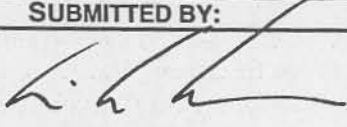


OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-041
JANUARY 22, 1996 AGENDA

SUBJECT:	TYPE:	PREPARED BY:	SUBMITTED BY:
LEASE WITH BETTS LEXUS & CADILLAC OPERATIONS (MEREDITH CORPORATE EXPANSION PROJECT)	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SCOTT STRICKER ECONOMIC DEVELOPMENT ADMINISTRATOR	 ERIC A. ANDERSON CITY MANAGER

SYNOPSIS —

On the June 25, 1995, Council agenda, the City Council previously approved the Offer to Purchase property owned by Charles H. Betts, Jr., and Janet D. Betts, and Char-Dol, Inc. (Betts) for the Meredith Corporation expansion project. (The Betts' property is located between 16th Street and Fleur Drive between Locust Street and Grand Avenue.)

The offer provided for the lease of a portion of the property—the Betts Lexus operation at 1700 Grand Avenue—by the owners, from February 1, 1996 to April 30, 1996, at a monthly rental rate of \$10,500 if the owners exercised the option to lease. The owners have provided notice of their exercise of the option, and the Council must now execute the lease.

Recently, Mr. Betts has requested a lease for the Cadillac property (1601 Locust Street) because construction of the new location for the Cadillac operation is not yet completed.

FISCAL IMPACT —

The monthly rental payment of \$10,500 for the Lexus property and \$17,650 for the Cadillac property will cover City costs, including payment of property taxes. The owners are responsible for all utilities, property repair, etc.

RECOMMENDATION —

Approval of the lease between the City of Des Moines and Bexus, Inc., and the City of Des Moines and Betts Cadillac, Inc.

BACKGROUND —

The City is purchasing this property for conveyance to the Meredith Corporation for its corporate expansion project.

Lexus Property: The option to lease was provided for in the Offer to Purchase which the City Council approved on June 25, 1995. The lease will extend from February 1, 1996 to April 30, 1996 and is for the use of the property as a car sales operation which continues the current use of the property.

The Offer to Purchase contained an option to lease the Lexus property. Betts has provided a written notice to the City, in accordance with the terms of the Offer to Purchase, that they want to lease the Lexus property beyond January 31, 1996—the date of closing on the property with the City. The lease is now before the Council for its execution.

Cadillac Property: Betts has requested a lease for the Cadillac property for its car sales operations because their new building is still under construction. The roll call on tonight's agenda provides for a one-month rental period from February 1, 1996 to February 29, 1996.

During this time period, staff will work with Betts and Meredith to determine if this lease can be continued beyond its current expiration date of February 29, 1996 to accommodate Betts as well as meeting the City's contractual obligation to the Meredith Corporation to convey the property to Meredith on or by June 1, 1996, at which time Meredith will begin construction on its new building.