



Request for City Council Committee Action From the Department of City Coordinator

Date: December 9, 2002

To: Council Member Barbara Johnson, Chair
Ways & Means/Budget Committee

Subject: **New Central Library Project – First Amendment to Interim Lease
(Marquette)**

Recommendation:

Approve the New Central Library Implementation Committee's Finance subcommittee recommendation that the City and Library Board authorize proper officials to execute a First Amendment to Lease Agreement with FRM Associates, L.L.C. for operation of an interim Central Library in Marquette Plaza consistent with the terms of this report, payable from the project budget (4400-908-9080).

Previous Directives:

October 22, 2001 Receive and File: Interim Library Location

December 10, 2001 Approval of contact with Meyer Scherer & Rockcastle for architectural and engineering services for Interim Library Location

December 28, 2001 Authorization to Execute a Lease Agreement with FRM Associates for operation of an Interim Central Library

December 28, 2001 Authorization to Execute a Lease Agreement with Winnetka Properties for offsite library storage

Prepared/Submitted by: Richard A Johnson, Project Coordinator _____

Approved by: John Moir, City Coordinator _____

Presenters in Committee: Richard A Johnson, Project Coordinator

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (use any categories that apply)

Background

On November 7, 2000, the voters of the City of Minneapolis authorized the issuance of \$140 million in bonds, \$110 million of which is to fund project activities for a New Central Library. Implicit in the planning concept and referendum publicity at that time was the assumption that the new Central Library would be built on the site of the existing library, and that a site for interim operations should be found in which library services could be provided during demolition and construction.

At its meeting of August 23, 2001, the Implementation Committee considered various aspects of the appropriate site for the new Central Library and recommended moving forward with the selection of an interim site.

At its meeting of December 20, 2001, the Implementation Committee recommended approval of lease agreements for interim operations at Marquette Plaza and Winnetka (off-site storage). Both the Library Board and City adopted that recommendation and leases were executed. During move-in to the interim space, library staff identified the need for additional space, primarily for storage space due to unanticipated fire code height limitations at the Winnetka space. In addition, office space on the 5th floor of approximately 1400sf is necessary for Community Library staff.

The attached spreadsheet outlines the financial details associated with the additional space. The estimated overall increase to the rent payable over the term of the lease as a result of this amendment, including operating expenses is approximately \$400,000. The base rent portion of the Marquette Plaza lease (approx. \$89,000 per month, (previously \$84,000/mo) for 41 months) as well as the off site storage lease rent (\$10,395/mo for 41 months) will continue to be paid for out of the New Central Library Project budget. The Community Library budget will reimburse the Project budget for base rent and operating expenses for the 5th floor space.

Based upon the determination of bond counsel as to eligible uses of project bond funds, up to \$2.0 million of the operating expenses under the leases will now be paid for out of the project budget rather than the Minneapolis Public Library's operating budget in order to allow the Library to fund the \$2.0 million parking ramp operating deficit fee, which was previously to be paid out of the project budget. There is no new budget impact associated with this shifting of payment sources.