

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: September 26, 2016
	Agenda Item No. MHGB2 Roll Call No. <u>16-1582</u> Communication No. <u>16-535</u> Submitted by: Jackie J. Lloyd, Interim Housing Services Director

AGENDA HEADING:

Approval of Lease Agreement between the Des Moines Municipal Housing Agency (DMMHA) and Polk County for relocation to River Place complex at 2309 Euclid Avenue.

SYNOPSIS:

Recommend approval of Lease Agreement between DMMHA and Polk County for office space for administrative offices.

FISCAL IMPACT:

Amount: \$107,700 annual cost

Funding Source: 2016-2017 Operating Budget: Housing Services Dept. – HS001000, Page 115

ADDITIONAL INFORMATION:

- In an effort to provide DMMHA clients and the citizens of Des Moines a more centralized social services location, DMMHA will be relocating our administrative offices to the Polk County River Place complex at 2309 Euclid Avenue.
- On March 10, 2014, the Municipal Housing Governing Board authorized and directed the City Manager or his designee to negotiate final terms of a lease agreement with Polk County to lease 17,950 square feet of office space in the Polk County River Place complex at \$6 per square foot. The office space at Polk County River Place was previously occupied by Juvenile Court Services, now moving to the Polk County Justice Center Annex.
- Staff negotiated the terms of the lease agreement commencing this fall and terminating on June 30, 2022, for a monthly rental fee of \$8,975 (\$107,700 annual cost and \$6 per square feet, excluding property taxes and insurance; including property maintenance and basic utilities).
- Includes the option for DMMHA to terminate the Lease Agreement, if needed, at any time and for any reason, upon written notice including upon 30 calendar days’ written notice if the funding provided by the U.S Department of Housing & Urban Development (HUD) terminates or is substantially reduced.

- Lease agreement would also allow DMMHA to sublease any space not used by DMMHA to the IMPACT Community Action Agency at \$6 per square feet. Subleasing to any other entity would require County approval.
- DMMHA is planning on using approximately 12,000 square feet of the space, which would leave 5,950 square feet available for subletting.
- DMMHA is currently renting space at 100 E. Euclid, Suite 100, Des Moines, Iowa (Park Fair Mall). The lease agreement is for 8,856 square feet of office space at approximately \$11.50 per square feet at an annual cost of \$101,844. DMMHA is also responsible for utilities which averaged \$8,000 annually and janitorial costs at \$7,000 annually. Additionally DMMHA is responsible for other contract costs such as repairs for plumbing, electrical, and HVAC problems.
- The projected cost saving of renting the office space at River Place is approximately \$26,000 annually and if any additional space is subleased the cost savings would increase.
- The moving costs, excluding costs for installation of a fiber network and other Information Technology (IT) charges, are estimated at \$42,000, which includes renovation costs at the new location. The County will provide the labor for the renovations and DMMHA will pay for the costs of the materials. The estimated costs of the fiber network and other IT charges are \$90,000.
- DMMHA's relocation will require adequate notices to clients and service providers, so mailings will be accomplished as staff determine the moving schedule. Staff will also coordinate the move so that DMMHA does not adversely limit availability to the clients.
- HUD has approved the use of proceeds from the sale of disposition units to cover the costs of the relocation.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S):

Board: Municipal Housing Agency Governing Board

Date: March 10, 2014

Resolution Number: [14-0344](#)

Action: [Authorizing](#) the City Manager or his designee to negotiate terms and conditions to lease space at 2309 Euclid Avenue (Polk County River Place) to house the City of Des Moines Housing Department. Sponsor: Coleman. Moved by Coleman to adopt. Motion Carried 7-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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