

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: October 9, 2017
	Agenda Item No. 50B Roll Call No. <u>17-1774</u> Communication No. <u>17-728</u> Submitted by: Matthew A. Anderson, Assistant City Manager

AGENDA HEADING:

Approving Commencement Date Agreement to Lease Purchase Agreement (LPA) with 101 East Grand Parking, LLC and West Bank for the construction of a parking garage at East 2nd and East Grand Avenue and related actions.

SYNOPSIS:

Recommend approval of the Commencement Date Agreement, Exhibit C to the LPA, which was the financing mechanism used for construction of the East 2nd parking garage, marking the date the City will begin using the garage for public parking. Project cost and financing amounts will be finalized prior to the end of 2017; construction cost projections anticipate savings to the budget, as indicated in the updated Exhibit D. The garage is substantially complete to allow parking, but there remain some minor items to be completed. Approval of the Commencement Date Agreement also amends Exhibit B, which is the repayment schedule, to the LPA based on the latest estimate of costs. Related actions include an Assignment Agreement for Design Documents and License Agreement for Shop Drawings and acceptance of public sanitary and sewer improvements.

FISCAL IMPACT:

Amount: No additional Costs relate to this action. The full cost of construction financed by the Lease Purchase Agreement is \$22,428,000 plus interest expense of \$15,215,000.

Funding Source: Parking System Revenues, TIF, General Fund Subsidy

ADDITIONAL INFORMATION:

- A LPA was the financing mechanism used to finance the construction of a public parking garage at the corner of East 2nd and Grand Avenue. The LPA requires completion and execution of Exhibit C, the Commencement Date Agreement, which includes a statement of final project costs as of substantial completion of construction. Exhibit C has been completed with the best information available on project costs; the final costs will be adjusted and presented to City Council for review and approval before the end of 2017 once the final construction expenses have been submitted and staff has agreed to the final costs. The interest rate and repayment terms are not subject to further changes, although payment amount will change as the project cost is adjusted. The interest rate is for the first five (5) year period is 4.1%. Payments begin on December 1, 2017 and are biennial for 20 years.

- The City is anticipating taking possession of the parking garage on October 10, 2017. Public parking began on September 27, 2017. The opening of the parking garage was timed with the grand opening of the West Elm store located in the 219 E. Grand Avenue development. The parking garage will be open to free public parking until the revenue and gates system are completely operational. The system has been installed, but requires fiber and phone connection through the City Hall building to the Armory. This work is currently underway by the City and contractors working on the City Hall construction and IT facilities. It is anticipated that the system will be operational by October 23, 2017 such that parking fees can be charged.
- A public announcement will be made approximately one (1) week before parking fees are to be charged. Fees for the operation and maintenance of the East 2nd Parking Garage are included in the Municipal Parking Facilities Management Services Agreement with ABM Parking Services, Inc. Parking rates are set by ordinance through a separate Council action.

PREVIOUS COUNCIL ACTION(S):

Date: April 11, 2016

Roll Call Number: [16-0535](#)

Action: [Hearing](#) on authorization of a Municipal Parking System Revenue Lease Purchase Agreement not to exceed \$25,700,000 for the lease purchase acquisition of the Des Moines City Hall Parking Garage. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of final Commencement Date Agreement and Exhibits B, C and D with final East 2nd parking garage costs anticipated to occur in December 2017.

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