

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-264
JUNE 24, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
TRANSFER OF CONVENTION CENTER AND VETERANS AUDITORIUM	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RICHARD CLARK DEPUTY CITY MANAGER

SYNOPSIS —

On the June 24, 1996, Council agenda is a 28E Intergovernmental Agreement which provides for the transfer of the Convention Center and Veterans Auditorium to Polk County. On February 19, 1996, the City Council expressed its desire to proceed with the transfer of these facilities, and authorized preparation of the agreement.

FISCAL IMPACT —

All revenue earned by the facilities prior to the transfer date will belong to the City, while any revenue received by the City in advance for services to be delivered on or after the transfer date will belong to the County.

All operating costs incurred by the City prior to the transfer date will be paid by the City, unless the costs are for services or materials which will be utilized in conjunction with activities that occur on or after the transfer date. All operating costs incurred on or after the transfer date will be the responsibility of Polk County.

Polk County will pay to the City an amount equal to the total outstanding City of Des Moines General Obligation Bonds issued for capital improvements on the Convention Center and Veterans Memorial Auditorium and outstanding on June 30, 1996, plus interest at 5.8 percent from July 1, 1996 to the actual payment date. The County will also pay additional costs, if any, incurred by the City to fully defease the outstanding City bonds to their earliest call date, including issue costs such as legal, publication, and verification fees.

Because the payment received by the City will be deposited in an escrow account and used to defease the outstanding bonds, the resulting fiscal impact on the City will be a reduction in the City's overall indebtedness by about \$7.8 million.

RECOMMENDATION —

Approval of the agreement.

BACKGROUND —

Some of the key provisions of the 28E Agreement between the City and Polk County are summarized below:

- The transfer date is intended to be July 1, 1996, although the parties may agree to reasonable delays necessary to carry out terms of the agreement. As of the transfer date, the County shall assume all responsibilities for operation and management of the facilities.

- The County shall pay to the City the amount of \$7,796,283 plus accrued interest at the annual rate of 5.8 percent on the principal sum from the transfer date to the payment date. The County will also pay any additional amount necessary to defease the bonds. The payment date shall occur not later than June 30, 1997.
- Although the agreement does not prohibit the County from modifying the facilities, the agreement stipulates that the County must provide the equivalent service and the equivalent capacity of the facilities within the downtown business district. In the event the County entertains an offer to sell either facility, the City has a right of first refusal.
- The agreement provides that the County will honor all outstanding contracts entered into by the City or the Veterans Memorial Auditorium Commission.
- The agreement requires that the County hire all employees terminated by this agreement effective on the transfer date, provided said employees comply with certain provisions determined by the County.
- The agreement is contingent upon the County negotiating a similar 28E Agreement with the Veterans Memorial Auditorium Commission.
- The agreement provides for the City's continued use of the Emergency Operating Center at Veterans Auditorium.
- The agreement indicates that it is the intent of both the City and the County to remain a party to the 28E Agreement which established the Convention and Visitors Bureau. In the event the City withdraws from the 28E Agreement, the agreement stipulates that the City continue to utilize two-sevenths of its Hotel/Motel Tax Revenues for promotion and marketing activities that will benefit the facilities. This sum may be payable to the Convention and Visitors Bureau, or to Polk County, or to another entity mutually agreed upon by the parties.