

Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: August 12, 2008

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: Amendment to- Master Lease on 2745 Park Avenue South- - Park Place Neighborhood Early Learning Center (NELC)

Recommendation: Authorize appropriate City staff to execute an amendment extending the Minneapolis Youth Coordinating Board's lease on 2745 Park Avenue South (Park Place NELC) to December 31, 2008.

Previous Directives: On December 6, 1991, the Minneapolis City Council approved its program allocations and project priorities for 1992. In that action, NELC's were allocated \$1,300,000. On March 13, 1992, the Minneapolis Community Development Agency (MCDA) and City Council authorized the acquisition and rehabilitation of 2745 Park Avenue South into a NELC. On May 28, 1993, authorization to lease 2745 Park Avenue South to the Minneapolis Youth Coordinating Board, with sublease to Parents in Community Action, was approved by the City Council.

Prepared by: Edith Johnson, Senior Project Coordinator, x5262
Approved by: Charles T. Lutz, Deputy CPED Director _____
Approved by: Thomas Streitz, Director, Housing Policy & Development _____
Presenter in Committee: Edith Johnson, Senior Project Coordinator

Financial Impact

- No financial impact
- Action requires an appropriation increase to the Capital Budget or Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Community Impact

Neighborhood Notification: Not Applicable
City Goals: One Minneapolis, Equal Access, Equal Opportunity, Equal Input and Lifelong Learning Second to None.
Sustainability Targets: NA
Comprehensive Plan: NA
Zoning Code: NA
Living Wage/Business Subsidy Agreement: NA
Job Linkage: NA
Other: NA

Supporting Information

On July 7, 1993, the Minneapolis Community Development Agency (MCDA) and the Minneapolis Youth Coordinating Board (YCB) entered into a Master Lease for the Park Place NELC. The NELC program structure calls for a lease of the facility to the YCB acting as the NELC Board. The City, as successor in interest to MCDA, leases the facility to the YCB. The YCB in turn leases space in the facility to the provider selected for the site. Since 1993, Parents in Community Action (PICA), the Head Start grantee in Minneapolis, has been the program provider, anchor tenant and manager of the Park Place NELC. The Master Lease expired on July 7, 2008. Before the expiration date, the YCB requested that the City extends the terms of its Master Lease or enters into a new lease.

The City has previously owned several facilities that were utilized for Early Childhood Development Centers as well as facilities that were utilized by non-profit organizations as community centers. CPED and Public Works Property Services, at the direction of the Council, have sold these properties to the organizations that utilize the facilities and provide the services. The Facilities, Space and Asset Management Committee recommends that 2745 Park Avenue South be sold, consistent with previous Council direction on similar properties.

~~Public Works property management staff indicated that the City would prefer that such leased properties be sold from the City's property inventory.~~ The YCB and PICA requested additional time to perform due diligence for potential acquisition of the facility, which may need a new roof and other improvements. Staff recommends granting the YCB's request to extend the Master Lease to December 31, 2008. The YCB intends to concurrently extend its Sublease with PICA.

Rent payments to date have been accumulated in two reserves. As of July 31, 2008, the reserves have a current balance of \$125,631. [p1]-[p2] To the extent the reserves are not needed for repairs, replacements and other permitted uses under the leases, the balance will be returned to the City upon expiration of the term. The parties have agreed not to make any unnecessary expenditures during the extension period.

To accomplish a year-end closing, PICA must notify the YCB and the City of its desire to purchase the facility by not later than October 1, 2008. Staff would then negotiate terms and return to the City Council by November 2008 for a land sale public hearing and authorization to convey.