

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> May 19, 2014
	<b>Agenda Item No.</b> 18 <b>Roll Call No.</b> <u>14-0757</u> <b>Communication No.</b> <u>14-241</u> <b>Submitted by:</b> Patrick J. Kozitza, <b>Public Works Director</b>

**AGENDA HEADING:**

Approval of a Ground Lease and Operation and Maintenance Agreement for Metropolitan Salt Storage Facility on Metro Waste Authority (MWA) property and authorization to accept Bill of Sale on the Des Moines Salt Storage Facility Building.

**SYNOPSIS:**

To ensure on site availability of adequate salt supplies for snow and ice control, the City of Des Moines, along with other metropolitan communities, 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 continued until June 30, 2013. The 28E Agreement provided that it could be extended by the cities through June 30, 2028. The City of Des Moines expressed its desire to extend the 28E Agreement on August 8, 2011, by Roll Call No. 11-1403.

In addition to the 28E Agreement for the Lease Purchase, there was a second agreement for the Maintenance and Operation of the Metropolitan Salt Storage Facility. The Lease agreement and the Maintenance and Operation Agreement have now been combined into a Ground Lease and Operation and Maintenance Agreement for Metropolitan Salt Storage Facility on MWA property. The Lease specifically allows Des Moines to withdraw from the Lease and the right to remove its exclusive 10,000 ton capacity storage building with the required notice as set forth in the Agreement.

Beginning on the Effective Date of the new agreement, each city shall pay a maintenance fee of one (\$1.00) per ton of each city’s capacity storage in the Facility each year of the Agreement as a “Maintenance Fee”. The City of Des Moines’ Maintenance Fee will be \$10,000 annually based on its 10,000 ton salt storage capacity. The Maintenance Fee will be used to repair and maintain the Facility in good condition in accordance with the Agreement in order that the Facility remains operational and useable by the cities. If at any time Des Moines decides to withdraw from the Agreement as allowed and moves the Des Moines building from the property, 75% of the remaining Maintenance Fees and interest remaining in the Des Moines Maintenance Fee Account will be returned to Des Moines. If Des Moines elects to sell the Des Moines Building in place to another governmental entity, Des Moines will forfeit 100% of the Maintenance Fee in the Des Moines Maintenance Fee Account and such funds will be transferred to the purchaser.

**FISCAL IMPACT:**

Amount: \$10,000 annually for term of agreement (\$140,000 over the 14 year agreement)

Funding Source: Fiscal Year (FY) 2014-2015 Public Works Department Operating Budget, Fund SP360, Org PW240402, Street Maintenance Fund, page 240

**ADDITIONAL INFORMATION:**

The original 28E Agreement was a five (5) 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. This 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 Public Works Department 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. Des Moines lease purchased the Des Moines 10,000 ton salt storage building and the other cities lease purchased the 12,000 ton salt storage building and will be leasing the property through the Ground Lease and Operation and Maintenance Agreement. There are two (2) buildings; one (1) 10,000 ton storage facility exclusively for the City of Des Moines and a 12,000 ton facility for the remaining eight (8) cities.

In the fall of 2007, the City of Des Moines Public Works Department staff began meeting with other area cities to discuss the possibility of developing a metropolitan area salt storage facility. In the past, all 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 that the residents expected. The development of a metropolitan area salt storage facility provides 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 also provides savings for the cost of road salt due to larger purchases made prior to the snow season. After numerous meetings and discussions, the original lease purchase agreement was developed with the MWA and nine (9) 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 (2) fabric covered "hoop-type" storage buildings: one (1) 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 a replacement fabric will be placed. The nine (9) cities involved with the facility and their storage allocations are:

Clive (5%)	1,000 tons
<b>Des Moines (46%)</b>	<b>10,000 tons</b>
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

**PREVIOUS COUNCIL ACTION(S):**

Date: August 8, 2011

Roll Call Number: [11-1403](#)

Action: [Extension](#) of Intergovernmental 28E Agreement with Metro Waste Authority and cities of West Des Moines, Urbandale, Johnston, Clive, Windsor Heights, Waukee, Grimes and Pleasant Hill for Lease Purchase of Metropolitan Salt Storage Facility through June 30, 2013. ([Council Communication No. 11-533](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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.

Date: June 23, 2008

Roll Call Number: [08-1101](#)

Action: [On](#) items regarding the Metropolitan Salt Storage Facility, (7-14-08): ([Council Communication No. 08-385](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

- (1) On plans, specifications, form of contract and estimate of cost of construction improvements pursuant to agreement with Metro Waste Authority, \$1,161,986.84 and
- (2) Proposed 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.

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

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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