

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: August 8, 2011
	Agenda Item No. 51 Roll Call No. <u>11-1403</u> Communication No. <u>11-533</u> Submitted by: William G. Stowe, Assistant City Manager – Public Works Director

AGENDA HEADING:

Notice of the City of Des Moines’ desire to extend the 28E Agreement for the Lease of a Metropolitan Salt Storage Facility on Metro Waste Authority (MWA) property pursuant to Section 3.01 (B) of the agreement, and that the City Clerk is authorized and directed to provide a copy of this resolution to the West Des Moines Public Works Superintendent, as Administrator of the 28E agreement in accordance with 28E Agreement with copies to the MWA and member communities.

SYNOPSIS:

To ensure on-site availability of adequate salt supplies for snow and ice control, on September 5, 2008, the Metro Waste Authority and the cities of Des Moines, West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes, and Pleasant Hill entered into a 28E Agreement for the Lease-Purchase of a Metropolitan Salt Storage Facility on MWA property. The original term of the 28E Agreement commenced on September 5, 2008 and continues until June 30, 2013. The 28E Agreement may be extended by the cities through June 30, 2028 allowing the cities to leave the buildings in place, unless the MWA has given notice between 20 and 24 months prior to the expiration of the original term of the lease terminating on June 30, 2013. The 28E Agreement provides that if the cities desire to extend the 28E Agreement following the original term, the cities shall give written notice to the MWA 20 to 24 months prior to the expiration of the original term. Staff recommends that the 28E Agreement be extended following the original term of the lease. The renewal term would be through June 30, 2028.

Consideration during the renewal period is the continued upkeep and maintenance of the facility and associated improvements by the cities, plus any costs incurred by the MWA that are directly related to maintenance of the improvements. The cities are also obligated to mow the property. If the City of Des Moines desires to withdraw from the lease during the renewal period, it must give one year’s notice to the other cities. The lease specifically allows the City to withdraw from the lease without penalty or forfeiture of its interest and the right to remove its exclusive 10,000-ton-capacity storage building.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

The 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 enables 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 is utilized by the City of Des Moines Department of Public Works 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 agreed to finance and construct the facility, and the participating cities agreed 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 are 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.

In the fall of 2007, the City of Des Moines Department of Public Works staff began meeting with other area cities to discuss the possibility of developing a metropolitan area salt storage facility. In the past, all cities 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 expected by residents. 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 was 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 includes 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 the fabric will be replaced. The nine cities involved with the facility and their storage allocations are:

Clive (5%)	1,000 tons
Des Moines (46%)	10,000 tons
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 City of Des Moines has 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.

PREVIOUS COUNCIL ACTION(S):

Date: July 14, 2008

Roll Call Number: 08-1235

Action: [Hearing](#) on plans, specifications, form of contract and estimate of cost of construction of improvements pursuant to agreement with Metro Waste Authority, \$1,161,986.84; and authorization of 28E Agreement with West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes, Pleasant Hill and Metro Waste Authority, for Lease Purchase of facility on Metro Waste Authority property, City of Des Moines' cost of construction not to exceed \$581,818.11 without written amendment. **Moved by Coleman to adopt. Motion Carried 7-0.**

Date: July 14, 2008

Roll Call Number: 08-1236

Action: [Approving](#) plans, specification, form of contract and estimate of construction and execution of the 28E Agreement for the lease purchase of the facility with the above entities. **Moved by Coleman to adopt. Motion Carried 7-0.**

Date: July 14, 2008

Roll Call Number: 08-1237

Action: [Approving](#) the 28E Agreement with City of West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes and Pleasant Hill for operation and maintenance of the facility. ([Council Communication No. 08-414](#)) **Moved by Coleman to adopt. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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