

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	February 27, 2012
	<b>Agenda Item No.</b> <b>Roll Call No.</b> <b>Communication No.</b> <b>Submitted by:</b>	<b>19</b> <input type="text"/> <b>12-092</b> <b>Terrance N. Vorbrich, Acting Economic Development Administrator</b>

**AGENDA HEADING:**

Set Date of Public Hearing for Lease Extension of 418 E. Grand Ave. by Nelson Development, LLC

**SYNOPSIS:**

Set the date of public hearing for March 12, 2012 for the lease of the surface parking lot at 418 E. Grand Avenue to Nelson Development, LLC. (Jake Christiansen, Co-Manager c/o Knapp Properties, 4900 Westown Parkway, West Des Moines, IA). This lease will cover the period of March 2012 to June 2015, correct the number of spaces actually constructed in the lot retroactively to July 1, 2011 and adjust the rent payment accordingly.

**FISCAL IMPACT:**

Amount: \$86,400 annual revenue payments for 2012-15 to Economic Development Enterprise Fund, SP743, CMO0980717. Developer is responsible for property taxes and maintenance costs.

Funding Source: Private developer lease payment to City.

**ADDITIONAL INFORMATION:**

The City acquired this property located on the NE corner of E. 4<sup>th</sup> and Grand Aves. This property was part of the former Dewey Ford operations. Nelson Development approached the City to ask if site could be purchased to provide parking for the adjacent building that was being renovated and greatly expanded at 418 E. Grand Avenue for a 10 year lease to 2015 for Iowa Workforce Department operations. (The building was expanded by 30% to almost 52,000 sq. ft. with the property tax assessment increasing from \$286,000 in 2004 to \$3,480,000 in 2011.)

The City agreed to a lease – not purchase – of the site for surface parking uses because of its long-term intent to redevelop the site with new buildings.

The initial lease required the developer to install the parking improvements and pay the property taxes (currently \$18,000 /yr). The lease also required the lot be open to the public after M-F work hours and on weekends. Once the developer’s loan costs for the parking improvements were paid off, which was projected to be in January 2011, a monthly payment of \$4,800 (160 spaces \* \$30/month) was to be made to the City.

In 2005, the developer submitted the parking plan layout to the City for the needed permits. At that time, the City was in the process of adopting more rigorous landscaping requirements for surface parking and requested the developer use the more rigorous standards for this lot. The developer complied and the outcome was about 40 less spaces than the initial layout approved in the lease. The lease was not amended. to incorporate the reduced number of parking spaces.

The lease renewal in 2009 did not address the revised site plan with 120 spaces that was actually built. This lease increased the parking rate to \$60/space each month upon expiration of the developer's loan payments for the improvements.

In late 2011, developer requested a lease extension to 2015 so the parking lease is concurrent with State of Iowa lease of 430 E. Grand Ave. building. In addition, the developer has requested rent be calculated on the 120 spaces that were actually constructed and calculation of rent payments to start in July 2011 when the loan for the parking improvements was actually completed; the developer has provided documentation corroborating the loan payoff was completed in June 2011.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: August 10, 2009

Roll Call Number: 09-[1490](#)

Action: On renewal of Parking Lease Agreement with Nelson Development, LLC at E. Grand Avenue and E. 4th Street. ([Council Communication No. 09-552](#)) **Moved by Meyer to adopt. Motion Carried 7-0.**

Date: July 27, 2009

Roll Call Number: [09-241](#)

Action: **On** renewal of Parking Lease Agreement with Nelson Development, LLC at E. Grand Avenue and E. 4th Street, (8-10-09). ([Council Communication No. 09-512](#)) **Moved by Hensley to adopt. Motion Carried 7-0.**

Date: December 22, 2003

Roll Call Number: 03-2941

Action: On lease of parking lot on the northeast corner of E. 4<sup>th</sup> and Grand, to Nelson Development, L.L.C., for 160 parking spaces, \$4800 per month for 5 years. ([Council Communication No. 03-603](#)) Moved by Brooks to adopt. Motion Carried 6-1. Absent: Vlassis

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Public hearing and execution of lease at the March 12, 2012 City Council meeting.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).