



Agenda Item:

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## **COUNCIL COMMUNICATION**

### **City Manager's Office**

#### **GENERAL INFORMATION**

Agenda Date: 07/25/05  
Agenda Item Type: Resolution

Communication No.: 05-414  
Roll Call No.:

Submitted by: Jeb E. Brewer, P.E., City Engineer

#### **SUBJECT—**

Approving Change Order No. 1 to the Lease Purchase Agreement with Employers Mutual Casualty Company for additional work on the 8<sup>th</sup> & Mulberry Streets Parking Garage for a total not to exceed \$192,001.00.

#### **SYNOPSIS—**

Change Order No. 1 in an amount not to exceed \$192,001.00 has been negotiated with Employers Mutual Casualty Company (EMC) and Neumann Brothers Inc., for additional work on the 8<sup>th</sup> & Mulberry Parking Garage being constructed for the City through a Lease Purchase Agreement (LPA) with EMC, to add a Parking Control Office, remove rubble from the site, and revise foundations due to underground obstructions.

#### **FISCAL IMPACT—**

The City will pay for the garage with \$2,510,298 of land sale proceeds, \$3,820,000 of unencumbered parking system enterprise funds currently on hand, and the remainder will be amortized pursuant to the terms of the LPA and will be paid through parking system enterprise funds. The \$192,001 for Change Order No. 1 will be included in the lease payments amortized in the LPA.

#### **RECOMMENDATION—**

Approval.

#### **BACKGROUND—**

The City of Des Moines and Wells Fargo Financial entered into a development agreement on December 22, 2003 under Roll Call 03-2898 for the expansion of the Wells Fargo Campus, which will

result in the creation of 1,000 new jobs. As part of the development agreement, certain property from EMC will be transferred to Wells Fargo. Because this property includes existing surface parking lots, EMC desires to build a parking garage to provide parking for their employees. The City and EMC have partnered under a Lease Purchase Agreement (LPA) to jointly build a new parking garage for EMC and the City. On July 28, 2004 under Roll Call 04-1649 the City Council approved the LPA with EMC in an amount not to exceed \$14,682,112 for the purpose of acquiring a multi-story parking garage to be constructed at 8th & Mulberry Streets and related Skywalk and common area improvements. The LPA payments will be from the parking enterprise fund, with payment of an initial down payment and eight annual payments starting in 2006.

The Police Department Parking Enforcement Branch was located in a parking control office in the former 8<sup>th</sup> & Mulberry parking garage for many years. During asbestos removal in the 8<sup>th</sup> & Mulberry garage, the parking enforcement office was temporarily relocated to the 5<sup>th</sup> and Walnut parking garage. A study has been conducted to determine a permanent location for the parking control office, which determined that the best permanent location for the parking control office is in the new 8<sup>th</sup> & Mulberry Garage. The temporary location would have to be relocated in a few years for planned work on the 5<sup>th</sup> & Walnut garage, and there is a very significant economy realized by constructing the office as part of the new garage. The cost for the parking control office has been negotiated for a price not to exceed \$80,061.00.

During construction of the parking garage a large amount of underground rubble was discovered on the site mostly under the surface parking lot south of the former garage. Due to the amount of rubble and the existing deep foundation system from the old garage, it was necessary to remove the rubble from the site. The City and EMC will share equally in the cost of removing the rubble and replacing it with suitable fill. The City's share is \$94,000.

The project removed unconsolidated rubble; however, deep obstructions were left in place, as it was less costly to relocate some pilings instead of removing the deep obstructions. Several groups of piles had to be relocated and revisions made to the pile caps to support the structure. The City's portion of the cost to revise the pile caps amounts to \$17,940.

The total cost for this Change Order to the LPA is \$192,001, which increases the total acquisition cost of the garage from the \$14,682,112 as approved in the LPA to \$14,874,113. Exhibit D to the LPA, which defines the City costs, will be revised to incorporate the Change Order.