement Program.

APPROVE variance No.3.

APPROVE subdivision. All certifications, verifications and approvals have been received.

MOTION AND SECOND WAS MADE TO APPROVE THE STAFF RECOMMENDATION. MOTION CARRIED 12-0. VARIANCES NO. 1, 2, & 3 APPROVED. SUBDIVISION APPROVED.

6-V4-82- COUNTRY VILLAGE APARTMENTS, LTD. - East side Wilson Rd., north of Warner Dr.

This matter was postponed earlier in the meeting to July 8, 1982.

USE ON REVIEW - OLD:

5-C-82-UR - EAST INVESTMENT PROPERTIES - NORTH SIDE I-640, WEST SIDE MILLERTOWN PK. - Request approve of parking plan under Article 5, Section 7, Item B. Pg.168 in SC-3, Regional Shopping Center District. Fronting appx. 1380' north side I-640, fronting appx. 620' west side Millertown Pk., fronting appx. 1380' west side Loves Creek Rd. by an average depth appx. 2460', average width appx. 3600'. 33rd Ward, 4th Councilmanic District. City Block 33-970, parcels 22, 1, 8.01, 9.01 9, 10, 2, 18, 17, 16, 15, 14, 13, 12, 11, 28, 27, 26 and 29, CLT Map 59, Loveland Small Area Plan.

STAFF RECOMMENDATION: DENY because the City reduced its shopping center parking requirements from 5.5 spaces per 1000 square feet to 5 spaces per 1000 square feet gross leasable area several years ago to accommodate projected reduction in shopping center demands. Insufficient data exists to further reduce required parking from the terms of the City ordinance. Several variances from the Zoning Ordinance parking requirements have already been granted to this site which will adversely affect the proper function of the facility. These should not be compounded by reduction in spaces provided for this facility. Peak hour parking for these facilities overlaps.

Mr. Flynt recused himself from any discussion or voting on this matter.

Mr. John Fowler, attorney representing this request, stated that they wished approval of their request to build a 5 screen cinema in the East Town Mall. They wished not to increase the parking as they already met the ordinance requirements except for movie theaters; they felt the parking they had at present was adequate, they had 86 spaces too many.

Mr. Rolfe Killian of Barton-Ashman, a traffic engineering firm, stated he had consulted two parking studies in reviewing this request, one of which was conducted by his firm which had surveyed 141 different shopping centers all of which included theaters; the second study by Wilbur Smith concluded that shopping centers of this size would not have to provide any additional parking.

Mr. Parnell stated that the statement by Mr. Fowler that they had met the parking requirements was true to the extent that they had received variances from the City Board of Zoning Appeals; the concern of the staff was that there would be an overlap during the peak hours of the operation of the movie theater and the shopping center; given the variances already made it was the staff's increased concern that traffic and parking could not be accommodated.

Mr. Killian stated there would be appx. 380 parking spaces; the theater seated 280 in each of 5 units for a total of 1400.

MOTION AND SECOND WAS MADE TO APPROVE THE STAFF RECOMMENDATION.

Mr. Fowler stated that the one thing they had had to fight during the whole planning process for this mall was the image that Westtown Mall had projected; this mall was better engineered; many regulations in the SC-3 classification had never been applied to any malls before; the decision should be based on whether this requirement was necessary, they felt it was not.

UPON VOTE THE MOTION CARRIED 11-0. PETITION DENIED. (Mr. Flynt had recused himself earlier.)

APPENDIX S

ADMINISTRATIVE PROCEDURES FOR ZONING VARIANCE

The City of Knoxville Board of Zoning Appeals shall have the power and authority to grant variances from terms of this ordinance according to the procedure and under the restrictions set out in this section.

The purpose of the variance is to modify the strict application of the specific requirements of this ordinance in the case of exceptionally irregular, narrow, shallow or steep lots, or other exceptional physical conditions, whereby such strict application would result in practical difficulty or unnecessary hardship which would deprive an owner of the reasonable use of his land. The variance shall be used only where necessary to overcome some obstacle which is preventing an owner from using his property as the zoning ordinance intended.

- A. *Application:* After written denial of a building permit from the building inspector, a property owner may make application for variance, using forms obtainable.
- B. *Public hearing:* Upon receipt of an application and fee, the board shall hold a public hearing, having first given ten (10) days notice. Such notice of the time and place of such hearing shall be published in a daily paper of general circulation. The board shall consider and decide all applications for the variances within thirty (30) days of such public hearing and in accordance with the standards provided below.
- C. *Standards for variances:* In granting a variance, the board shall ascertain that the following criteria are met:
 1. Variances shall be granted only where special circumstances or conditions (such as exceptional narrowness, topography or siting) fully described in the findings of the board, do not apply generally in the district.
 2. Variances shall not be granted to allow a use otherwise excluded from the particular district in which requested.
 3. For reasons fully set forth in the findings of the board, the aforesaid circumstances or conditions are such that the strict application of the provisions of this ordinance would deprive the applicant of any reasonable use of his land. Mere loss in value shall not justify a variance; there must be a deprivation of beneficial use of land.
 4. Any variance granted under the provisions of this section shall be the minimum adjustment necessary for the reasonable use of the land.
 5. The granting of any variance is in harmony with the general purposes and intent of this ordinance and will not be injurious to the neighborhood, detrimental to the public welfare, or in conflict with the comprehensive plan for development.
- D. *Requirements for the granting of a variance:* Before the board shall have the authority to grant a variance, the person claiming the variance has the burden of showing:

1. That the granting of the permit will not be contrary to the public interest.
 2. That the literal enforcement of the ordinance will result in unnecessary hardship.
 3. That by granting the permit contrary to the provisions of the ordinance the spirit of the ordinance will be observed.
 4. That by granting the permit, substantial justice will be done.
- E. *City council review of action of board:*
1. Any person, firm or corporation aggrieved by any decision of the board may petition the city council to consider the same, in accordance with the provisions set forth in Article VII, section 6, subsection F, of this ordinance. (Ord. No. O-15-78, § 2, 1-24-78; Ord. No. O-78-78, § 1, 6-13-78)

APPENDIX T

USE ON REVIEW ADMINISTRATIVE PROCEDURES

The following procedure is established to integrate properly the uses permitted on review with other land uses located in the district. These uses shall be reviewed by the planning commission and authorized or rejected under the following procedure:

- A. *Application:* An application shall be filed with the planning commission for review. Said application shall show the location and intended use of the site, the names of the property owners and existing land uses within two hundred (200) feet, and any other material pertinent to the request which the planning commission may require.
- B. *Public hearing:* Upon application, the planning commission shall give a ten-day notification of a public hearing. Such notice, giving time and place of such hearing, shall be published in a daily paper of general circulation.
- C. *Restrictions:* In the exercise of its approval, the planning commission may impose such conditions regarding the location, character or other features of the proposed use of buildings as it may deem advisable in the furtherance of the general purposes of this ordinance.
- D. *Denial:* The planning commission may deny a use on review where it can be shown that approval would have an adverse impact on the character of the neighborhood in which the site is located. The rationale for planning commission denial including substantive, factual statements of adverse impact, shall be included in the minutes of the planning commission meeting where denials are made.
- E. *Effective date of approval; issuance of permit:*
 - 1. Planning commission approval shall become effective thirty (30) days from the date of the public hearing at which approval is granted.
 - 2. No building permit shall be issued prior to the effective date of approval.
 - 3. The building permit shall be issued subject to all conditions and requirements stipulated by the planning commission.
- F. *Validity of plans:* All approved plans, conditions, restrictions and rules made a part of the approval of the planning commission shall constitute certification on the part of the applicant that the proposed use shall conform to such regulation at all times.
- G. *Time limit and notification:* All applications for "uses permitted on review" shall be decided within forty-five (45) days of the date of application, and the applicant shall be provided with a written notice of approval or denial.
- H. *City council review of action of commission:* Any person, firm or corporation aggrieved by any decision of the planning commission may petition the city council to consider the same in accordance with the provisions set forth in Article VII, section 6, subsection F of this ordinance.

APPENDIX U

PLAN REVIEW OFFICE'S REVIEW SHEET

DATE _____			ORIGINAL ☐			REVISED ☐			NO. _____		
OFFICE	INITIALED BY	DATE	APPROVED AS		DIS	OFFICE	INITIALED BY	DATE	APPROVED AS		DIS
			SHOWN	NOTED	APPROVED				SHOWN	NOTED	APPROVED
ENGINEERING Site & Drainage						BUILDING INSPECTION					
PARKING Access & Layout						ELECTRICAL INSPECTION					
PARKING SPACES						FIRE INSPECTION					
WASTE WATER						MECHANICAL INSPECTION					
FOUNDING						PLUMBING INSPECTION					

SPECIAL CONDITIONS OR COMMENTS

ENGINEERING - SITE & DRAINAGE

PARKING - ACCESS & LAYOUT

PARKING SPACES

WASTE WATER

ZONING

BUILDING INSPECTION

ELECTRICAL INSPECTION

FIRE INSPECTION

MECHANICAL INSPECTION

PLUMBING INSPECTION

I understand that by my signature as the owner and/or agent the requirements listed on this Review Sheet become a part of the plans and specifications. Prior to any changes being made to the plans they must be approved by the appropriate city office. Failure to comply with the approved plans, specifications, special conditions or comments on the Review Sheet will result in the Certificate of Occupancy being withheld pending satisfaction of all conditions. I have read the above and have full knowledge of the information.

By _____ Date _____

APPENDIX V

LETTER TO ALLEN BLALOCK FROM AUBREY MCKINNEY



STATE OF TENNESSEE
DEPARTMENT OF HEALTH AND ENVIRONMENT
EAST TENNESSEE REGIONAL OFFICE
ALEX B. SHIPLEY REGIONAL HEALTH CENTER
1522 CHEROKEE TRAIL
KNOXVILLE, TENNESSEE 37920

22 February 1984

CERTIFIED MAIL

Mr. Allen Blalock
Charles Blalock & Sons, Inc.
Gatlinburg Highway
Sevierville, Tennessee 37862

RE: Notice of Noncompliance
East Town Mall Construction Site
Knoxville, Tennessee

Dear Mr. Blalock:

Since the initial meeting between yourself, the City of Knoxville, and representatives of our Division (January 4, 1984), members of our staff have visited the East Town Mall Site three times (January 17, January 25, & February 13).

On the January 17, 1984 visit our staff noted the following:

1. The upstream culvert on Loves Creek (draining the silt pond) had not been stabilized. In addition, a channel was dug in the silt pond area such that any water flows directly through the pond and into Loves Creek, carrying with it a heavy silt load. Although the area of the downstream culvert (on Loves Creek Rd.) evidenced some silt fence, a few hay bales, and ditching at the top of the slopes, much of the area was not adequately protected from erosion. Most of the silt fence was loosely installed with the bottom not tacked down. Silt fence installed in this manner offers little protection.
2. The erosion gullies on the grassed slopes of the site had been ditched at the top of the slopes in a number of cases; however, no attempt was made to mulch the slopes in order to lessen the amount of erosion.
3. The area where the city sewers were to be tied in evidenced some silt fence and hay bales; however, the erosion control measures in this area were inadequate. Hay bales which were placed in the channel upstream of the spring head and downstream of the sewer line flushing activities, after our initial site visit, were washed out and unmaintained. In addition, the sewer flushing which our Division was told was a one-time measure was ongoing during our 17 January visit, and the addition of a considerable silt load to Loves Creek from this source was documented.

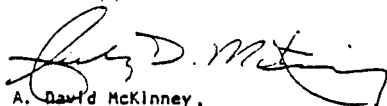
4. In the area along the road near the construction trailers some silt fence had been added; however, these measures were inadequate for proper erosion control.

Site visits on January 25, and February 13, 1984 evidenced no change of, improvements to, or maintenance of any erosion control measures on the East Town Hall Site.

Failure to control erosion into streams from construction sites is a violation of the Water Quality Control Act. Siltation of our streams is the major non-industrial source of pollution. Your further cooperation in adequately controlling erosion from the East Town Hall Site is urged. Further erosion control measures should be properly installed as soon as possible. Those devices already in place should be adequately tacked down and maintained. Completion of this process should be achieved no later than March 9, 1984. Please contact this office in writing no later than March 16, 1984 concerning this matter.

If you have any questions regarding this matter, please contact this office at the above address, or by phone at 615-546-9221, ext. 336. Your cooperation in bringing this problem to a rapid resolution would be greatly appreciated. Thank you.

Sincerely,



A. David McKinney,
Basin Manager
Division of Water Management

cc: Melvin Simon & Associates
T.A. (Ted) Schuler, City of Knoxville
Bill Lambert, T.W.R.A.
Mike Davis, U.S.C.O.E.

APPENDIX W

LETTER TO AUBREY McKINNEY FROM BOB BOWERS

KYLE C. TESTERMAN
MAYOR
521-2040



ROBERT W. BOWERS, P.E.
DIRECTOR OF ENGINEERING
615/521-2148

THE CITY OF KNOXVILLE, TENNESSEE

April 30, 1984

Mr. Aubrey D. McKinney
Manager
Knoxville Basin Office
Division of Water Management
Tennessee Department of Health and Environment
1522 Cherokee Trail
Knoxville, TN 37920

SUBJECT: East Towne Mall

Dear Mr. McKinney:

This is in response to your March 30 letter on the subject. As a result of your letter, I have personally inspected the area in question and provide the following information.

The erosion control program of Blalock Construction Company during the construction of East Towne Mall has in general been in accordance with City of Knoxville regulations. This erosion control program was particularly effective last year when most of the site grading was accomplished. It is our opinion that soil erosion from the property has not substantially increased at any time when compared to the previous conditions which existed when most of the property was used as farm land. I have looked at the area of Love's Creek south of the site and find no areas of sediment deposit originating from this site.

Your comments regarding the detention basin require considerable discussion. The purpose of this detention basin is to reduce downstream impact of flood peaks at the ten year storm level. The detention basin is not designed as a sedimentation facility. As a matter of fact, allowing the sediment to drop out within the pond theoretically would reduce the capacity of the basin over a period of years and thereby reduce the storage area required to detain the storm peak.

Mr. Aubrey D. McKinney
Page Two
April 30, 1984

As indicated in your letter, most of the storm water from the site does enter this basin before departing the area. I do not expect that over the long term this storm water will be heavily ladden with siltation. A majority of the 100+ acre site will be either paved or roofed. The remaining areas either have been or are being heavily grassed. Over the long term, the discharge would be similar to a typical commercial enviroment.

As indicated in your letter, the condition of the detention facility itself is a cause for some concern. The contractor has had some difficulty with this area in that it is very soft and will not easily accept heavy equipment. We have required some improvement in the detention basin before completion of the project. Specifically the contractor will reseed the bottom of the detention basin area and will also repair two areas where significant landslides and gulleys have appeared.

There is one other significant change in the detention basin which will be completed before the project is terminated. The City has revised its method of computing storm water run-off in that the standard Soil Conservation Service method (TR-55) has been modified to model the lower run-off rates encountered locally. This will result in the reduction in the size of the detention basin outlet pipe from 14.3 square feet to a 6.0 square foot opening. This should make the detention basin work more effectively during low flow conditions.

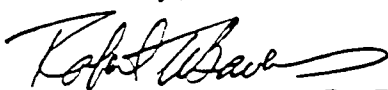
I would point out, however, that the detention basin will still be a flow thru type facility with insufficient retention time to allow much sediment to fall out. Again I do not see a long term problem with high sediment load. Our regulations do not speak to any control measures for standard urban run-off. I am curious as to whether this is what you are referring to as a violation of the Water Quality Control Act or whether it is the potential sediment load of the detention basin itself that is of concern.

In general, we are pleased with the attention to erosion control that has been exercised by Melvin Simon and Associates and Blalock Construction Company in developing this project. We believe that the work that they have already accomplished

Mr. Aubrey D. McKinney
Page Three
April 30, 1984

plus that additional work which is outlined above will bring them into compliance with our policies and ordinances. If you have concerns beyond this, we would be happy to discuss the matter further.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert W. Bowers", with a stylized flourish at the end.

Robert W. Bowers, P. E.
Director

RWB/afb

VITA

Carl Taylor Warner was born in Winston Salem, North Carolina on July 12, 1960. He attended elementary, junior and senior high schools in Raleigh, North Carolina and graduated from Sanderson High School in June 1978. The following August he entered Western Carolina University, and in June 1982 he received a Bachelor of Science degree in Geography/Planning. In September 1983 he accepted a graduate assistantship in the Graduate School of Planning at The University of Tennessee, Knoxville and began study toward a Master's degree. This degree was awarded in August 1985.

The author is a member of Sigma Gamma Epsilon, Who's Who Among Students in American Universities, American Planning Association, Provost's Student Advisory Committee, and Collegiate Institute of Planners.