

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-536
DECEMBER 16, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
SKYWALK AGREEMENT WITH PRINCIPAL MUTUAL LIFE INSURANCE COMPANY FOR SKYWALK BRIDGES	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JAMES A. THOMPSON TRAFFIC AND TRANSPORTATION DIRECTOR

SYNOPSIS —

An Amendment to the Lease Agreement and a Standard Skywalk Agreement with Principal Mutual Life Insurance Company and a corrected and amended Skywalk Agreement with Petula Associates, Ltd., and the YWCA have been negotiated in accordance with the terms of the Contract for Sale of Land for Private Redevelopment for an Urban Renewal Project and in accord with the Skywalk System Plan Map Change previously approved by Council. The Skywalk Commission reviewed these documents on December 11, 1996, and recommended approval.

FISCAL IMPACT —

None.

RECOMMENDATION —

Approval.

BACKGROUND —

On August 5, 1985, by Roll Call No. 85-3980, Council approved a Lease Agreement between the City and Principal Mutual Life Insurance Company (Principal) for lease of certain vacated air rights above the Eighth Street and Ninth Street rights-of-way for the construction of private Skywalk Bridges. This Lease Agreement incorporated provisions for the potential inclusion of the private Skywalk Bridges as part of the public Skywalk System and the possible future acquisition of the private bridges by the City of Des Moines.

On January 21, 1991, by Roll Call No. 91-226, Council approved a corrected Skywalk Agreement between the City of Des Moines, Petula Associates, Ltd. (Petula), and the Young Women's Christian Association of Greater Des Moines (YWCA) for construction of Skywalk Corridors and Skywalk Bridge connections to the building at 801 Grand Avenue. An Amendment to this Skywalk Agreement was approved by Council by Roll Call Number 92-4254 on November 9, 1992.

On October 26, 1992, by Roll Call No. 92-4148, Council approved a Skywalk System Plan Map modification that provided Skywalk connections to a project for a new office building on the blocks bounded by Keosauqua Way, Park Street, Seventh Street, and Eighth Street as proposed by Principal.

On April 19, 1993, by Roll Call No. 93-1371, Council approved a Contract for Sale of Land for Private Redevelopment between the City and Principal for an urban renewal redevelopment south of Park Street between Seventh and Eighth Streets. The contract provided in part that the City and Principal shall execute a Skywalk Agreement to enable extension of the Skywalk System to the redevelopment parcel.

The above-listed agreements are all interrelated and require the following modifications.

1. The Des Moines City Council has modified the Skywalk System Plan Map to show extensions of the Skywalk System in a manner not contemplated by the terms of the 1985 Lease Agreement. The proposed Skywalk Agreement required under the Contract for Sale of Land for Private Redevelopment, in part, includes terms for the purchase of the private Skywalk Bridge over the vacated Eighth Street right-of-way. An Amendment to the Lease Agreement between the City of Des Moines and Principal has been developed relating to the potential inclusion of the private Skywalk Bridges with terms consistent with the Amended Skywalk System Plan Map and Skywalk Agreement.
2. The corrected and amended Skywalk Agreement between the City, Petula, and the YWCA contained provisions for the termination of certain Skywalk Corridors to accommodate potential future extension of the Skywalk System north of the 801 Grand Building. Amendment Two to this Skywalk Agreement provides that Petula will waive its right to terminate the said Skywalk Corridor within the 801 Grand Building.

The original Lease Agreement with Bankers Life (Principal) provided that the City would acquire Skywalk Bridge 7G-8H as specified below:

(b) At such time as the City becomes obligated to purchase a Skywalk Bridge pursuant to the terms of subsection (a) of this section, the purchase price shall be computed in accordance with the terms of this subsection. Upon completion of the improvements in the Eighth and Ninth Street Air Spaces, the City and Bankers shall agree upon the actual construction cost attributable to those portions of the Skywalk Bridges in such Air Spaces which would have been the responsibility of the City had such Skywalk Bridges been constructed under the terms of the Skywalk Agreement. These amounts shall be the initial construction costs. The purchase price of a Skywalk Bridge shall equal the sum of the remaining unamortized portion of the initial construction costs of such Skywalk Bridge amortized on a straight line basis over a sixty-year period commencing on the date of completion of the initial construction, plus the unamortized portion of the actual costs of any major capital repairs to such Skywalk Bridge which would have been the responsibility of the City had such bridge been a public Skywalk Bridge under the terms of the Skywalk Agreement fully amortized on a straight line basis from the date of such expenditure to the date sixty years after the date of completion of initial construction.

Completion of the initial construction of Skywalk Bridge was February 5, 1987. The actual costs for the construction of the Bridge were to be broken out by the contractor as a separate part of the cost for the construction of the entire building project. A search of the records on file by Principal reveals that the contract did not provide a separate cost breakout as required, so the actual cost of construction is unknown. Prior to construction, the plans and specifications for Skywalk Bridge 7G-7H were reviewed by the Skywalk Commission and found to be in accordance with the ordinance requirements for construction of public bridges.

It is proposed that the purchase price for Skywalk Bridge 7G-8H be established on a negotiated price per foot that is equivalent with the prices paid for comparable construction in 1985 for public Skywalk Bridges. Four Skywalk Bridges constructed during the years 1985 through 1987, adjusted to 1985 by the Engineering News Record Construction Price Index is \$3,456. The construction cost for Skywalk Bridge 7G-8H as contained in the Amendment to the Lease Agreement at \$3,500 per lineal foot equates to \$301,000 for the 86-foot portion that is over public right-of-way.

3. A Standard Skywalk Agreement has been negotiated with Principal as required by the Contract for Sale of Land for Private Redevelopment. This Standard Skywalk Agreement contains special provisions that address issues relating to the Skywalk Corridor, Vertical Access, and Bridge facilities within and connecting to properties owned by Principal.

The Skywalk Commission, at their December 11, 1996, meeting, reviewed the Skywalk Agreement, including the Limited Skywalk Easements between the City and Principal as required by the Contract for Sale of Land for Private Redevelopment for an Urban Renewal Project; reviewed the Corrected and Amended Skywalk Agreement between the City, Petula, and the YWCA in which Petula waives its rights to terminate a Skywalk Corridor within the 801 Grand Building to accommodate a potential future extension of the Skywalk System north of that building; and reviewed the Amendment to the Lease between the City of Des Moines and Principal relating to the potential inclusion of the private Skywalk Bridge 7G-8F into the public Skywalk System with terms consistent with the amended Skywalk System Plan Map and Agreement. The Skywalk Commission approved these Agreements and Amendments and recommended that they be presented to the City Council for final approval.