



Agenda Item:

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## **COUNCIL COMMUNICATION**

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

#### **GENERAL INFORMATION**

Agenda Date: 12/19/05  
Agenda Item Type: Resolution

Communication No.: 05-707  
Roll Call No.:

Submitted by: Donald M. Tripp, Park and Recreation Director

#### **SUBJECT—**

Extension of a Lease with Shaner Hotel Group (owner of the Savery Hotel and Spa) and Amendment of a 28E Agreement with Des Moines Independent Community School District (DMICSD) relating to property at 401 5<sup>th</sup> Avenue (Knapp Plaza).

#### **SYNOPSIS—**

Approves the extension of the lease between the Shaner Hotel Group (1965 Waddle Road, State College, PA, 16803, Lance T. Shaner, Chairman and CEO) and the City of Des Moines for property at 401 5<sup>th</sup> Avenue (Knapp Plaza). This action also approves an amendment to the 28E agreement between the City of Des Moines and the Des Moines Independent Community School District related to the same property.

Under this lease agreement, the City will lease the property at 401 5<sup>th</sup> Avenue from Shaner Hotel Group in exchange for the value of 50% of the taxes on the property and the use of 39 parking spaces in the 4<sup>th</sup> and Grand parking garage. The City, in turn, will enter into a 28E agreement with the school district to allow the Downtown School to continue to use this property as a playground facility. Under the 28E agreement, the schools will reimburse the City for both the (1) value of 50% of the taxes on the property paid to Shaner Hotel Group and (2) 50% of the value of the 39 parking spaces used by the hotel.

The lease provides for joint use of the property for the Downtown School playground and public use as a park. The lease extension will allow the Des Moines Independent Community School District to implement proposed replacements and improvements to existing playground equipment at the site.

#### **FISCAL IMPACT—**

The actual cost of the lease agreement is neutral for the City, because the school district will reimburse the City for the value of taxes paid to Shaner Hotel Group. The schools will also reimburse the City for 50% of the value of the 39 spaces in the 4<sup>th</sup> and Grand parking garage. Those spaces are currently valued

at \$37,440 annually, so approximately \$18,720 will be returned to the Parking Enterprise Fund under the terms of the lease agreement and the 28E agreement. The City also incurs minor maintenance costs of approximately \$250 annually for snow removal. Funding for this purpose is available in EN051 ENG100701, Account 468650.

**RECOMMENDATION—**

Approval

**BACKGROUND—**

On July 10, 1995, by Roll Call No. 95-2665, the City Council approved a Lease Agreement between the City and William C. Knapp, Trustee of the William C. Knapp Revocable Trust, for the public plaza located at 401 5<sup>th</sup> Avenue, in the vicinity of Fifth Avenue and Locust Street.

Also on July 10, 1995, by Roll Call No. 95-2663, the City Council approved and executed the 28E Agreement between the City of Des Moines and the Des Moines Independent Community School District relating to the use of the property by the Downtown School. The original lease was executed to provide park and playground space for the downtown school children.

On May 20, 1996, by Roll Call No. 96-1850, the City Council approved assignment of the lease agreement to the Shaner Hotel Group, the new owner of the Savery Hotel and Spa.

On February 12, 2001, by Roll Call No. 01-352, City Council approved the first five year extension of the lease agreement with the Shaner Hotel Group (as successor to William C. Knapp, Trustee, William C. Knapp Revocable Trust) for the public plaza located at 401 5th Avenue. The extension allowed the property to continue to be used by the Downtown School as a playground and as a public plaza.

Staff recommends another five-year extension of the lease with the Shaner Hotel Group. Staff also recommends amending the 28E agreement with the Des Moines Independent Schools to reflect the obligation of the School District to reimburse the City for taxes paid by the City and for half the value of the 39 parking spaces used by Shaner Hotels. In addition, the City acknowledges that Shaner Hotel Group Properties, Two, L.P. is successor in interest to Shaner Hotel Group. All other terms and conditions of the existing lease shall remain the same.