 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> June 11, 2012
	<b>Agenda Item No.</b> 54 <b>Roll Call No.</b> <u>12-0926</u> <b>Communication No.</b> <u>12-308</u> <b>Submitted by:</b> <b>Jeb E. Brewer, P.E., City Engineer</b>

**AGENDA HEADING:**

Hold Hearing for approval of proposed lease of City-owned property in the upper level of the 5th and Keo Way parking garage to Des Moines Daycare, L.L.C. for \$41,064 for first year and \$61,596 for subsequent years (initial term).

**SYNOPSIS:**

Recommend approval of lease agreement between Des Moines Daycare, L.L.C. (Registered agent: Jason Springer, 3111 Douglas Avenue, Des Moines, Iowa 50310) and the City of Des Moines for property located in the upper level of the 5th and Keo Way parking garage. The lease allows Des Moines Daycare, L.L.C. to use the leased premises for the operation of a child care facility. The lease shall be for a period of five (5) years, commencing upon Council approval with monthly rent beginning October 1, 2012 and ending on June 30, 2017, subject to termination of the lease by either party with ninety (90) days written notice. Des Moines Daycare L.L.C. shall have the unilateral right at its option to renew the lease agreement for a period of two separate, distinct and successive five-year terms with a 10% increase in consideration for each term.

**FISCAL IMPACT:**

**AMOUNT:** Revenue: \$5,133 per month (October 1, 2012 – June 30, 2017 = \$287,448) minus one-time expense for 6% real estate commission = \$17,246.88.

**Funding Source:** 2012-13 Operating Budget, Page 70, T&T – Parking Administration, EN051, ENG100701.

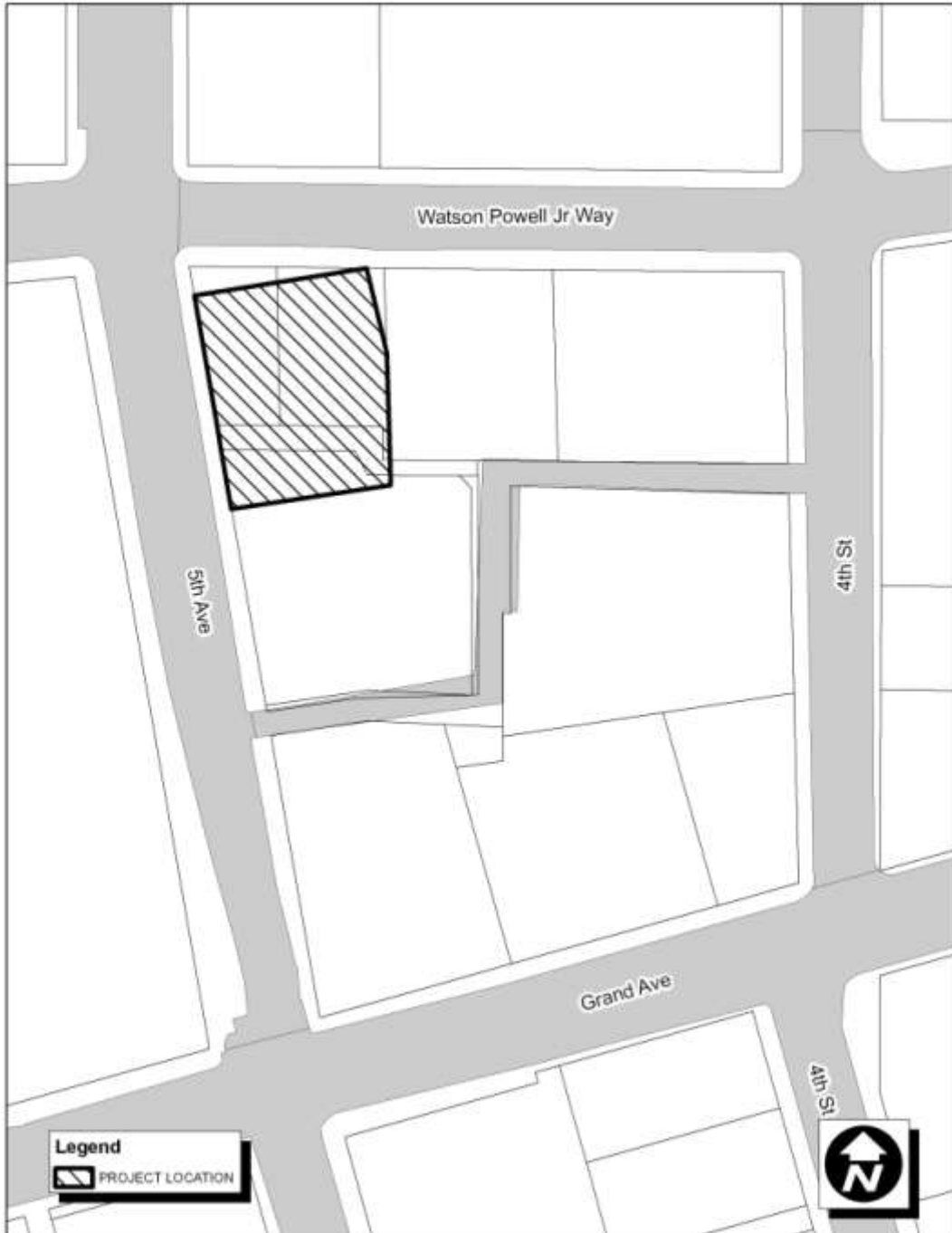
**ADDITIONAL INFORMATION:**

The City is the owner of commercial space on the top floor of the 5th Street and Keo Way parking garage located at 555 5th Avenue, consisting of 20,530 square feet, where Drake University formerly operated its Head Start Day Care Program.

After Drake vacated the space in July 2011, a Request for Proposal was sent to three (3) commercial real estate brokerage firms with only one (1) submittal received from Ferguson Commercial Real Estate Services (1840 NW 118th Street, Suite 100, Clive, Iowa 50325, represented by Shannon J. Morton) for listing services of this space. On May 1, 2012, Des Moines Daycare, L.L.C. (Registered Agent: Jason Springer, 3111 Douglas Avenue, Des Moines, Iowa 50310) submitted a Letter of Intent to Lease the space for a term of five years, with the option to renew for two additional five-year terms, subject to a ninety-day termination option for both parties and payment of \$5,133.00 per month for the

initial term with a 10% increase for each additional five (5) year term. The tenant will also be responsible for all expenses related to the leased premises, including but not limited to all utilities, maintenance and real estate taxes. The City will continue to be responsible for any structural repairs and replacement of mechanical equipment that become necessary.

The rental rate of \$5,133 per month is equal to the estimated fair market rent for this space. The Engineering Department is recommending the approval of this lease agreement as it provides revenue that helps offset the operating expenses of the parking ramp facility.



**PREVIOUS COUNCIL ACTION(S): NONE**

Date: August 20, 2007

Roll Call Number: 07-1616

Action: [Child](#) Care Center Operational Agreement with Drake University operates Head Start Program in the Child Care Center above the Fifth Watson Powell, Jr. Way parking garage until June 30, 2010. (Council Communication No. 07-498) Moved by Vlassis to adopt.  
Motion Carried 7-0.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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