

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

**CITY COUNCIL COMMUNICATION 97-111
MARCH 3, 1997 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
PARK AND RIDE PROJECT— REIMBURSEMENT DETERMINATION	◆ RESOLUTION ORDINANCE RECEIVE/FILE	RICHARD CLARK DEPUTY CITY MANAGER

SYNOPSIS —

On January 27, 1997, the City Council approved an agreement which provides for Principal Mutual Life Insurance Company (PMLIC) to lease 900 parking spaces in the proposed Park and Ride facility for a term of 40 years. The agreement calls for PMLIC to pay an initial lease rate of \$100 per space per month. The agreement also provides for PMLIC to contribute \$420,000 towards project cost, and for the City to reimburse PMLIC for project expenses (land and design) previously incurred by PMLIC. The agreement with PMLIC indicated that the amount to be reimbursed by the City would be about \$960,000 subject to review of documents and a determination as to Federal grant eligibility. Upon review of the relevant documents, however, staff discovered design expenses in the amount of \$111,848 that were paid by PMLIC but not submitted by the MTA for Federal grant reimbursement. We intend to submit these expenses for approval for federal participation.

A literal reading of the City's agreement with PMLIC could support a determination that the amount of reimbursement due PMLIC should not include the \$111,848. However, because the expenses in question were for legitimate design costs for the Park and Ride Project, we believe that these expenses should be included in the reimbursement amount for PMLIC. The total reimbursement amount would then be \$959,803.82, which amount includes the \$111,848 in question.

FISCAL IMPACT —

Funds for the reimbursement for PMLIC will be included in the budget for the Park and Ride Project.

RECOMMENDATION —

Approve the reimbursement amount of \$959,803.82 (which includes the \$111,848 in expenses discussed above) to be paid by the City to PMLIC pursuant to the Terms of Agreement as approved by Council on January 27, 1997.