


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-478	Meeting:	October 23, 2023
	Agenda Item:	40	Roll Call:	23-1438
	Submitted by:	Cody Christensen, Development Services Director		

AGENDA HEADING:

Resolution approving Second Amendment to Grant Agreement between City of Des Moines, Iowa, Life Care Companies LLC, and LCS Real Estate LLC n/k/a LCS Leasing LLC (collectively referred as LCS) dated October 24, 2014, for continued retention and expansion of its home office facilities and operations within the City of Des Moines.

SYNOPSIS:

By Roll Call No. 11-1795, dated October 24, 2011, City Council approved a financial assistance package for LCS to retain and expand its corporate home offices at 400 Locust, Suite 800.

The First Amendment, Roll Call No.14-0968, dated June 23, 2014, reduced the amount of the previously approved grant by \$50,000, and provided for a longer-term parking solution to facilitate LCS's continued growth. LCS agreed to maintain its corporate office and employment downtown, amend its lease to include an additional 14,089 square feet on the 7th floor of Capital Square and extend the term to June 30, 2024, with approval of the proposed First Amendment to the Grant Agreement. At the time of the First Amendment, LCS employed 187 full-time equivalent employees at its corporate offices in Capital Square, an increase of 41 full-time positions since 2012.

The Second Amendment sets the rate structure for LCS to purchase a minimum of 267 monthly floater parking passes in the Fourth and Grand Parking Garage. LCS currently has 374 full-time equivalent employee positions at its corporate office in Capital Square and has agreed to extend its lease through December 31, 2034, with an additional 39,469 square feet of space. Its current full-time equivalent positions of 374 represent an increase of 187 full-time positions since 2014.

To assist LCS in retaining its corporate office and its present and future employment downtown, the Office of Economic Development staff are proposing a Second Amendment to the existing Grant Agreement dated October 24, 2011.

The proposed amendment is more fully explained below in the Additional Information section of the council communication.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- LCS founded in 1971, is the nation's leading developer, manager, and owner of senior living communities. Each LCS community provides a complete range of lifestyle choices, locally tailored, comprehensive programs and amenities that are decidedly unique as well as health and nursing options. LCS owns and operates communities in 31 states. Additionally, the company brings into downtown Des Moines many out-of-state visitors for meetings and training. Those visitors procure a significant number of downtown hotel rooms per year.
- The Second Amendment sets out a rate structure for 267 monthly floater parking passes in the Fourth and Grand Parking Garage, with additional flexibility allowed for daily parkers to utilize any of the 267 spaces not being used by a monthly parker or to be billed at daily rates if parkers exceed 267 at any given time and the right to purchase additional monthly floater passes at the then-current monthly price per pass, on an as-needed and as-available basis, throughout the term of this Agreement (collectively the "Purchased Passes") for use of the Fourth and Grand Parking Garage. As long as LCS remains in compliance with the terms of this Agreement, the rates and charges for the Purchased Passes shall be as set forth in the following table:

<u>TERM</u>	<u>MONTHLY PRICE PER PASS</u>
July 1, 2024 – June 30, 2027	Minimum of 267 stalls at \$85/month
July 1, 2027 – June 30, 2029	Minimum of 267 stalls at \$90/month
July 1, 2029 – June 30, 2030	Minimum of 267 stalls at \$95/month
July 1, 2030 – June 30, 2031	Minimum of 267 stalls at \$105/month
July 1, 2031 – June 30, 2032	Minimum of 267 stalls at \$115/month
July 1, 2032 - June 30, 2033	Minimum of 267 stalls at \$120/month
July 1, 2033 – December 31, 2034	Minimum of 267 stalls at Market Rate

*The number of Purchased Passes shall remain at a minimum of 267 unless both the City and LCS Corporation agree on a revision that more accurately reflects a need to amend the number of Purchased Passes.

PREVIOUS COUNCIL ACTION(S):

Date: June 23, 2014

Roll Call Number: [14-0968](#)

Action: [First](#) Amendment to Grant Agreement with LCS for continued retention of its home office facilities and operations within the City of Des Moines. ([Council Communication No. 14-308](#))
Moved by Hensley to adopt. Motion Carried 5-2.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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