

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: May 24, 2010
	Agenda Item No. 34 Roll Call No. <u>10-821</u> Communication No. <u>10-282</u> Submitted by: Jeb E. Brewer, P.E., City Engineer

AGENDA HEADING:

Resolution approving First Amendment to Operational Agreement with Childtime Childcare, Inc., Robert T. VanHees, Chief Financial Officer, 21333 Haggerty Road, Suite 300, Novi, Michigan 48375, to operate and manage a childcare center in the Intermodal Transportation Facility at 6th Avenue and Center Street.

SYNOPSIS:

Recommend approval of First Amendment to Operational Agreement with Childtime Childcare, Inc. to operate and manage a childcare center in the Intermodal Transportation Facility at 6th Avenue and Center Street. This Amendment will modify Section 1 of the Agreement to reflect a reduction in monthly rent paid from \$3,375 per month to \$2,875 per month commencing on June 1, 2010 through and including March 31, 2014 (“Option Term”). All other terms set forth in Section 1 of the Operational Agreement will remain in full force and effect following this Amendment.

FISCAL IMPACT:

Amount: \$166,750 (Total revenue through March 31, 2014)

Funding Source: 2010-11 Operating Budget, Engineering Department, T & T – Park and Ride Operations Fund, EN078, ENG100707, Page 93.

ADDITIONAL INFORMATION:

On April 28, 1997, by Roll Call No. 97-1549, the City Council entered into a 28E Agreement with the Des Moines Metropolitan Transit Authority (now Des Moines Area Regional Transit Authority) for construction and operation of a Park & Ride Facility. This facility included designs for a childcare facility to serve the needs of those families working in the downtown area.

Childtime Childcare, Inc. was selected as the childcare provider for this facility. On December 21, 1998, by Roll Call No. 98-3949, the City Council approved a four-year lease agreement with an additional two-year renewable option with Childtime Childcare, Inc.

On January 7, 2008, by Roll Call No. 08-076, the City Council approved an Operational Agreement with Childtime Childcare, Inc. to operate and manage the childcare facility until March 31, 2009, with an option to renew the Agreement for an additional five years until March 31, 2014, which option to renew has been exercised.

In August of 2009, Childtime Childcare, Inc. hired Cushman and Wakefield, Inc., John C. Santora, CEO, 51 West 52nd Street, New York City, New York 10019-6178, to review their real estate portfolio. On March 4, 2010, a representative of Cushman and Wakefield contacted the Real Estate Division and requested a \$500 per month reduction in the rental rate in order to more accurately reflect current market conditions. The reduced monthly rent of \$2,875 accepts a reduction in rent of \$500 per month or approximately 15%, which is equal to the current estimated fair market lease rate. The Engineering Department – Real Estate Division is recommending the approval of this First Amendment to Operational Agreement with Childtime Childcare, Inc., as it provides revenue that helps offset the operating costs of the parking ramp facility. The lease rate will be reviewed and appropriately adjusted for any lease extensions beyond March 31, 2014. This Amendment will also modify Section 20 of the Agreement to reflect a change in the notification address for both parties.

PREVIOUS COUNCIL ACTION(S):

Date: January 7, 2008

Roll Call Number: 08-076

Action: [Child](#) Care Center Operational Agreement with Childtime Child Care, Inc. to operate and manage the child care center in the Intermodal Transportation Facility at Sixth and Center Streets. ([Council Communication No. 08-004](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: December 21, 1998

Roll Call Number: 98-3949

Action: Amended Agreement with Childtime Childcare, Inc., to operate and manage the Child Care Center in the Intermodal Transportation Facility, for revised construction plans and responsibility of Childtime to pay a portion of the increased construction costs. (Council Communication No. 98-562). Moved by Hensley to adopt. Motion Carried 4-3. Absent: Daniels, Flagg, and McPherson.

Date: April 28, 1997

Roll Call Number: 97-1549

Action: Intergovernmental 28E Agreement with the Metropolitan Transit Authority, (MTA), regarding construction and operation. (Council Communication No. 97-232). Moved by Vlassis to adopt. Motion Carried 5-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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