

**COUNCIL ACTION FORM**

**SUBJECT: AGREEMENT BETWEEN STORY COUNTY AND THE CITY OF AMES REGARDING THE HEALTHY LIFE CENTER**

**BACKGROUND:**

City staff has been working to finalize the agreement with Story County regarding the Healthy Life Center prior to the September 10<sup>th</sup> bond referendum. The agreement calls for Story County to provide funding for the construction of the facility as well as ongoing financial support for the operations and projected operating deficit for a limited period of time. In return, non-Ames Story County residents will be charged according to the same fee schedule as Ames residents.

The major provisions of this proposed agreement are highlighted below:

- Story County will pay the City \$2,000,000 towards the construction and equipping of the Healthy Life Center.

The above obligation shall be in the form of three equal payments to the City over three fiscal years beginning on July 1, 2020, or 30 days after the City enters into an agreement to proceed with the construction of the Healthy Life Center, whichever comes later. (Paragraph 1)

- Story County will also make annual payments to the City to help cover the operating expenses of the Healthy Life Center during the term of the agreement.

A first payment of \$100,000 will be due to the City 30 days following the opening of the Healthy Life Center and will be increased by 3% each fiscal year thereafter. (Paragraph 2)

- In return for the above payments, non-Ames residents that live in Story County will be charged to use the facility in accordance with the same fee schedule that is applied to Ames residents. (Paragraph 4)
- The agreement will last 25 years from the date the Healthy Life Center opens to the public. By mutual consent of the parties, the agreement can be terminated at any time and extended or renegotiated after the initial term ends. (Paragraph 5)

**ALTERNATIVES:**

1. The City Council can approve the attached agreement with Story County in regards to the Healthy Life Center.

2. The City Council can approve the attached agreement with Story County in regards to the Healthy Life Center with modifications suggested by the City Council.
3. The City Council delay making a final decision regarding the proposed agreement Story County until the results of the September 10, 2019 bond election are known.

**CITY MANAGER'S RECOMMENDED ACTION:**

Rather than wait until the results of the September 10<sup>th</sup> bond election are known to begin negotiations with the Story County regarding the Healthy Life Center, the staff has been working to finalize the attached agreement to avoid any delays in starting construction should the referendum pass.

Therefore, it is the recommendation of the City Manager that the City Council support Alternative #1 and approve the attached agreement between the City and Story County.

**MEMORANDUM OF AGREEMENT  
BETWEEN THE CITY OF AMES, IOWA  
AND STORY COUNTY, IOWA  
REGARDING THE HEALTHY LIFE CENTER**

WHEREAS The City, Story County, Heartland Senior Services, and Mary Greeley Medical Center have been working together over the last three years to develop the concept of the Healthy Life Center that will help achieve the life-long goal of making healthy living accessible and enjoyable to people of all ages and socio-economic status,

WHEREAS the City of Ames has agreed to construct, own, and manage the Healthy Life Center; and,

WHEREAS the Healthy Life Center will help all employers in Story County recruit and retain employees, reduce health care costs, and improve the overall health of everyone who lives within Story County; and,

WHEREAS, Story County sees benefit to the residents of the county by participating in and supporting the Healthy Life Center; and,

WHEREAS user fees alone will not support the annual operating costs of the Healthy Life Center;

**NOW Therefore**, the City of Ames and Story County agree to the following on this \_\_\_\_\_ day of \_\_\_\_\_, 2019:

**OBLIGATIONS OF STORY COUNTY**

Story County will have the following obligations:

1. Story County (hereinafter County) will pay to the City of Ames (hereinafter City) \$2,000,000 towards the construction and equipping of the Healthy Life Center. The obligation to pay \$2,000,000 will be incurred only if City Council enters into a contract to proceed with the construction of the Healthy Life Center. Payments from the County to the City will be as follows:
  - a. \$666,666 on July 1, 2020, or 30 days after the City enters into a contract to proceed with construction of the Healthy Life Center, whichever comes later
  - b. \$666,667 on July 1, 2021
  - c. \$666,667 on July 1, 2022
  
2. The County will pay an annual amount for operating expenses of the Healthy Life Center. The payment from the County to the City will be as follows:
  - a. The first payment will be \$100,000 and due 30 days following the opening of the Healthy Life Center.
  - b. For each succeeding fiscal year (July 1 to June 30) in which the Healthy Life Center is in operation, the annual payment due to the City will be increased by 3% from the previous year. (For example: Year 1=\$100,000, Year 2= \$103,000, Year 3=\$106,090, Year 4=\$109,273, etc.).
  - c. These succeeding annual payments will be due each year from the County to the City by the first day of October of each year.

**OBLIGATIONS OF THE CITY**

- 3. The City will construct, own, and manage the Healthy Life Center.
- 4. All non-Ames residents that reside within Story County will be charged in accordance with the same fee schedule that is applied to Ames residents for use of the facility. This constitutes part of the consideration obtained by the County for contributing to the construction and ongoing operation costs.

**DURATION OF THE AGREEMENT**

- 5. This agreement will endure for 25 years after the date the Healthy Life Center opens to the public. The agreement may also be terminated at any time by mutual agreement of the parties. In addition, the agreement will terminate should the City fail to construct the Healthy Life Center. After this initial term, the agreement can be extended or renegotiated by mutual consent of the parties. However, once the agreement is terminated, the City will no longer be required to fulfill the obligation under paragraph 4.

The parties hereby agree to the above:

**CITY OF AMES, IOWA**

By: \_\_\_\_\_  
John A. Haila, Mayor

Date: \_\_\_\_\_

Attest by: \_\_\_\_\_  
Diane R. Voss, City Clerk

**STORY COUNTY**

By: \_\_\_\_\_  
Linda Murken, Chair  
Story County Board of Supervisors

Date: \_\_\_\_\_