

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-525

SYNOPSIS -

AGENDA:
NOVEMBER 6, 2000

On the November 6, 2000 Council agenda is an amendment to the City's contract for the Allied Gateway Campus with Nationwide Insurance. Staff is recommending the following amendments: (1) delete approximately ¾ of the block bounded by 12th, 13th, Walnut, and Mulberry Streets from Parcel D; the City, at its option, may delete the remaining ¼ block of Parcel D as well; (2) change the conveyance date for Block A from 12-31-00 to 3-1-01; and (3) allocate potential construction cost savings on the Phase I parking garage between the City, Polk County, and Nationwide Insurance.

SUBJECT:
SECOND
AMENDMENT TO
THE ALLIED
GATEWAY CAMPUS
CONTRACT

FISCAL IMPACT -

TYPE:

The proposed contract amendments do not materially change the financial obligations of either the City or Nationwide. The change in the conveyance date for Block A will result in a change in the anticipated date of payment from Nationwide Insurance. Nationwide has agreed to pay the City the additional interest cost incurred on the \$5 million purchase price for the time period from the original closing date (January 1, 2001) through March 1, 2001.

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RECOMMENDATION -

RICHARD CLARK
DEPUTY CITY
MANAGER

Approval.

BACKGROUND -

This amendment proposes technical changes to the contract between the City and Nationwide. Key elements of the proposed amendments are as follows:

- Delete approximately ¾ of the block bounded by 12th, 13th, Walnut, and Mulberry Streets from Parcel D. The area being deleted was originally anticipated for Phase II parking. It is now anticipated

that the 2500+ parking garage constructed as part of Phase I, plus additional parking that may be located on Parcel C, will be sufficient to accommodate Allied's parking needs for both the Phase I and Phase II office buildings.

- Change the conveyance and payment date for Block A from December 31, 2000 to March 1, 2001, with a 30-day cure period for conveyance of the block. The agreed upon purchase price for Block A is \$5,000,000. Allied will pay to the City the additional interest cost on this amount for the time period of January 1, 2001 through March 1, 2001 at the rate of 7.87%. The only change in conveyance dates is with respect to Parcel A. The contract language with respect to Parcels B and C is not changing.

- Change in the allocation of potential construction cost savings on the Phase I parking garage between the City, Polk County, and Nationwide Insurance. The contract now requires Nationwide to construct the Phase I parking garage at a cost to exceed \$12,000 per parking space. If the actual construction cost per space is less than \$12,000, all of the cost savings pass through as reductions to the City and Polk County incentive package. This provision acts as a disincentive for Nationwide to pursue construction cost savings. The proposed change in the allocation of cost savings would split cost savings among the City, Polk County, and Nationwide. This proposed amendment is subject to approval by the City and Polk County.

Under the present contract, the City is responsible for the design and construction of public skywalk bridges over public right-of-ways attaching to the Allied Gateway Campus. Staff is currently working with representatives of Nationwide on an additional contract amendment whereby the City will reimburse Nationwide for the reasonable costs of design and construction of skywalk bridges over public right-of-ways that attach to the Allied Gateway Campus.