



Agenda Item:

045

## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 09/13/2004

Communication No.:

04-452

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Donald M. Tripp, Park and Recreation Director

### SUBJECT—

Operational Agreement with Drake University regarding its Head Start Program

### SYNOPSIS—

Effective July 1, 2002, the City of Des Moines acquired air rights and possession of the Child Care Center located next to the Ligutti Towers building located on top of the Fifth and Watson Powell, Jr. Way parking garage. The City and Drake University Head Start (DUHS) have been conducting discussions regarding the continued use of the facility by DUHS with additional compensation. This Operational Agreement reflects the negotiated additional compensation

### FISCAL IMPACT—

\$8,400 ANNUALLY -- PROPERTY MANAGEMENT (PKS161600)

\$12,300 ANNUALLY -- MAINTENANCE FUND FOR AUTHORIZED REPAIRS

\$600 ANNUALLY – INSURANCE FUND TO PROVIDE COVERAGE OF CITY PROPERTY

Previously, DUHS contributed \$1,025 to a Maintenance Fund to cover maintenance expenses incurred by the City and \$50 monthly to cover insurance expenses. Under the new agreement, DUHS will contribute an additional \$700 per month.

### RECOMMENDATION—

Approval

## **BACKGROUND—**

On June 6, 1983, by Roll Call No. 83-2511, the City Council approved a real estate option agreement with First Baptist Housing Foundation (FBHF) for conveyance of the air rights above the building located at the Fifth Street and Watson Powell, Jr. Way parking garage for the construction of Ligutti Tower Elderly Housing Project.

On January 5, 1989, by Roll Call No. 89-2, the City Council approved a 30-year lease agreement whereby the City leased the air rights for construction of Child Care Center improvements and approved a 15-year operational agreement designating First Baptist Child Care Center (FBCCC) as Operator of the Center. In 2002, FBCCC approached the City to terminate the operation agreement for the Child Care Center. The City prepared documents to accept the transfer of air rights property and possession of the 20,530 square foot child-care facility effective June 30, 2002. Those documents were approved and executed by City Council on July 8, 2002 by Roll Call No. 02-1765.

The DUHS program was operating in the childcare facility when the City acquired the property. Under a previous agreement, DUHS paid FBCCC a maintenance fee to offset expenses related to the facility. Under the initial agreement, the City continued the same practice of receiving a maintenance fee and added a small insurance premium to offset the cost of the city to insure the childcare facility. Included in the terms of the second agreement was the request for negotiations for additional compensation for the facility.

As a result of those discussions, the City has prepared a new operational agreement for the use of the facility by DUHS. The City will receive an additional \$700 monthly or \$8,400 annually in compensation under the new agreement. Operational responsibilities for DUHS are substantially the same as its previous operational agreements.

DUHS relies on federal funding for its programs, that funding prevents long-term agreements. The proposed current agreement is for one year with a one-year option