

# **BEMIDJI CITY COUNCIL**

## ***Work Session Agenda***

**Monday, April 15, 2013**

**City Hall  
Conference Room  
6:00 P.M.**



1. CALL TO ORDER / ROLL CALL
  
2. DISCUSSION - PROPOSAL FOR A THIRD LIQUOR STORE AT THE WESTRIDGE SHOPPING CENTER
  
3. ADJOURNMENT



P.O. Box 608

Bemidji, MN 56601

218-751-9644

April 8, 2013

John Chattin  
Bemidji City Manager  
317 4<sup>th</sup> Street NW  
Bemidji, MN 56601

Re: Bemidji City Liquor, Westridge Shopping Center

John,

As we progress with discussing the opportunity for the City of Bemidji to potentially locate a Municipal Liquor Store in Westridge Mall, specifically integrated into the Marketplace Foods Store the following is our proposal based on our previous discussions.

The existing customer traffic at Westridge would be a tremendous driver for the City Liquor store, enhanced by Marketplace Foods plans to redesign and enhance the grocery store shopping experience, Pace Developments commitments from new exciting tenants to the center and perhaps most importantly capitalizing on the best retail corner between Brainerd, International Falls, Grand Rapids and Grand Forks; all provide a backdrop to the potential of this opportunity for the City.

Proposal:

- City of Bemidji Liquor would be 6,152 square feet.
- Located on the east side of Westridge, with a dual access vestibule to enter the Liquor Store or Marketplace Food and Drug as shown on the attached plan.
- 11' high ceiling, lighting, upgraded flooring, specialty track lighting, office, restroom, and all interior walls, paint and décor, loading area, as generally shown on the attached store layout to be provided by Pace Development and subject to final plans approved by the City.
- Our preliminary budget for demolition of the existing space and constructing these improvements is \$300-\$325,000, subject to developing a final budget and firm bid prices.
- Pace Development would enter into a 10-year lease with the City, Pace would pay for the fore-mentioned improvements, the City would only be responsible for fixtures, equipment, electronic and computer systems, checkout counters and any specialty décor.

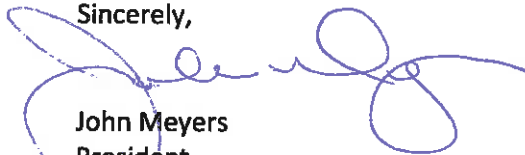
- Our intent is to keep the fixed occupancy cost to the City at a minimum, minimize the risk to the City and propose the following rent structure.
  - Base rent \$10.00 p.s.f. Base rent will include all occupancy costs, snow removal and exterior maintenance generally referred to as CAM. The City will be responsible for the store utility costs that will be separately metered.
  - The City will have the one time right to terminate the lease after the third year of operation if the gross sales do not exceed \$1,000,000 annually, however if the City remains open the base rent will be reduced by 25% for a period of one year, at which time the rent shall return to full rent or terminate.
  - For the first three months following opening the rent will be abated to provide the City with a savings to absorb any pre-opening costs and initial costs of opening the store.
  - If you derive the effective base rent to Pace by estimating CAM costs and the investment by Pace the true rental income to Pace is significantly reduced. Assuming CAM expenses run \$1.50 p.s.f.; a 10-Year payback without interest for the \$300,000 investment by Pace is \$30,000 per year /6,152 s.f. = \$4.88 p.s.f., combined these deducts equal \$6.38, so our effective rent factoring in these costs is \$3.62 p.s.f.
  - Variable Rent:
    - 1.25% on sales over \$1,250,000
    - 2.0% on sales over \$2,000,000
  - Our intent is to partner with the City and facilitate a very successful third municipal liquor operation, keeping start-up costs and base costs to a minimum and providing a relevant and upgraded shopping experience at Westridge.
  - Marketplace Foods operates six high volume liquor stores, our marketing and operations team will provide support on this project as needed or requested by the City including as we discussed a joint marketing effort.
  - Pace will turnkey the construction, oversee the fixture installation and deliver to the City the store basically ready for stocking and inventory.
  - Attached is a separate budget that we have prepared that includes an estimate of the fixtures, equipment for the store as an estimate of the FFE costs that the City will be responsible for.
- To provide the City with some surety and alternatives in the future as the new store matures, in the event you determine that the existing City North Liquor Store on Paul Bunyan Drive should be closed the following will address those concerns and mitigate any risk for the City.

Pace Development will agree that following the second year of the lease through the fifth year of the lease, if it determined that the Westridge Center location has become the primary location for the City, Pace will assume the responsibility for the occupancy costs related to the North City Liquor Store, primarily for insurance, utilities, general maintenance, snow removal and related costs.

The City and Pace will market the building for an acceptable tenant or buyer including potential redevelopment of the site with the intent to return the property to be a real estate tax generator for the City. The base rent for the Westridge Mall location would be amended and increased to \$12.00 p.s.f., assuming the existing North City Liquor is closed. Pace's obligation for the occupancy costs for the existing location will run for the term of the lease or until the space is sub-leased or sold.

We appreciate the City of Bemidji's consideration and look forward to working with the City and believe this can be a great example of the private and public sector working together!

Sincerely,



John Meyers  
President  
Pace Development

cc: Ron Eischens











# CMS Wine De





# Wine Departments



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# Refrigerated

# WINE

## Cabinets

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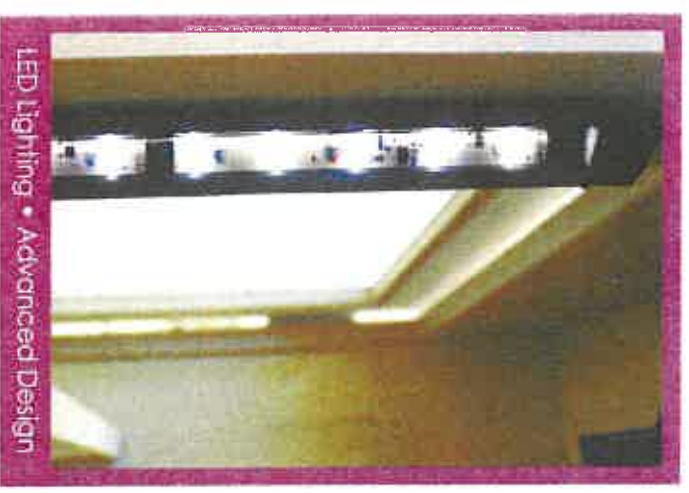
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- Cherry Stain
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- Price & labeling channel
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Custom solutions available on request



- Wine friendly – no infrared or UV rays
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- Extremely low heat emission
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Owner **City Liquor Store**  
 Project **Marketplace Foods - Westridge Center**  
 Location **Bemidji, MN**  
 Architect  
 Date **3/26/2013**



**CONCEPTUAL  
BUDGET ESTIMATE**

Section	Description	Clarifications / Notes / Scope of Work Comments	Base Construction Building Costs	FFE Finishes Store Set Up & Suggested City ALLOWANCES
<b>1000</b>	<b>General Site Conditions</b>			
	Job Site Supervision / Job Site Administration	on site supervision	\$5,000	\$2,500
	Temp. Field Office, Storage Trailers, Jobsite Facilities	misc tols / conditions	\$2,500	\$1,000
	Dumpsters / Toilets / Continuous & Final Cleaning / Etc	cleaning, etc	\$2,000	\$1,000
<b>MISC</b>	<b>Insurance / Permits</b>			
	Permits / SAC-WAC fees / Utility Services	ALLOWANCE	\$3,000	
<b>2000</b>	<b>Sitework</b>	demo walls, ceilings, floors, openings, etc	\$34,000	
	Paving	minor patching at bump out	\$1,000	
	Site Sidewalks / Curb & Gutter	bump out front area	\$6,000	
<b>3000</b>	<b>Concrete</b>			
	Footings, Walls, Floors	patch plumbing trenches	\$1,500	
<b>4000</b>	<b>Masonry</b>	minor in demo - for new door openings		
<b>5000</b>	<b>Steel / Misc Metals</b>			
	Railings, Stairs, Specialties, Etc.	steel exterior loading platform - ALLOWANCE		\$4,000
<b>6000</b>	<b>Carpentry</b>			
	Cabinets, Vanities, Countertops	main check out counter area		\$10,000
<b>7000</b>	<b>Moisture / Thermal Protection</b>	n/a		
<b>8000</b>	<b>Windows / Doors / Hardware</b>			
	Hollow Metal Doors, Frames, Hardware	metal doors and 'traffic' doors	\$8,000	
	OH Doors	new OH dock door	\$1,500	
	Aluminum Entrances / Glazing / Metal Windows	new vestibule, exterior doors and glass in wall	\$23,000	
<b>9000</b>	<b>Finishes</b>			
	Drywall / Steel Studs / Stucco		\$28,000	
	Acoustical Ceilings / Treatment	new lay in ceiling at 10'-6"	\$14,000	
	Resilient / Carpet Flooring	vinyl wood flooring and ceramic tile in vestibule	\$21,000	
	Painting, Stain, Varnish, Wall Coverings	basic painting of walls	\$5,000	
<b>10000</b>	<b>Specialties / Accessories</b>			
	Toilet Partitions / Accessories	basic accessories	\$400	
	Signage	ALLOWANCE for all signage		\$7,500
	Fire Extinguishers / Cabinets		\$200	
<b>11000</b>	<b>Equipment</b>			
	Lozier and CMS shelving / display	complete shelving and display set up		\$55,000
	Walk-in Beer Cooler	complete w/ LED lighting		\$52,119
	Specialty FFE, carts, corral, etc	ALLOWANCE for any specialty FFE (furnishings)		\$2,500
	Wine Chiller and specialty Equipment	ALLOWANCE for any specialty FFE (equipment)		\$1,500
<b>12000</b>	<b>Furnishings</b>			
	Office FFE	by City - suggested ALLOWANCE ONLY		\$2,000
<b>13000</b>	<b>Special Systems</b>			
<b>14000</b>	<b>Vertical / Horizontal Transportation</b>	sissor lift - ALLOWANCE		\$4,000
<b>15000</b>	<b>Plumbing</b>		\$10,670	
<b>15400</b>	<b>Fire Protection / Sprinkler</b>		\$9,000	
<b>15500</b>	<b>Heating, Venting &amp; Air Conditioning</b>		\$35,600	
<b>16000</b>	<b>Electrical</b>		\$98,000	
	Demo existing and Separate Services and Metering	included in above electrical		
	Power and Lighting for store set up	included in above electrical		
	Product Display track lights, etc	included in above electrical		
	POS and Phone System	by City - suggested ALLOWANCE ONLY		\$10,000
<b>17000</b>	<b>Alarm Systems / Low Voltage</b>			
	Security Systems	by City - suggested ALLOWANCE ONLY		\$5,000
<b>MISC</b>	<b>Architectual / Engineering / Survey Fees</b>		\$4,000	
	Sub Total		\$313,370	\$158,119
	Construction OH / Profit (6%)		\$18,802	\$9,487
	Total		\$332,172	\$167,606
	Total Base Construction and FFE			\$499,778