



# Council Communication

Office of the City Manager

Date	June 23, 2008
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Agenda Item No.	12
Roll Call No.	<u>08-</u>
Communication No.	<u>08-385</u>
Submitted by:	William G. Stowe, Assistant City Manager/Public Works/Engineering

## AGENDA HEADING:

Setting date of hearing (July 14, 2008) on the plans, specifications, form of contract and estimated costs of construction of the improvements for the Metropolitan Salt Storage Facility in the amount of \$1,161,986.64, and the lease-purchase financing of the City's share of the facility in an amount not to exceed \$581,818.11.

## SYNOPSIS:

Recommend approval of setting a date for a meeting and public hearing on July 14, 2008, on the plans, specifications, form of contract and estimate of cost of construction of the improvements for the salt storage facility in the amount of \$1,161,986.84 to be constructed pursuant to an agreement with the Metro Waste Authority (MWA) and on the matter of the proposed authorization of a 28E Agreement for the Lease-Purchase of a Metropolitan Salt Storage Facility on MWA property between the Cities of Des Moines, West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes and Pleasant Hill and MWA for a five-year period with Des Moines' obligation for the cost not to exceed \$581,818.11 without written amendment.

## FISCAL IMPACT:

Amount: \$671,926.69 (\$134,385.33 annually for five years) to cover the construction and financing costs of the salt storage facility. \$295,400 (estimated) the first year for additional salt to fill the City of Des Moines' storage facility.

Funding Source: FY 2009 through FY 2013 Public Works Department Operating Budget; 2008-2009 Operating Budget, Fund SP360, Org PWK040400, Street Maintenance Fund, page 314.

## ADDITIONAL INFORMATION:

The proposed 28E Agreement is a five-year lease-purchase agreement with the MWA for a Metropolitan Salt Storage Facility on property owned by the MWA located at 5180 Beisser Drive in Grimes, Iowa. The lease-purchase of the metropolitan salt storage facility will enable the City of Des Moines to store a sufficient quantity of road salt for the operational needs of an entire winter snow and ice control season resulting in an increased service level for street conditions during the winter season. The facility will also enable the storage of a sufficient quantity of salt to provide for the needs of the Airport and other City departments.

The facility will be utilized by the City of Des Moines Public Works Department and the cities of West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes and Pleasant Hill for the

storage of road salt required for winter snow and ice control operations. The MWA agrees to finance and construct the facility, and the participating cities agree to lease-purchase from the MWA the salt storage facility by each city paying its proportionate share of the costs based on each city's allocated salt storage capacity. The cities are lease-purchasing the salt storage buildings and leasing the property. There will be two buildings; one 10,000-ton storage facility exclusively for the City of Des Moines and a 12,000-ton facility for the remaining eight cities. At the end of the five-year period, the City of Des Moines may move the 10,000-ton storage building to City property.

In the fall of 2007, the City of Des Moines Public Works Department staff began meeting with thirteen other area governmental agencies--cities, counties, and the Iowa Department of Transportation (IDOT)--to discuss the possibility of developing a metropolitan area salt storage facility. In the past, agencies have had difficulty obtaining the quantity of road salt needed during the winter season to effectively provide the level of service for snow and ice control that the residents expected. The development of a metropolitan area salt storage facility would give the agencies the ability to store their total snow season salt requirements plus a reserve to ensure material is available when needed to provide safe roadways for the residents. It would also give the ability to save up to 15 percent in the cost of road salt due to larger purchases made prior to the snow season.

Discussions were held with both the Wastewater Reclamation Authority (WRA) and the MWA to ascertain if either of these regional entities would have available property to site the facility and also the capability of financing the construction of the site and storage buildings. After numerous meetings and discussions, an agreement has been developed with the MWA and nine cities including the City of Des Moines for a lease-purchase of a Metropolitan Salt Storage Facility to be located at 5180 Beisser Drive in Grimes, Iowa. The facility will include approximately 10,000 square yards of pavement and two fabric covered "hoop-type" storage buildings: one with a 10,000-ton capacity and the other with a 12,000-ton capacity. The buildings have a useful life of 30 years with a fabric life of 15 years at which time a replacement fabric will be placed. The nine cities involved with the facility and their storage allocations are:

Clive (5%)	1,000 tons
<b>Des Moines (46%)</b>	<b>10,000 tons</b>
Grimes (3%)	750 tons
Johnston (2%)	500 tons
Pleasant Hill (2%)	500 tons
Urbandale (8%)	1,800 tons
Waukee (5%)	1,100 tons
West Des Moines (26%)	5,750 tons
Windsor Heights (3%)	600 tons

The MWA intends to enter into a contract with Prostruct Construction, Inc. in the amount of \$1,161,986.84 for the construction of the facility, if the cities approve the 28E Lease-Purchase Agreement. The City of Des Moines will have the sole use of the 10,000-ton capacity storage facility and the other eight cities will have the use of the 12,000-ton capacity storage facility. The cities are lease-purchasing the salt storage buildings and leasing the property. The City of Des Moines will have sole ownership of the 10,000-ton facility at the end of the five-year term. The other cities will have a prorata portion of the 12,000-ton facility at the end of the five-year term.

The total cost of construction is estimated to be \$1,240,720.84, which includes facility construction costs of \$1,161,986.84, architectural and engineering costs of \$50,250.00, and permit fees and other costs of

\$28,484.00. The maximum price for constructing the improvements, architectural and engineering costs, permit fees, etc. is \$1,280,000 without written amendment. The City of Des Moines' share of the total cost of construction is not to exceed \$581,818.11 plus the cost of financing of \$90,108.58, for a total cost of \$671,926.69 without written amendment to the Agreement.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Anticipated actions include public hearing on the plans, specifications, form of contract, and estimated cost of construction and hearing and authorization of a 28E Agreement for the lease-purchase of a Metropolitan Salt Storage Facility on MWA property, and approval of a 28E Agreement for operation and maintenance of the Metropolitan Salt Storage Facility by and between the Cities of Des Moines, West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes and Pleasant Hill.

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