

COUNCIL ACTION FORM

SUBJECT: REQUEST FROM HEARTLAND SENIOR SERVICES TO ENTER INTO LAND LEASE FOR NEW BUILDING AT 205 S. WALNUT

BACKGROUND:

On August 24, 2021, the City Council directed staff to place on a future Council agenda a letter from Nancy Carroll requesting that the City consider entering into a land lease with Heartland Senior Services for the property at 205 S. Walnut Avenue. Heartland is proposing to construct a new facility on that site, which is owned by the City.

The 205 S. Walnut Avenue property was purchased by the City with CDBG funds from the Ames Community School District to house the senior day-care program administered by Heartland Senior Services. The City has leased the building and land to Heartland over many decades for \$1.00. The building has exceeded its useful life and, therefore, a new facility providing Heartland's much-needed services is warranted.

Previously, Heartland had hoped to meet its facility needs by requesting that the City sell the property and donate the revenue to Heartland to help pay for the construction cost of a new building at the Healthy Life Center. With the failure of the bond issue, Heartland has now redirected its attention to building a state-of-art facility at the current site. The building features will support those 60 years of age and older in their journey to age well, by seamlessly providing programs, activities, and services in the areas of physical activity, social networks, health and nutrition.

In consideration for continuing its senior services, Heartland is requesting that the City:

- 1) Accept the deeding of a small parcel to the south of the building currently owned by Heartland adjacent to the City's property and consolidate the two properties into a single lot of approximately one acre, and
- 2) Lease the newly consolidated property to Heartland for 50 years in exchange for \$1, with options to renew.

Under the lease terms, Heartland would own the building and be responsible for the total cost of its construction as well as for the exterior improvements to the site. In addition, Heartland would be responsible to maintain the building and site for the duration of the lease agreement.

ALTERNATIVES:

1. Direct staff to prepare a long-term land lease with Heartland Senior Services as requested for approximately 1 acre at 205 S. Walnut and setting January 11, 2022 as the date of public hearing for approval of the lease

With the assurance that the land can be used for the site of its new facility, Heartland can complete its fundraising effort and begin design of the project. Under this alternative, no rezoning will be necessary, so the property can remain zoned S-GA. The ongoing ability for Heartland to lease this property will be contingent on the facility continuing to be used to provide senior service-related activities.

2. Decline Heartland's request and direct staff to solicit bids for the property at 205 S. Walnut so that the property can be sold at the highest price.

This alternative most likely will result in the need to rezone the property accommodate a proposed private sector use.

3. Decline Heartland's request and seek proposals from other non-profit agencies for a long-term land lease in return for a guarantee of a needed service.

This alternative would allow Heartland to utilize the property for its new building, but only after competing for the right with other worthy agencies.

CITY MANAGER'S RECOMMENDED ACTION:

For many years Heartland has provided the community with much-needed daycare and support services for our senior citizens. The City has supported this operation by providing Heartland its building and site at a nominal cost. The opportunity now exists to secure a state-of-art facility that will be able to offer expanded services for our ever- growing elderly population. There is no request for financial support from the City for the capital expenses.

The City Attorney has advised that state law will not allow the City to give this property to Heartland at no cost. However, by leasing the land at nominal cost, the City will be able to provide a significant incentive that assures this important service continues.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

If the City Council desires to proceed with this arrangement, the initial step will be for Heartland to transfer the adjacent lot to the City at no cost. The City will then accomplish the necessary work to consolidate the two lots. Finally, the new land lease, if approved by the City Council, will take effect.





Story County Resource for Successful Aging

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August 18, 2021

Honorable Mayor and City Council Members
City of Ames
515 Clark Avenue
Ames, IA 50010

Dear Mayor Haila and City Council Members,

The Board of Directors of Heartland Senior Services (HSS) desires to demolish the existing City owned building that serves as a senior center located at 205 S. Walnut. At our sole expense, HSS is then prepared to construct and maintain a new facility on this site. This will be an exciting and celebrated initiative for the seniors we serve.

To move this project forward, land and building ownership are first-step issues that need to be resolved. Specifically, there are two parcels of land that make up the current site. One is owned by Heartland (roughly 5% of the site) with the remainder of the parcel being owned by the City. We anticipate that the two parcels will need to be combined into one lot to accommodate proper setbacks, to avoid building over a property line and to allow for future expansion.

The building is owned by the City and for decades has been leased to HSS for \$1.

To address these issues, and in consideration of services rendered the HSS Board of Directors respectively makes the following proposal for City Council consideration:

- HSS would deed its parcel of land to the City of Ames for \$1
- City would then own the approximate one (1) acre site
- City and HSS would enter into a 50-year land lease agreement (with options to renew) for \$1
- HSS would own the building
- HSS would be responsible for the associated costs to construct and maintain the building/property for the duration of the land lease agreement

Prior to selecting an architect, we would like to resolve the issues identified above. To that end, the HSS Board of Directors respectively requests that the City Council refer this item to staff so it can be placed on a future meeting agenda. Thank you.

Respectfully,

Executive Director

***HSS Mission:** Heartland Senior Services of Story County offers life-enriching opportunities for older adults and provides support for their families and caregivers.*

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UnitedWayofStoryCounty