



Council Communication

Office of the City Manager

Date

June 4, 2007

Agenda Item No. 52

Roll Call No. 07-

Communication No. 07-347

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

AGENDA HEADING:

Public hearings for the following three lease agreements:

- 1) A lease agreement with Storey Kenworthy Company for use of the north/south alley located between 3rd and 4th Streets and adjacent to the property located at 307 Locust for additional parking of vehicles.
- 2) A lease agreement with Storey Kenworthy Company for use of city property located in the vicinity north of 307 Locust for additional parking of vehicles.
- 3) A lease agreement with Bruce Gerleman (owner of Splash Seafood Bar and Grill) for the use of city property located in the vicinity north of 303 Locust for parking of vehicles.

SYNOPSIS:

Recommend approval of three lease agreements to resolve employee parking concerns for both Storey Kenworthy Company and Splash Seafood Bar and Grill. The first lease agreement with Storey Kenworthy Company provides for use of the north/south alley between 3rd and 4th Streets adjacent to their property located at 307 Locust Street. This property is city right-of-way and must first be vacated as part of Council's action.

The second recommended lease agreement with Storey Kenworthy provides for the use of city property located along the north side of the building (307 Locust). The third lease agreement is with Bruce Gerleman (owner of Splash Seafood Bar and Grill) to use city property in the vicinity north of the restaurant at 303 Locust. If approved, the leases are effective through June 30, 2012, renewable yearly thereafter, with the same terms and conditions as in the recommended agreements.

FISCAL IMPACT:

Amount: Combined these leases will generate \$6,000 annually in revenues, based on the following rates:

1. Storey Kenworthy (vacated north/south alley) - \$200 per month for four parking spaces.
2. Storey Kenworthy (north of 307 Locust) - \$150 per month for three parking spaces.
3. Gerleman (north of 303 Locust) - \$150 per month for three parking spaces.

Funding Source: The proceeds from the first lease with Storey Kenworthy (\$2,400 annually) will be deposited into the Fiscal Year 2007-08 Operating Budget, Property Maintenance Endowment Fund, SP767 PKS161625, page 259. The first \$175,000 of annual proceeds to the Property Maintenance Endowment Fund will be returned to the General Fund (GE001 PKS161600) to offset the operating budget of the Property Management Division.

The other two leases are for properties that are not city right-of-way but are classified as part of the adjacent parking garage at 4th & Grand. Therefore, proceeds from the lease of those two properties (\$3,600 annually) will be deposited into the Fiscal Year 2007-08 Operating Budget, Parking Operations Fund, EN051 ENG100701, page 124.

ADDITIONAL INFORMATION:

On October 9, 2006, a representative from Storey Kenworthy Company, owner of 307 Locust, made a request to City Council to purchase the adjoining north/south alley between 3rd and 4th Streets running 152' north of Locust. Council expressed reservations about selling alleys downtown because of potential economic development needs. The request was referred to the City Manager to explore a lease agreement. While working on this request, city staff learned that Bruce Gerleman, the owner of Splash Seafood Bar and Grill (303 Locust St.), also has unmet parking needs for his restaurant. His needs include a space for placement of the restaurant's garbage dumpster, which is currently blocking the north/south alley between 3rd and 4th Streets.

On December 9, 2005, the City of Des Moines Traffic and Transportation Division entered into separate parking use agreements with both Storey Kenworthy and Bruce Gerleman for parking spaces along the north sides of their buildings. This property is not an alley but rather is part of the parking system because it was acquired for construction of the 4th & Grand parking garage. Both of the parking use agreements terminated on December 9, 2006, so staff has negotiated lease agreements with Gerleman and Storey Kenworthy for use of this property. The agreements are now recommended for public hearings and Council approval, along with the lease with Storey Kenworthy for use of the north/south alley. The north/south alley is being handled under a separate lease because it is city right-of-way that must first be vacated.

The terms of the lease agreements require each tenant to assume responsibility for all mowing, landscaping upkeep, snow removal and insurance for the properties. One of the parking spaces in the vicinity north of 303 and 307 Locust will be reserved for placement of the garbage dumpster for Splash.

PREVIOUS COUNCIL ACTION(S):

Date: May 21, 2007

Roll Call Number: 07-972 through 07-974

Action: Setting date of hearings on leases of city property for parking of vehicles with the following (6-4-07):

- (A) [Storey](#) Kenworthy Company for use of north/south alley between 3rd and 4th Streets and adjacent to 307 Locust, (vacation and lease). Moved by Vlassis to adopt. Motion Carried 7-0.
- (B) [Storey](#) Kenworthy Company for property north of 307 Locust. Moved by Vlassis to adopt. Motion Carried 7-0.
- (C) [Bruce](#) Gerleman (Splash Seafood Bar and Grill) for property north of 303 Locust. ([Council Communication No. 07-288](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: October 9, 2006

Roll Call Number: 06-1969

Action: [Regarding](#) request from Storey Kenworthy Company, owner of 307 Locust Street, for vacation and conveyance of adjoining north/south alley between 3rd Street and 4th Street running 152' north of Locust. Moved by Hensley to receive and file, and to refer to the City Manager for further processing in accordance with standard City property disposition procedures. City Manager to also review an option to lease the property. Motion Carried 5-0. Mayor Cownie declares a conflict of interest and abstains from voting.

BOARD AND COMMISSION ACTION(S):

Date: April 25, 2007

Roll Call Number: N/A

Action: Zoning Board of Adjustment grants appeal to Storey Kenworthy (307 Locust Street) for size exceptions related to the use of vacated 16'-wide right-of-way and 1'-wide strip of adjoining property for parallel parking with 8'-wide stalls accessed by a 9'-wide drive aisle.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE