

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> December 20, 2010
	<b>Agenda Item No.</b> 25 <b>Roll Call No.</b> <u>10-2081</u> <b>Communication No.</b> <u>10-753</u> <b>Submitted by:</b> Donald M. Tripp, <b>Director of Parks and Recreation</b>

**AGENDA HEADING:**

Approve lease agreement with Des Moines Rowing Club for use of a portion of the Guzman Building at Birdland Marina and the Overlook Terrace at Gray’s Lake Park.

**SYNOPSIS:**

Recommend approval of the lease agreement with the Des Moines Rowing Club for use of a portion of the Guzman Building and inside the Overlook Terrace for storage of its equipment and management of the club’s programs and services.

**FISCAL IMPACT:**

Amount: \$4,651 (annually for three years)

Funding Source: FY 2010-2011 Operating Budget, Park and Recreation General Administration, GE001 PKS010100, page 180.

**ADDITIONAL INFORMATION:**

This lease agreement with the Des Moines Rowing Club for use of City-owned buildings (Guzman located at Birdland Marina and Overlook Terrace located at Gray’s Lake) is a continuation and consolidation of the prior separate leases for these two facilities.

On March 6, 2006, by Roll Call No. 06-127, City Council approved a lease agreement with the Des Moines Rowing Club for the use of a portion of the inside of the Overlook Terrace that expires on December 31, 2010. On January 24, 2005, by Roll Call No. 05-212, City Council approved a lease with the Des Moines Rowing Club for the use of a portion of the Guzman building that expired December 31, 2009. On January 25, 2010, by Roll Call No. 10-123, City Council approved a one year lease agreement with the Des Moines Rowing Club for a portion of the Guzman Building with an expiration date of December 31, 2010 in order to enter into a new agreement with both facilities. The Club proposes to re-enter into this lease for the storage of rowing equipment and management of programs and services.

The Des Moines Rowing Club is a non-profit corporation created to promote the sport of rowing in the Central Iowa area. The club was founded in 1983 and hosted its first regatta that same year. Since then, it has grown to around 200 members and their annual regatta hosts as many as 27 teams from 8 states. Their presence at Gray’s Lake and the marina provides environmentally-friendly water activity,

diversifies recreation program offerings, and generates lease revenue for the City. The Rowing Club also provides a strong anchor to the Birdland Marina area.

As requested by the Des Moines Rowing Club and agreed to by the City's Legal Department, the Des Moines Rowing Club wanted to consolidate the Overlook Terrace and Guzman lease agreements.

The lease amount is required to be at fair market value. Fair market value is established by using comparable lease space for similar properties. The fair market value of Guzman and Overlook Terrace was determined by the City of Des Moines Real Estate Division.

The Des Moines Rowing Club will lease the Guzman Building and pay \$2 per square foot for the use of 2,738 square feet (\$5,476) annually. The Des Moines Rowing Club will lease the Overlook Terrace and pay \$4 per square foot per year for the use of 1,125 square feet of the Overlook Terrace (\$3,375) annually. The lessee will use 1,125 square feet of the Overlook Terrace from May through October and 562.5 square feet from November through April. The Des Moines Rowing Club only uses 562.5 square feet November – April because during the off season the club removes some of their equipment from the Overlook Terrace requiring less storage.

Annually for three years

Guzman building lease payment (2,738 square feet)	\$5,476
Overlook Terrace lease payment May – October (1,125 square feet)	\$2,250
Overlook Terrace lease payment November – April (562.5 square feet)	<u>\$1,125</u>
Total lease rental income	\$8,851
Less estimated consideration for novice program	<u>-\$4,200</u>
Fiscal impact	\$4,651

Consideration has been provided to the Des Moines Rowing Club for its novice instructional program. The Des Moines Rowing Club offers a ten-week novice program five days per week, June through August at Gray's Lake and only charges \$85 per participant while the value of the novice class is \$175. The class uses Des Moines Rowing Clubs' boats and equipment, the insurance, and experienced club members to teach the class. By a reduction of the class fee, the City is allowing a \$50 credit per participant to be taken off the lease payment. Staff estimates a credit of \$4,200 for the novice program (84 X \$50 = \$4,200) based on their enrollment of 84 participants in 2010. The \$50 credit per participant is an incentive for the club to promote and engage new users in this recreational opportunity.

The term of the lease agreement for use of the Guzman Building is for three years, January 1, 2011-December 31, 2013, with up to two, three-year extensions with the mutual agreement of the parties. The parties agree that the rent amount during each extension term shall be increased by 3% per each term during the length of the lease.

**PREVIOUS COUNCIL ACTION(S):**

Date: January 25, 2010

Roll Call Number: 10-123

Action: [Lease](#) Agreement with Des Moines Rowing Club for use of a portion of the Guzman Building in Birdland Marina. ([Council Communication No. 10-051](#)) Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: March 6, 2006

Roll Call Number: 06-460

Action: [On Lease](#) Agreement with Des Moines Rowing Club (DMRC) to lease a portion of the Overlook Terrace located in Gray's Lake Park, to store DMRC equipment and boats, \$3,375 annually. ([Council Communication No. 06-127](#)) Moved by Kiernan to adopt. Motion Carried 6-1.

Date: January 24, 2005

Roll Call Number: 05-212

Action: On proposal to lease City-owned real estate locally known as the Guzman Building at Birdland Marina to the Des Moines Rowing Club. Moved by Vlassis to adopt. Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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