

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 14, 2010
	Agenda Item No. 27 Roll Call No. [Roll Call] Communication No. <u>10-360</u> Submitted by: Donald M. Tripp Park and Recreation Director

AGENDA HEADING:

Setting date of public hearing for June 28, 2010 regarding the City of Des Moines Park and Recreation Department Lease Agreement with Des Moines Municipal Housing Agency.

SYNOPSIS:

Approving setting the date of public hearing for June 28, 2010 regarding the Lease Agreement between the Des Moines Park and Recreation Department and Des Moines Municipal Housing Agency for indoor unheated storage and outdoor storage along with shop use and small engine repairs.

FISCAL IMPACT:

Amount: \$10,500.00 Estimated annually
 \$ 7,500.00 Lease payment
 \$ 3,000.00 Small Engine maintenance and repair estimate

Funding Source: Expense: 2009-2010 Operating Budget, Housing Services Department Project Based Operations; Royal View Manor SP350 HSG021100, East View Manor SP350 HSG021200, South View Manor SP350 HSG021300, Highland Park/Oak Park SP350 HSG021400, 5H-Sec 5(h) Homeownership SP350 HSG021600, Pages 134 – 137, 139.

Revenue: Revenues from the Housing Services Department lease payments will be deposited into the Park and Recreation Department’s operating budget; Parks Administration, GE001 PKS040100, page 183.

ADDITIONAL INFORMATION:

The City of Des Moines Municipal Housing Agency has occupied the rental space located at 117 Arthur Avenue beginning in 2001, which was approved by the Municipal Housing Governing Board on May 21, 2001, by Roll Call No. 01-1597. On April 24, 2006, by Roll Call No. 06-774, the Municipal Housing Governing Board approved a new one-year Lease Agreement, renewable for four additional terms, with Ralph A. Berkinbine, 3260 E. Douglas, Des Moines, Iowa 50317 at a rate of \$3.12 for 10, 000 square feet for an annual payment of \$31,200 plus utility expenses which ran approximately \$29,000 for a total fiscal commitment of approximately \$60,000 annually.

This space was primarily used for centralized storage needs and served as a shop operation for minor work related to maintaining and servicing the Agency's public housing units. Over the past several years as the Agency has disposed of property, converting to Section 8 vouchers, the need for this space as diminished. On March 23, 2010, the Agency informed Mr. Berkinbine (Landlord) that it would not be seeking renewal of the leased premises which will terminate on June 30, 2010.

Staff has negotiated a new lease with the Des Moines Municipal Housing Agency whereby the Park and Recreation Department shall provide 700 square feet of indoor (un-heated) storage space, 5,400 square feet of outdoor storage space, minimal temperature controlled space, access to its' carpenter shop and shall also perform preventative maintenance and repairs to the Agency's small engine equipment (Mowers, Snow blowers, etc.).

The Lease Agreement, which is on file in the City Clerk's Office, provides for a lease rate of \$3.00 per square foot for the indoor cold storage, \$1.00 per square foot for outdoor storage and established fees and charges for small engine repairs through the City's Fleet Services RTA system, estimated at \$3,000.00 annually. Due to the Federal funding of the Agency, Regional HUD staff recommended entering into a long-term lease for this centralized storage facility. The terms and conditions set forth include an initial five-year lease with three (five-year) renewals for a total of 20 years. The lease rate shall be reviewed/adjusted every five (5) years during the renewal terms of this lease. Additionally, should the park maintenance operations relocate, the Agency would be included in that relocation plan under the same terms and conditions set forth in the Space Allocation Agreement, provided space is available and upon mutual agreement of both parties.

PREVIOUS COUNCIL ACTION(S):

Date: April 24, 2006

Roll Call Number: 06-774

Action: Approval of Lease Agreement for the property located at 117 Arthur Avenue to be used for the Des Moines Municipal Housing Agency Maintenance Facility. (Board Communication No. 06-242) Moved by Hensley to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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