



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-330

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

AGENDA:

SYNOPSIS -

JUNE 17, 2002

Approval of the 28E Agreement by and between the City of Des Moines and the Friends of the Des Moines Botanical Center. This agreement will allow the City to be repaid previous debt owed from the Friends of the Des Moines Botanical Center. This debt is \$128,618; and as a consequence of this agreement, the City will recover these funds over the term of the agreement and have a mechanism to finance continued operation.

SUBJECT:

28E AGREEMENT
WITH THE FRIENDS
OF THE DES MOINES
BOTANICAL CENTER

FISCAL IMPACT -

\$3,472 annually in new revenues exceeding expenses.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approval.

SUBMITTED BY:

BACKGROUND -

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

On June 4, 1979, the City of Des Moines entered into an agreement with the Des Moines Botanical Center, Inc. pledging to aid in the construction, operation, and maintenance of the Botanical Center owned by the City of Des Moines. As part of the initial agreement, Des Moines Botanical Center, Inc. agreed to establish an Endowment Fund to support the annual tax supported operations of the Center.

On October 21, 1992, by Roll Call No. 92-3937, the City Council approved the amended Des Moines Botanical Center Endowment Agreement. The agreement was amended to allow the temporary withdrawal of up to \$250,000 from the principal of the endowment fund to be used for cost of expansion and remodeling of the Center. Additionally, Des Moines Botanical Center, Inc. agreed to fund the Park staff's salaries of the Gift Shop/Volunteer Supervisor and Education Curator.

On April 26, 1999, by Roll Call No. 99-1251, the City of Des Moines entered into a Restated Endowment Agreement. This amended agreement provided for the Friends of the Des Moines Botanical Center, formerly known as Des Moines Botanical Center, Inc., to establish an investment policy to result in significant growth of the Endowment Fund.

Over the past year the Park and Recreation Department staff and Friends of the Des Moines Botanical Center Board have been meeting to discuss the current terms of the Restated Endowment Agreement. The Friends have struggled to meet its current financial obligations to the City regarding the payments for the salaries identified above. A new agreement has been negotiated creating a payment plan for the remaining debt from the 1992 endowment withdrawal and salary payments due to the City under the existing agreement, while maintaining the structure and focus of the Friends Board to provide on-going support to the Des Moines Botanical Center.

On May 15, 2002, the Friends of the Des Moines Botanical Center approved the terms of a 28E Agreement by and between the City of Des Moines and the Friends of the Des Moines Botanical Center. The Friends Board also authorized the Friends Executive Committee the authority to negotiate and sign the final terms and conditions of the new 28E Agreement.

Through the changes proposed in the 28E Agreement, the Park and Recreation Department will be able to provide the following outcomes:

- Improved food and beverage selection and customer service.
- Improved customer service delivery of room rentals and processing of rental contracts.
- Improved customer service delivery at admissions counter.
- Increased revenue through in-house management of educational classes, food, beverages, catering, liquor, and gift shop sales.

Under the terms and conditions of this new agreement, the following changes are being recommended:

- City to assume management, operations, and revenues from all guest services operations currently performed by the Friends. This

shall include the Garden Gate Café, educational classes, catering services, liquor, and gift shop sales. In addition, the City will assume the salaries of the Education Curator and Volunteer Supervisor. Currently, the Friends pay the direct salary costs of these two employees and the City pays the benefits costs.

- Board of Trustees for the Endowment Fund would increase from three representatives from each agency to four. The charge of the Board of Trustees is to recommend investment policies and disbursements from the Endowment Fund. The initial endowment was established at \$500,000. In 1992, the Friends borrowed \$250,000 to complete construction of the building addition. Upon execution of this agreement, the Friends will establish annual repayment toward the remaining \$153,138 owed to the Endowment from the earned interest of a new estate gift received by the Friends in 2001.

- The Friends will be given consideration of the existing equipment and inventory of the Garden Gate Gift Shop toward the salary expenses owed to the City from the Restated 1999 Endowment Agreement. Additionally, the Friends will retire the salary debt to the City during the term of this agreement.

- The Friends shall continue annual fundraising efforts to support the building and grounds capital improvements, educational and outreach programs, and services to the Greater Des Moines community supported by the Botanical Center operations.

This 28E Agreement, which is on file in the City Clerk's Office, has been reviewed by the City's Legal, Finance, Park and Recreation Departments, and the City's Risk Manager, and is being recommended for approval. The approved Fiscal Year (FY) 2002-2003 Operating Budget was prepared and approved in anticipation of these changes.
