KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT AGENDA STATEMENT

No. <u>9 i.</u>			
MEETING OF June 8 ,2022		Reviewed By	
Item Title: CONSENT CALENDAR Motion to approve a leas Ketchikan Gateway Bord	se agreement with the	[X] Superintendent [X] Finance	
SUBMITTED BY Katie Parrott, E	Business Manager		
Contact Person/Telephone		APPROVED FOR SUBMITTAL	
Katie Jo Parrott	247-2116		

SUMMARY STATEMENT:

Name

Administration is seeking approval of a lease agreement with the Ketchikan Gateway Borough for use of office space

Phone

ISSUE: Board Policy governs the district's purchasing and contracting procedures. Board Policy requires Board approval for expenditures and financial obligations over \$25,000. Though this request is technically under \$25,000, because it is close to the \$25,000 threshold and includes an intergovernmental agreement between our entities, the Board is being asked to provide approval.

BACKGROUND: District Administration and Central Office currently occupies office space in the White Cliff Building. A lease agreement was approved and executed through June 30, 2022. More recently, additional space was made available for the new Superintendent's office.

The Borough and School District have calculated the lease payment based on the pro-rata share of the space being occupied by the District. Based on that calculation, the parties have agreed that the School District's share of the debt service for the building would be recognized as an in-kind contribution. The District pays its proportionate share of utilities, insurance, common area janitorial services and maintenance for White Cliff office space directly to the Borough. The proposed agreement is for July 1, 2022 through June 30, 2023. Further extensions would be subject to agreement by the two parties.

RECOMMENDATION:

Approval of the lease agreement with Ketchikan Gateway Borough.

FISCAL NOTE

[] N/A EXPENDITURE REQUIRED \$45,636

AMOUNT AVAILABLE <u>\$45,636</u>

EXHIBITS ATTACHED

Lease agreement

RECOMMENDED ACTION (Only if not approved as part of the Consent Calendar):

"I move that the Board of Education approve the lease agreement with the Ketchikan Gateway Borough, as presented."

AMENDMENT NO. 2 LEASE AGREEMENT

THIS AMENDMENT (the "Lease Amendment") is made and entered into this _____ day of _____, 2022 by and between the KETCHIKAN GATEWAY BOROUGH, a general law municipality, whose address is 1900 First Ave., Suite 210, Ketchikan, AK, 99901 (hereinafter called the "Landlord"), and Ketchikan Gateway Borough School District whose address is 333 Schoenbar Road, Ketchikan, AK 99901 (hereinafter called the "Tenant"). Landlord and Tenant may be referred to as a "Party" or Parties" in this Lease Agreement and IT_IS HEREBY AGREED AS FOLLOWS:

The parties have a lease in effect dated August 26, 2020 which affords Tenant office space on the second and third floor of the White Cliff Building at 1900 First Avenue, Ketchikan, Alaska which is effective through the end of Borough Fiscal Year 2023. This lease and any amendment thereto, is referenced as Borough Document No. 20-051.

The parties wish to extend the lease now in effect and modify said lease as set forth below. Terms contained in the lease dated August 26, 2020 and not amended herein shall continue in full force and effect.

The following sections are hereby modified:

1. Defined Terms

The following terms shall have the meanings specified in this section, unless otherwise specifically provided. Other terms may be defined in other parts of the Lease.

Premises: That portion of the Building that will be leased by the Tenant.

The Premises consists of offices 223, 223A, 224, 314, and 319 approximately 3,348 square feet of Rentable Space consisting of portions of the building as shown on the Floor Plan(s)

attached as Exhibit "A-Amended".

Term: Commencing upon the Commencement Date and expiring

on June 30, 2023 continuing on a year-to-year basis unless terminated by the parties in accordance with the terms set

forth in Section 20.

Commencement Date: The Commencement Date shall be the date upon which

revised rent amount first starts to accrue and is July 1, 2022.

Base Rent:

The Tenant shall pay monthly rent of \$3,803, or \$45,636 annually.

For future years, Base Rent is calculated as a pro-rata share of the operating costs of the White Cliff building using the same formula as allocations for Borough Departments, with the exception that Bond Debt or COP payments and daily building security for common spaces shall be excluded from the School District's share.

Rent shall include bBase rent per square foot of exclusive space, which rate includes the proportionate cost of common space including janitorial and supplies for common areas, insurance, routine maintenance to common areas and similar expenses; and the following utilities: water, sewer, garbage pick-up, electricity, and heat; and nightly and meeting security services. The tenant shall be responsible for daily security and all janitorial and other services such as security within exclusive use spaces, and any utilities not named in the original lease dated August 26, 2020, and any property taxes on their possessory interest, as applicable.

For budgetary purposes, the Landlord shall inform the Tenant of any increase in the <u>lease ratebase rent</u> for the following <u>fiscal</u> year no later than the last day of February. Increases in the base <u>lease raterent</u> shall not to exceed 5% annually.

Exhibits:

Exhibit A-Amended: Revised Tenant Leased Spaces

2. Leasehold Defined

2.1 a. is hereby modified to ADD Suite 319.

b. The non-exclusive use of the Common Space of the Building as depicted on Exhibit "A-Amended".

3. Term of the Lease and Renewal

3.2 <u>Term</u> : The Lease shall expire on June 30, 2023. This lease shall automatically renew for recurring one-year terms, unless terminated by the parties in accordance with the terms set forth in Section 20.	

4. Rental Rates

4.1 Base Rent: In accordance with Section 2.1 above, Tenant shall pay Base Rent of \$3,803, or \$45,636 annually.

Rent shall include base rent per square foot of exclusive space, which rate includes the proportionate cost of common space and the following utilities: water, sewer, garbage pick-up, electricity, heat, and nightly and meeting security services. The tenant shall be responsible for daily security and all janitorial within exclusive use spaces, any utilities not named in the original lease dated August 26, 2020, and any property taxes on their possessory interest, as applicable.

7. Expenses

7.1 Landlord's Expenses: Landlord shall pay liability insurance for the building and Landlord owned contents (but excluding liability for Tenant owned property), liability insurance; major maintenance and repairs; and bond debt or certificates of participation payment. Major maintenance is defined as projects costing \$5,000 or more which extend the useful life of a common area amenity such as parking lot repaying or entry door renovation or remodels.

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20. Termination

This agreement may be terminated:

- a. By either party at any time for failure of the other party to comply with the terms and conditions of this agreement;
- b. By either party upon 120 days prior written notice to the other party; or
- c. Upon mutual written agreement by both parties.

<< END OF AMENDMENTS>>

All remaining terms and conditions remain in effect. Except as specifically amended herein, all terms, conditions and provisions of said original agreement (Borough Document No. 20-051) shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

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Dated:, 2022	Ketchikan Gateway Borough
	Ву:
	Ruben Duran
	Borough Manager
	Attest:
	Ву:
	Kacie Paxton
	Borough Clerk
	Approved as to Form:
	Ву:
	Glenn Brown
	Borough Attorney
	Certified Funds Available:
	Ву:
	Cynna Gubatayao
	Director of Finance
Dated:, 2022	Ketchikan Gateway Borough School District
	Ву:
	Melissa Johnson, Interim Superintendent