

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-165

SYNOPSIS -

AGENDA:

APRIL 19, 1999

SUBJECT:

MEMORANDUM OF
UNDERSTANDING
WITH DES MOINES
DEVELOPMENT
CORPORATION-
GATEWAY PROJECT

On May 4, 1998, the City Council approved the Gateway Project and established a funding package, which included funding sources from the City of Des Moines, Des Moines Development Corporation (DMDC), and additional sources to be identified by DMDC. On September 14, 1998, the City Council approved a series of actions designed to initiate the implementation of the project. These actions are predicated on a partnership between the City of Des Moines and DMDC, which has worked effectively on an informal basis, but now needs to be formalized. Therefore, a Memorandum of Understanding (MOU) has been prepared which establishes the respective responsibilities of the City and DMDC, and forms the basis for our continued cooperative effort. The Gateway Steering Committee recommended approval of the proposed MOU at their meeting on April 7, 1999.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT -

The MOU states that DMDC will:

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

- Contribute \$5 million in cash or property to the Gateway Project.
- Provide \$1 million to be repaid from the sale of property resulting from redevelopment along the Gateway. This \$1 million "loan" is expressly not a general obligation of the City.
- Use its best efforts to identify additional funding sources for the Gateway project of \$1 million per year for five years (\$5 million total).

The MOU states that the City intends to:

- Issue \$16.2 million in bonds over the next four years to

finance the Gateway Project.

RECOMMENDATION -

Approval of the Memorandum of Understanding.

BACKGROUND -

In addition to the financing commitments outlined above, other key provisions of the MOU are outlined below.

- The MOU identifies a "Land Acquisition Fund" which is being formed by DMDC, and which is intended to be available as an alternative means to purchase properties within and adjacent to the Gateway. The Land Acquisition Fund would be used to facilitate and expedite the purchase of property with the expectation that out-of-pocket costs associated with such transactions would be recovered.
- The MOU establishes a protocol for the transfer of property acquired by DMDC to the City of Des Moines. Such property transferred to the City would count as a contribution credit towards DMDC's funding commitment for the Project.
- The MOU establishes that DMDC will comply with the relocation policies of the City in regard to properties purchased pursuant to the Gateway Project.
- The MOU stipulates that the City and DMDC shall annually prepare a budget for actions to be undertaken by the City and DMDC in furtherance of the Gateway Project.
- The MOU establishes implementation roles for both DMDC and the City. These implementation roles are consistent with Council actions taken previously.

Also included in the MOU is an Exhibit A, which establishes the estimated amount expended by DMDC through March 31, 1999 (\$3,504,403.93). Exhibits B and C relate to the Eastern Gateway and establish that DMDC has thus far expended \$308,843.72. The amounts outlined in Exhibit A are subject to a more detailed itemization and calculation in accordance with

a procedure set out in the MOU.

[[Council Members](#) | [Leave a Message](#) | [Meeting Agendas/Info](#) | [Recent Ordinances](#)]
[[Board/Commission List](#) | [Meeting Schedule](#) | [Request to Speak](#) | [Election/Voter Reg](#)]