

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 49

CITY COUNCIL COMMUNICATION 97-053
JANUARY 27, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
TERMS OF AGREEMENT FOR PARK AND RIDE FACILITY	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RICHARD CLARK DEPUTY CITY MANAGER

SYNOPSIS —

An agreement has been reached with Principal Mutual Life Insurance Company (PMLIC) which would allow the City of Des Moines to proceed forward with plans to construct a Park and Ride Facility. The Park and Ride Facility would include a minimum of 1,445 parking spaces, a shuttle station and busses, and a day care facility. Total cost of the facility is estimated to be \$21.7 million of which about \$15.1 million would be funded with federal dollars and \$6.6 million would be funded with local matching dollars. The facility could be expanded to 1,800 spaces depending on construction bid amounts. Pursuant to the proposed "Terms of Agreement," PMLIC would lease 900 parking spaces for 40 years at a beginning monthly rate of \$100 per space. The Des Moines Development Corporation (DMDC) has agreed to lease 300 spaces for five years provided the City agrees to analyze parking supply and demand with the objective of increasing the number of short-term parking spaces in the downtown (see attached letter from Fred Weitz, DMDC, dated January 10, 1997).

Approval of the Terms of Agreement would be the first of many steps leading to a decision by Council to award a construction contract. Other key actions will include: approval of formal lease documents with PMLIC and DMDC; approval of a loan agreement with Polk County; and approval of a revised grant agreement with the Federal Transit Administration (FTA) which will provide for the City to construct and own the facility instead of the Metropolitan Transit Authority (MTA).

FISCAL IMPACT —

It is contemplated that local matching funds for construction of the facility will be loaned by Polk County subject to an agreement with the City that all loaned funds will be repaid, including interest and issuance cost, from the City's Parking System. It may also be necessary to use some available tax increment dollars as a contribution toward the local match.

With 1,200 parking spaces pre-leased, it is anticipated that the facility will generate sufficient revenues to pay all operating and maintenance cost, including operation of the shuttle, within five years. Efforts will continue to pre-lease additional spaces prior to completion.

RECOMMENDATION —

Authorize the Mayor to sign the Terms of Agreement, and direct the City Manager and Corporation Counsel to prepare all documents necessary for the project to proceed. In addition, it is recommended that the City Manager be authorized to proceed immediately with minor re-design and rebidding procedures at a cost of \$102,000.

BACKGROUND —

The Park and Ride Facility was initiated several years ago as a result of a federal grant obtained with the help of Senator Harkin. The grant funds were provided through the FTA and are currently available by virtue of an approved grant agreement with the MTA. As originally contemplated, the MTA was to have constructed and owned the facility, and PMLIC was to have contributed an up-front, pre-lease payment for 1,300 spaces. After considerable discussion and analysis, the original concept was determined to be unacceptable, and an alternative approach was identified. This alternative approach—as outlined in the proposed Terms of Agreement—calls for the City to construct, own, and manage the facility as part of the Parking System. The agreement with PMLIC requires that the project be completed by December 31, 2000. Failure to complete the project by this date would allow PMLIC to terminate the lease agreement.

DES MOINES DEVELOPMENT CORPORATION

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January 10, 1997

Eric Anderson
City Manager
City of Des Moines
East First & Locust
Des Moines IA 50309

Dear Eric:

You have asked Des Moines Development Corporation to assist you in leasing the parking spaces in the proposed Park & Ride facility, and, thereby, assume some of the risk of start-up loss.

This subject has been discussed by the officers and executive committee of Des Moines Development Corporation, and we are willing to make the following undertaking, subject to negotiation of a satisfactory lease:

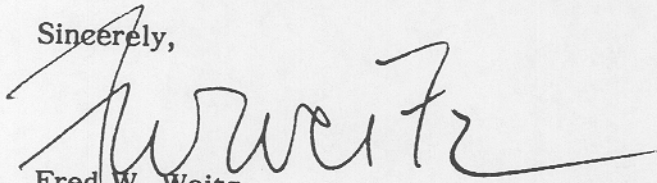
DMDC will rent 300 spaces for five years for \$45/month per space, provided that the City will not offer parking spaces for less except in the event that the parking spaces are used as an inducement to a specific business as a part of a bona fide economic development effort. In the event that the city decides to offer parking spaces to the general public for less than \$45 per month, DMDC will continue to rent 300 spaces, but at the lower rate. In the event that in the future the City raises its rental rate to reflect increased operating costs, DMDC's rate will also increase (the nature of the cost increases which will justify a higher rental rate to be defined by the parties). DMDC will have the right to sub-lease, but will remain responsible to the City for lease payments. DMDC and its sub-lessors will have use of the shuttle service without additional cost.

In return for taking this obligation, DMDC wants the City to develop solutions to the critical short-term parking shortage in downtown. We understand that this will require an analysis of supply and demand throughout the system. As a consideration for our rental of parking spaces, we will require that the city agree to hire a consultant or firm to analyze current and expected supply and demand, and recommend appropriate steps to ensure an acceptable balance, and that such a study be completed within six months of the initiation of construction of the Park & Ride Facility. We will work to secure the participation of downtown property owners in the study and their support of its recommendations. We believe that the current Public-Private Parking Committee, or a newly-constituted committee involving DMDC representative, should be charged with overseeing the study.

Finally, the parking study must stipulate of a goal of at least 300 additional short-term parking spaces in the downtown core.

The letter supercedes my letter of January 6, 1997, on the same subject.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fred W. Weitz', with a long horizontal flourish extending to the right.

Fred W. Weitz
President

mfw

cc: Dave Hurd
Ed Hansell
Red Brannan
Rick Clark