

## **Carnegie Building/City Assets Ad Hoc Committee**



**10:00 a.m.**

**Wednesday, November 19, 2014**

**Governmental Center - 400 Boardman Avenue**

**Second Floor Committee Room**

**Traverse City, MI 49684**

**Posted and Published: November 17, 2014**

If you are planning to attend the meeting and you have a disability requiring any special assistance at the meeting, please notify the City Clerk, immediately.

The City of Traverse City does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. Penny Hill, Assistant City Manager, 400 Boardman Avenue, Traverse City, Michigan, 49684, 922-4440, TDD 922-4412, has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the ADA Coordinator.

Penny Hill, Assistant City Manager  
400 Boardman Avenue  
Traverse City, MI 49684  
(231) 922-4440  
Email: [phill@traversecitymi.gov](mailto:phill@traversecitymi.gov)  
Web: [www.traversecitymi.gov](http://www.traversecitymi.gov)

### **Agenda**

1. Roll Call
2. Consider Approval of Minutes from November 3, 2014 meeting
3. Update on status of Leases/Agreements (Ottenwess)
4. Update on site visit meetings
5. Consider making recommendations regarding proposals from Crooked Tree Art Center and History Center
6. Discussion regarding building disposition/asset management policy
7. Public Comment
8. Adjournment

**City Commission Ad Hoc Committee  
Carnegie Building/City Asset Discussion  
Minutes  
Meeting of November 3, 2014**

A meeting of the City Commission Ad Hoc Committee: Carnegie Building/City Asset Discussion was called to order on Monday, November 3, 2014 at 10:00 a.m. in the 2<sup>nd</sup> Floor Committee Room, Governmental Center, Traverse City, Michigan.

The following Commissioners were present, constituting a quorum: Commissioner Easterday, Commissioner Richardson, and Commissioner Howe.

The following Commissioners were absent: None.

Staff in attendance: Jered Ottenwess, Penny Hill, David Green, Lauren Vaughn, and Rob Bacigalupi.

1. The first item being: "Consideration of approving the minutes from the meeting of October 6, 2014."

It was moved by Richardson, seconded by Howe, to approve the minutes from the meeting of October 6, 2014."

CARRIED unanimously.

2. Next item being, "Consideration of approving the minutes from the meeting of October 20, 2014."

It was moved by Richardson, seconded by Howe, to approve the minutes from the meeting of October 20, 2014.

CARRIED unanimously.

3. Next item being, "Update on Status of Leases/Agreements."

A general update was given by City Manager Jered Ottenwess.

4. Next item being, "Review/Analysis of Public Preferences Results."

Commissioner Easterday led a review regarding the results.

5. Next item being, "Develop alternatives/recommendations for presentation to City Commission."

General discussion took place regarding alternatives and recommendations for use of the Carnegie Building to be made to the City Commission. Further discussion took place as to how to handle the Con Foster Collection.

6. Next item, "Public Comment."

- Michael Jackson, 217 6th St.
- Steve Morris, 517 6th St.
- Bruce Weigand, 9122 Peninsula Dr.
- Peg Siciliano, 627 Eastwood
- John Noonan, 908 S. Union St.
- Peg Jonkhoff, 101 West 9th St.
- Richard Fiddler, 525 Riverine Dr.

Public Comment follow-up:

- Commissioner Richardson
- Commissioner Howe
- Commissioner Easterday
- City Manager Ottenwess

There being no objection, Commissioner Easterday declared the meeting adjourned at 11:26 a.m.

---

Commissioner Gary Howe  
Designated Secretary

Schedule of Next Meetings:  
November 19

All meetings are held in the 2<sup>nd</sup> Floor Committee Room of the Governmental Center unless otherwise stated.

If interested in being on the outreach list for this ad hoc, please email:  
[kstroven@traversecitymi.gov](mailto:kstroven@traversecitymi.gov).

---

# Memorandum

The City of Traverse City

Office of the City Manager



---

TO: CARNEGIE BUILDING/CITY ASSETS AD HOC COMMITTEE

FROM: JERED OTTENWESS, CITY MANAGER

DATE: NOVEMBER 17, 2014

SUBJECT: PROPOSALS FROM CROOKED TREE ARTS CENTER AND HISTORY CENTER FOR USE OF THE CARNEGIE BUILDING

On June 12, 2014 the History Center of Traverse City presented a proposal for the management of the City's Con Foster Collection and the Carnegie Building. The proposal includes that the City of Traverse City contract with the History Center for a period of three years to manage the Carnegie Building and Con Foster Collection, with the City compensating the History Center \$31,200 quarterly at the beginning of each quarter, at a total cost of \$124,800 per year. The \$124,800 would be proportioned as follows:

- building expenses \$56,800
- building management \$6,000
- utilities \$34,000
- Con Foster collection management \$28,000

On October 10, 2014 the Crooked Tree Arts Center presented a proposal to occupy the Carnegie Building. The Crooked Tree proposal includes two options (1) either the use of the entire Carnegie Building or (2) at a minimum, the use of the entire Cornwell addition to the building with occasional use of the older portion of the Carnegie Building on a scheduled basis for an initial three-year period with an option to renew for five additional three-year periods. Crooked Tree would pay all utilities for the portion of the building they occupy, and would pay for all improvements to the building such as signage, painting, special lighting, etc. which may be required to serve its use of the building. Any other expenses would remain the responsibility of the City. Crooked Tree would also accommodate, if required, the evaluation of the Con Foster collection, allowing the collection to remain in the building for the first three years only. In the event that the collection remains in the building, utility expenses would be pro-rated between the City and Crooked

Tree.

I propose a third alternative, which was broadly supported at the ad hoc charrette meeting held at the Carnegie Building whereby the City enters into non-exclusive lease agreements with each entity; one non-exclusive lease between the City and Crooked Tree Arts Center and one non-exclusive lease between the City and the History Center.

The terms of the leases would include:

- Non-exclusive lease to each entity for a specifically identified area of the building, with shared use of common areas such as bathrooms, elevator, kitchen area.
- City to retain the use and control of specific areas of the building, such as the rotunda area, board room, classrooms and lobby for rental to others, such as for special events, which would not preclude the History Center or Crooked Trees use of those spaces.
- City to pay all utilities and recoup partial costs through lease payments.
- City to pay for all routine building maintenance including HVAC and other building systems. History Center and Crooked Tree to pay for all improvements to the building such as signage, painting, special lighting, etc. which may be required to serve their specific use of the building
- History Center and Crooked Tree lease payments to be determined based on actual building usage and sufficient to generate approximately half of City's annual operating budget for the building.
- Oversight of the lease agreements could be either through an independent board established by the City Commission with a staff liaison or through staff directly.

While we do not have a complete assessment of operating costs at this time, using the History Center's Management Proposal as a guide and parsing out direct costs for elevator upgrade, maintenance, and inspections, security system, exterior repair and maintenance, cleaning and janitorial, offsite storage, and gas and electric utilities would result in an estimated annual cost to the City of \$46,600. I also expect additional costs for building system maintenance and upgrades and miscellaneous maintenance and repair work. I believe \$20,000-\$30,000 annually is a reasonable figure to use for budgeting purposes. In addition, there would be indirect costs of staff time involved in management and administration.

I suggest that the City should recover half of the annual operating costs under this scenario, which would be an estimated \$33,300-\$38,300 annually plus indirect staff costs, which would bring the total lease payment closer to \$50,000, to be

allocated between History Center and Crooked Tree. At this time, we do not have a breakdown of building space to be occupied and there are other specific (e.g. actual utility payments) costs that we would like to review before determining final lease amounts, but this at least provides a concept that the Ad Hoc can consider as a possible recommendation to the full City Commission that would address both History Center and Crooked Tree proposals.

The City should enter into a separate agreement for the evaluation, management, deaccession, and display of the Con Foster collection. This could be done either through the History Center as the sole-source provider in our geographic area, or through a Request for Qualifications (RFQ) process. In the meantime, staff will continue to work with a consultant identified through the Michigan Museum Association to begin the deaccession process.

