



Legislation Text

File #: RES 16-0037, **Version:** 1

ITEM TITLE:

Resolution #16-37 - Authorizing Lease Amendment #14 with the State of Alaska for the Public Health Nurse Office at the Mary Kevin Gilson Medical Clinic

SUBMITTED BY: Lisa Von Bargaen, CEDD Director

FISCAL NOTES:

Expenditure Required: Revenue Reduction = \$529.77/mo or \$6,357.24/yr

Unencumbered Balance: N/A

Funding Source: Revenue Account: 001-0000-36200 Property Rentals (GF)

RECOMMENDATION:

Approve Resolution # 16-37 authorizing Lease Amendment #14 with the State of Alaska for the Public Health Nurse Office at the Mary Kevin Gilson Medical Clinic.

SUMMARY STATEMENT:

The City and State entered into the original lease for the Public Health Nurse office at the Mary Kevin Gilson Medical Clinic in 1996.

This action represents Amendment #14 to the lease which exercises the fifth of five one-year renewal options. Due to the State's fiscal situation the Department of Administration has been tasked by the Governor to ask for rent reductions where possible. The State is asking for a 20% reduction in the annual rent for the Public Health Nurse space.

The currently monthly rental rate is \$2,648.85, totaling annual rent in the amount of \$31,786.20. The 20% reduction, if approved, would reduce the monthly payment by \$529.77 to \$2,119.08 for total annual rent in the amount of \$25,428.96.

All other terms and conditions of the lease will remain in full force and effect. A copy of the original lease, plus Amendments 9 and 13 are attached for Council reference. Because this lease is with the State, their standard form lease documentation is used, not the City's. The State has prepared a draft of Amendment 14 outlining the one year renewal, beginning October 1, 2016 and ending September 30, 2017. A copy of that document is also attached.

Chapter 4.08 of the Valdez Municipal Code addresses the lease of City-owned property. The Code only specifically addresses land, not buildings. However, the code is used to guide the lease of City Buildings as well. Section 4.08.030 (Fair rental value to be used for leases - Exceptions.) states the

following: “Except as otherwise stated in this chapter, no city lands shall be leased for less than fair rental [appraised] value thereof. Notwithstanding the preceding provisions, the city may lease city lands for less than fair rental value to any state or federal agency or political subdivision, a public utility, a non-profit organization, or to a new industry on terms advantageous to the public welfare of the city if the council, by motion passed by not less than six councilmen, determines to be in the best interest of the public.”

In short, an affirmative vote of not less than six Council members is required to reduce the State’s rent by 20%.

The draft Amendment #14 provided by the State requires two changes. Those changes have been requested, and include:

- 1) Change the signatory from the City Manager to the Mayor, as the lease amendment is approved by the Council;
- 2) Change the name of the facility to Mary Kevin Gilson Medical Clinic.