

Information on Financing the Construction of Warsaw University Library

by ROBERT RZESOS

The University of Warsaw has made efforts to construct a new library building since 1920. It was then that the Director of Warsaw University Library submitted a request to the Senate for constructing a new structure needed for constantly increasing collections. The contemporary library building, which had existed hitherto, functioned in one of the biggest European universities. It was too small to house the whole collection as early as 1920 and yet the quantity of the collection has been rising all the time for the nearly 80 years. To be able to house the collection, auxiliary buildings, halls and basements were being destined. Some often priceless rarities and prints were kept in very bad conditions and could not be made available through lack of display possibilities. Access to the plenty of items was very difficult.

All this time the University has made efforts either to raise finance for the construction or to get a structure able to operate as a library. Among other things in 1960 they produced a design for a new library and applied for a good location. The efforts were unsuccessful due to either budgetary problems or, while the resources were partially available, a lack of decision about its location.

In 1990 the University filed with the Polish government for the building of the former Central Committee of the Polish United Workers' Party. The idea gained wide support. Plenty of people donated their shares in the construction of the Party House.

As a result of technical evaluation of the former Central Committee building it was considered to be unsuitable for a library and adaptation costs seemed to be higher than the construction of a new building.

It was stated that the best solution would be to rent the building to some financial organisations (the Stock Exchange and brokerage houses among

others) and the rental profits would be allocated to the construction of a new library building.

To this end the Banking and Finance Centre „Nowy Swiat” has been established. To support the development of Polish science through the creation of the financial base for universities as well as to finance their activities are our statutory duties.

Our Company’s primary and essential task is to aid the construction of the Warsaw University Library with the resources coming from our business activity. The Company obligations within this range are specified in the notarial act of September 28, 1992 containing the agreement between the Banking and Finance Centre and the Warsaw University Foudation on the principles of transferring resources for the construction of the Library. The agreement obligates the Banking and Finance Centre to finance the raw state of the library building including technical systems without technological and specialist fittings. The Centre’s obligations have been specified in the next notarial act as the amount equivalent to 50 million USD. The Centre has committed itself to paying the equivalent to 4 million USD per year until 2000, and the equivalent to 3.6 million USD in the successive period. The obligations will be entirely fulfilled in 2004.

Having gained the basic financial source, the Warsaw University made an effort to obtain a decision on the location of the library. Then the existing decision turned out to be invalid at law. Efforts to obtain a suitable site were made. Various offers were being considered (Furmanska and Bednarska Streets among others). Finally, in April 1993, the Warsaw University Foundation as the investor, obtained the decision of constructing the Library in Powisle in the area of approximately 3 hectares between Dobra, Lipowa, Wybrzeze Kosciusz-kowskie Streets and the pumping station of the Minicipal Enterprise for Sewage and Water Supply Systems.

After the contest carried out by the Association of Architects of the Polish Republic, the design team under Marek Budzynski’s leadership was appointed as the general designer. The creation of the design was followed by a tender for the building contract. Finally, a rough estimation of investment costs was possible.

The total cost including compensations to municipal companies, costs of site preparations, geologic and geodesic expertise, design, copyright supervision, substitute investor, tender, construction and fittings with costs of collection move (without credit costs) will amount to about 79.8 million USD.

The cost of construction in a turnkey system including the entire specialist and technological fittings and equipment (computers, furniture, bookshelves,

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control and security systems, specified in the contract as „provisional costs”) amounts to 69,250,000 USD.

The agreement with the general contractor provides for the cover of technological and specialist fittings as well as collection move costs (it is about 14 % of total costs) of 11.4 million USD from the resources of the Ministry of Education. The Ministry began the execution of those obligations in December 1997.

The Banking and Finance Centre began transferring resources to the Warsaw University Foundation in April 1991. However, the supplement in the form of a bank credit turned out to be necessary in order to ensure the liquidity of financing. The Consortium of Bank Handlowy (Trade Bank) Ltd. and PKO BP (National Savings Bank) in Warsaw granted an investment credit of 22 million USD. It was possible thanks to the guarantee secured to The Warsaw University Foundation by the Treasury.

The rent revenue is one of the financial components. The total area of the Warsaw University Library is approximately 63,500 square metres. The area of 43,000 square metres is sufficient for the needs of the Library. The remaining area is used for commercial renting and the rent is meant for the repayment of the credit. After that the area could be used either for the library or further rented, and the revenue would supply the Warsaw University new investments.

The following structures are used for renting:

- A. Two renovated historic buildings at 2 Lipowa Street and the mansion at 72 Dobra Street, which passed into the University's hands along with the library construction site. Both of them are separate buildings, they have their own driveways and car parks. They have been rented since the middle of 1997 and the profits were used for the Library construction.
- B. The additional commercial area in the main library building. It is comprised of a separate part of the building called „Croissant” at the Dobra Street side with the area of 4,000 square metres used for high class offices. The whole area is rented at present.

In the basement there is one storey with the area of 10,000 square metres, which could be used in the future as the library storeroom.

The rent revenue is being used for the construction works, the repayment of the credit and, finally, they will supply the maintenance charges of the library building.

Regardless of the above sources, the Warsaw University Foundation receives some means thanks to the active financial policy relying on diverse bank deposits (e.g. overnight deposits) as well as trade bonds.

The above financial project, in spite of the modest resources, has allowed to build the Library. The project turned out to be useful in practice because the first credit instalment was paid in March 2000.

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