

HAMMOND — The city will pay Palace Properties up to \$1.1 million to make drainage and road improvements for the redevelopment of Hammond Square Mall.

The City Council unanimously approved the cooperative endeavor agreement between the city and Palace Properties during its meeting Tuesday night.

The agreement allows Palace Properties, the owner of Hammond Square Mall, to use its contractor performing other construction also to build roadways and sewer and drainage improvements that the city had pledged to pay for, said Jimmy Maurin, chairman of Sterling Properties, the real estate firm managing the mall redevelopment.

Typically, construction projects by government entities are subject to the state public bid law.

In this case, the bid law does not apply because Palace Properties, a private entity, has ownership of the property at this time, City Attorney Andre Coudrain said.

Once the city inspects the work and decides to accept it, the city and Palace would execute a contract that gives the city ownership of the property at the same time the city agrees to reimburse Palace for the work, he said.

When asked about the legality of such an arrangement, Foster explained that the city technically is buying the improved property from Palace.

Sterling Properties has made similar arrangements with the cities of Shreveport and Lafayette on other projects, Foster said.

While the roadwork is being done, Sterling already would have a contractor building parking lots and demolishing the mall, and it is difficult to coordinate several contractors on site, Foster and Maurin said.

Having two contractors on site needing the same space would take more time and money, and it behooves both the city and the developers to perform the work as quickly as possible, Maurin said.

While all but three of the mall's stores are closed, the city loses sales tax revenue, Maurin added. Once the redeveloped mall opens, the city gains even more revenue.

The city would use part of its \$15 million sales tax bonds to pay for the work. The city has pledged other work, such as adding turn lanes to Business U.S. 51. Foster said that the city would bid out that work and reimburse Sterling for work performed only on the actual mall campus.

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