



## **Council Agenda Item 25-0654R**

**MEETING DATE:** August 25, 2025

**SUBJECT/TITLE:** 25-0654R, A RESOLUTION AUTHORIZING A SUBLEASE AGREEMENT WITH THE NORTHEAST MINNESOTA OFFICE OF JOB TRAINING OF SPACE IN THE DULUTH ATHLETIC CLUB BUILDING FOR THE CAREERFORCE DULUTH LOCATION FOR THE PERIOD OF AUGUST 1, 2025 THROUGH JULY 31, 2028

**SUBMITTED BY:** Mallory Dalquist, Duluth Workforce Development, Information Technician

**RECOMMENDATION:** Approve.

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION:**

### **PREVIOUS COUNCIL ACTION:**

City Council approved the original sublease with the Northeast Minnesota Office of Job Training for space within the Duluth Athletic Club as City Contract number 21782 which ran 08/24/2012 through 07/31/2022. City Council also approved a sublease with the Northeast Minnesota Office of Job Training as City Contract number 24404 whose term ran from 07/01/2022 through 07/31/2025 at the same location.

**BACKGROUND:** The City has subleased portions of the Duluth Athletic Club to the Northeast Minnesota Office of Job Training and other partners since 2012 for the purpose of establishing and operating a CareerForce Location. Under the terms of this agreement, this Sublease shall be for three (3) years commencing August 1, 2025, and continuing through July 31, 2028.

Cost sharing for rent and other infrastructure costs related to the Duluth CareerForce location is negotiated and approved through an Infrastructure Funding Agreement (IFA) involving all partners as required by the federal Workforce Innovation and Opportunity Act. Duluth's IFA is currently being renegotiated, and the sub-lease allows for changes in square footage of the Leased Premises with a corresponding change in the Rent payable once the new IFA is executed. It is unlikely there will be significant changes to dedicated space contained in this sub-lease amendment, but there may be small changes to the Northeast Minnesota Office of Job Training's share of shared and common space. City Council will have the opportunity to approve the IFA before it is signed by the City.

**BUDGET/FISCAL IMPACT:** The Northeast Minnesota Office of Job Training will pay an estimated \$57,300 in rent plus approximately \$20,000 in other infrastructure costs in the first year of this sub-lease. They will also provide a proportionate share of staffing for Reception and Career Lab.



**OPTIONS:** Authorize the agreement or forego authorization and return to negotiations, which would obligate the City to cover the Northeast Minnesota Office of Job Training's portion of rent until a new agreement is reached.

**NECESSARY ACTION:** Approve the agreement.

**ATTACHMENTS:** Northeastern Minnesota Office of Job Training Sublease 8-1-25 through 7-31-28