

Alaska State Legislature

Legislative Affairs Agency

Administrative Services, Procurement & Supply Section
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MEMORANDUM

TO: Senator Gary Stevens, Chair
Legislative Council

FROM: JC Kestel, Procurement Officer
Legislative Affairs Agency

DATE: October 7, 2020

SUBJ: Lease Extension for Homer Office Space

The current lease agreement between the Legislative Affairs Agency and Clayton L. and Joan E. Ellington, for office space currently occupied by the Homer LIO and Legislator's district offices in Homer, Alaska, is due to expire October 31, 2020, with no renewal options available.

Under AS 36.30.083, there is a provision where we may extend a real property lease for up to 10 years if a minimum cost savings of at least 10 percent below the market rental value of the real property at the time of the extension would be achieved on the rent due under the lease. The market rental value must be established by a real estate broker's opinion of the rental value or by an appraisal of the rental value.

The Agency contracted with Bond Filipenko Commercial Properties, LLC. to determine the market rental value of the property that is located at 270 Pioneer Avenue, Homer, Alaska. We received their fair market rental analysis and it is their opinion that the market rental value of the property with a full-service lease is 1.75 per square foot as of October 1, 2020.

Per AS 36.30.083, the Agency offered Clayton L. and Joan E. Ellington a rate of \$1.56 per square foot for a five (5) year lease extension with five (5) one (1) year renewal options at our option. Clayton L. and Joan E. Ellington has accepted our offer.

Based on the above, I recommend approving the lease extension for the Homer office space located at 270 Pioneer Avenue, Homer, Alaska, for a price of \$1.56 per square foot.

This lease extension exceeds \$35,000 in one fiscal year; therefore, Legislative Council's approval is required.

Homer Office Space

Clayton L. and Joan E. Ellington

Lease Extension

November 1, 2020, through October 31, 2025

\$54,961.92 per year (excluding CPI-U adjustments each July 1)

Additional lease information is attached.

MOTION: I MOVE THAT LEGISLATIVE COUNCIL APPROVE THE LEASE EXTENSION FOR HOMER OFFICE SPACE IN AN AMOUNT OF \$54,961.92.

LEASE AGREEMENT INFORMATION

LESSOR: Clayton L. and Joan E. Ellington
OCCUPANTS: LIO, Senator Gary Stevens, Representative Sarah Vance
LOCATION: 270 West Pioneer Ave. Ste. B, Homer, Alaska
TOTAL SQ. FOOTAGE: 2,936

CURRENT LEASE INFORMATION

MONTHLY RENT: \$5,047.00
PRICE PER SQ. FOOT: \$1.719
LEASE TYPE: Renewal No. 5 of Lease
LEASE TERM: November 1, 2019 - October 31, 2020
TOTAL LEASE AMT.: \$60,564.00 (excluding CPI-U adjustments effective July 1, 2020)

NEW LEASE INFORMATION

MONTHLY RENT: \$4,580.16
PRICE PER SQ. FOOT: \$1.56
LEASE TYPE: Lease Extension with Five (5) One-Year Renewal Options
LEASE TERM: November 1, 2020 - October 31, 2025
TOTAL LEASE AMT.: \$54,961.92 (excluding CPI-U adjustments each July 1)

COMMENTS: