



Council Communication

Office of the City Manager

Date

August 25, 2008

Agenda Item No. 30

Roll Call No. 08-

Communication No. 08-524

Submitted by: Donald M. Tripp

Park and Recreation Director

AGENDA HEADING:

Lease Agreement between City of Des Moines and Capitol Center L.L.C. for space located at 600 East Court Ave, suite 200.

SYNOPSIS:

Approval of lease agreement between the City of Des Moines and Capitol Center L.L.C., an Iowa limited liability company, c/o R and R Investors, LTD, 1225 Jordan Creek Parkway, Suite 200, West Des Moines, Iowa 50266. Execution of 30-month lease for office space (8,438 square feet) for the Park and Recreation Department - Administrative Division; Engineering Department - Traffic and Transportation Division; and Legal Department - Litigation Division due to relocation from the below-grade office spaces in City Hall and Armory buildings, which were impacted by the 2008 floods.

FISCAL IMPACT: Monthly and capital costs as indicated below:

Rent:

FY 2009 \$ 86,137.90 (10 months)

FY 2010 \$140,773.98

FY 2011 \$ 97,599.92 (8 months)

Office Space Changes:

ICN connectivity \$26,250

Build Out \$20,000 (after landlord allowance)

Funding Source: 2008-2009 CIP: \$26,250 from the Enhanced City-wide Information and Communication Systems project, page Municipal Improvements-11, and \$20,000 from the Municipal Building Improvements project, page Municipal Buildings - 13. Depending on the final flood costs and FEMA reimbursement for those costs, GO funding may need to be reallocated to this project from other projects and provided during the amended budget process.

Aside from utility and maintenance expense reductions in the Armory and City Hall from relocation of the departments to another location, the annual rent will be funded from reallocations within the current Park & Recreation, Traffic & Transportation, and Legal budgets and provided during the amended budget process.

ADDITIONAL INFORMATION:

On Wednesday June 11, 2008, 33 employees were relocated from the Armory and City Hall basements as a precaution to the forecast of potential flooding. During the overnight hours, water infiltrated into the basement of City Hall, threatened the continued operation of the computer network switch apparatus located in the building, and closed restroom service for the building due to localized sewer back-up.

Beginning on June 12, 2008, the normal business operations performed by employees located in these buildings were successfully relocated either to the Central Library or the Des Moines International Airport.

On June 13, and 14, 2008, the Des Moines and Raccoon rivers crested. At that time, the Parks and Recreation Building Services staff began the clean-up process for City Hall and the Armory building.

During the ongoing clean-up and repair of damage to the office spaces previously located in the buildings, formal discussions were held by the City Manager's Office and Department Directors to discuss the options for departments that were displaced from the Armory and City Hall basements. In consultation with the affected departments, the Safety Director, and the Park and Recreation Director recommended that office space, above grade, but near City Hall, be sought to relocate staff that were previously in the basements of City Hall and the Armory.

Staff has reviewed the available office space with consideration given for cost, connectivity to network, proximity to City Hall and public access including parking and have located suitable office space of approximately 8,400 square feet at Capitol Center 1 located at 600 East Court. The cost of this Lease Agreement is below the current market rate for this type of office space with the initial cost of \$12.25 per square foot gross rent for the initial 10-month term substantially below current market. The City will incur some upfront costs associated with the relocation of staff to this location. These costs will include the placement of appropriate fiber optics to provide ICN connectivity. Those costs are estimated not to exceed approximately \$26,250. In addition, there will be an estimated \$40,000 cost for the build-out for the office space for the Legal Litigation Division. This cost will be offset partially by a \$20,000 allowance that will be paid by the Landlord upon completion of the improvements.

The City Manager recommends the City Council authorize the execution of this Lease Agreement to provide adequate safe office space for the continued operation of the City services provided by the affected City departments and their staff.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

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