

**CITY COUNCIL
COMMUNICATION:**

03-603

AGENDA:

DECEMBER 22, 2003

SUBJECT:

PARKING LEASE
FOR NORTHEAST
CORNER OF EAST
4TH STREET AND
EAST GRAND
AVENUE

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

RICHARD CLARK
DEPUTY CITY
MANAGER

ITEM _____

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

SYNOPSIS —

On the December 22, 2003 Council agenda is a roll call to approve a parking lease with Nelson Development, LLC for approximately 160 spaces at the northeast corner of East Grand Avenue and East 4th Street in the Eastern Gateway area.

Nelson Development, LLC has offices at 5619 NW 86th Street, Suite 600, Johnston, and is represented by Jake Christensen.

FISCAL IMPACT —

The parking lease will generate \$57,600 in revenue annually. All revenues collected in excess of expenses will be deposited into the Gateway account.

RECOMMENDATION —

Approve parking lease for the northeast corner of East Grand Avenue and East 4th Street with Nelson Development, LLC.

BACKGROUND —

On September 8, 2003, the Council authorized the City Manager to negotiate a parking lease with Nelson Development, LLC for approximately 160 spaces at the northeast corner of East Grand Avenue and East 4th Street in the Eastern Gateway area. This parcel is the former location of the Dewey Ford Collision Center. The City is in the process of purchasing this property and will complete the transaction in the next 90 days.

In November 2002 and April 2003, Council authorized staff to move forward with the purchase of three large parcels formerly occupied by Dewey Ford—the former Dewey Ford showroom, the used car lot, and the collision center. The short-term plan for the used car lot and collision center properties is surface parking to support redevelopment projects in the area, including this project, the East Village Square project on the former Dewey Ford showroom site, and the Soho project on the former Betts Hardware site.

Nelson Development, LLC will rehabilitate the 32,000 square foot existing structure at 430 East Grand and build an 18,000 square foot addition directly to the west. The space will be occupied by a single user. The total project budget will be approximately \$5.5 million. Approximately 125 employees will

work in the facility and over 10,000 people will visit the site weekly.

Because of the high volume of visitors, the parking demand is high. The developer will utilize the parking lot of the Capitol Lutheran Church to satisfy a portion of the need. The remaining parking demand can be met by the former collision center property. The major terms of the parking lease are:

1. Rent will be set at \$4,800 per month for 160 spaces (\$30 per space).
2. The lease term is five years from substantial completion of improvements.
3. Possession will be given on January 1, 2004.
4. The City will manage and maintain the lot and pay the taxes.
5. The City will demolish the existing structures.
6. Nelson Development will complete the capital improvements. Lease payments will not be due until such date that the value of the forgone payments equals the cost of the capital improvements plus reasonable carrying costs.

