

E. NEW BUSINESS

- 1. Res. 2025-__ : A Resolution Authorizing the Borough to Enter Into a New Two-Year Lease Agreement with a Month-to-Month Renewal Option with TKC, LLC for the Occupancy of Commercial Office Space Necessary for Continued Daily Operations of the Kenai Peninsula Borough Risk Management Department**

Kenai Peninsula Borough
Planning Department – Land Management Division

MEMORANDUM

TO: Peter Ribbens, KPB Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor
A. Walker Steinhage, Deputy Borough Attorney
Brandi Harbaugh, Finance Director
Robert Ruffner, Planning Director
Aaron Hughes, Land Management Officer
Sovala Kisena, Risk Management Director

FROM: Jennifer Shields, Land Management Agent

DATE: January 2, 2025

RE: Resolution 2025-____, Authorizing the Borough to Enter Into a Two-Year Lease Agreement With a Month-to-Month Renewal Option With TKC, LLC for the Continued Occupancy of Commercial Office Space Necessary for Daily Operations of the Kenai Peninsula Borough Risk Management Department (Mayor)

In 2023, the Kenai Peninsula Borough (KPB) Risk Management Department was displaced from its portable office structure located on KPB's Administration Campus in Soldotna as a result of damage caused by high snow loads. An extensive internal review of existing KPB-owned or managed office spaces was conducted, with no suitable alternate locations being identified.

A two-year lease was then authorized by Resolution 2023-028 for 1,190 square feet of private commercial office space located at 170 North Birch Street, Suite 103 in Soldotna. The lease was negotiated at a monthly rate of \$2,300 (\$27,600/annually) to facilitate continued operations of the Risk Management Department. The current lease term will expire on March 30, 2025, with an option to renew on a month-to-month basis for an additional one-year term at a monthly rate of \$2,392 (\$28,704/annually).

Alternatively, TKC,LLC (Lessor) has agreed to a new two-year lease agreement at a monthly rate of \$2,369 (\$28,428/annually) which equates to \$1.93 per square foot. This adjustment is requested to cover utilities, snow removal, insurance, and other related expenses paid by Lessor. The initial term of the new lease, if approved, would commence on March 31, 2025 and run through March 31, 2027, unless sooner terminated.

The attached Resolution would authorize KPB to enter into a new two-year lease agreement with Lessor to facilitate continued operations of the Risk Management Department at 170 North Birch Street, Suite 103 in Soldotna.

Your review and consideration of this Resolution is appreciated.

Introduced by:
Date:
Action:
Vote:

Mayor

**KENAI PENINSULA BOROUGH
RESOLUTION 2025-XXX**

**A RESOLUTION AUTHORIZING THE BOROUGH TO ENTER INTO A NEW
TWO-YEAR LEASE AGREEMENT WITH A MONTH-TO-MONTH
RENEWAL OPTION WITH TKC, LLC FOR THE OCCUPANCY OF
COMMERCIAL OFFICE SPACE NECESSARY FOR CONTINUED DAILY
OPERATIONS OF THE KENAI PENINSULA BOROUGH RISK
MANAGEMENT DEPARTMENT**

WHEREAS, the Kenai Peninsula Borough (KPB) Risk Management Department (Risk) was displaced from its portable structure location on KPB's Administration Campus in 2023 due to winter damage resulting in the portable structure being deemed unsafe for continued use; and

WHEREAS, Resolution 2023-028 authorized a commercial office space lease with TKC, LLC (Lessor) located at 170 North Birch Street, Suite 103 in Soldotna, containing approximately 1,190 square feet, at a monthly rate of \$2,300 (or annual rate of \$27,600); and

WHEREAS, the current lease will expire on March 30, 2025; and

WHEREAS, no existing KPB-owned or managed office spaces have been identified as being suitable to meeting the needs of Risk; and

WHEREAS, an internal review of current, available market options revealed limited commercial office spaces in the Soldotna area that meet Risk's requirements; and

WHEREAS, Lessor has agreed to a new two-year lease agreement at a monthly rate of \$2,369 (\$28,428/annually), to cover the rising cost of utilities, snow removal, insurance, and other related expenses paid by Lessor. The initial term of the new lease will commence on March 31, 2025, and run through March 31, 2027, unless sooner terminated; and

WHEREAS, the current leased location has been confirmed by Risk to meet all existing operational needs; and

WHEREAS, no relocation or tenant improvement costs will be incurred by KPB with the continued occupancy of the existing Risk office space; and

WHEREAS, proactively securing a new lease of the existing Risk office space prior to the expiration of the initial lease term will provide confidence in the continued location and committed expense of the lease; and

WHEREAS, pursuant to KPB 17.10.040, Assembly approval of the acquisition of interests in lands must be by resolution upon receipt of a Planning Commission recommendation; and

WHEREAS, the Planning Commission conducted a public hearing during its regularly-scheduled meeting on January 13, 2025, and recommended _____;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That KPB is authorized to secure a new lease, from Lessor, of real property located in the Kenai Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Suite 130, containing approximately 1,190 square feet of office space located at 170 N. Birch Street, Soldotna, AK, 99669, being situated on Lot 12A, Block 6, Soldotna Junction Subdivision Indcom Replat, Seward Meridian, Kenai Recording District, State of Alaska.

SECTION 2. That the purpose of the Lease is for office space necessary for continued daily operations of the KPB Risk Management Department.

SECTION 3. That the monthly rental will be \$2,369.00 for the initial two-year term of the lease. The lease will automatically renew on a month-to-month basis for a period up to one year, subject to a 4% rent increase in the third year; unless either party gives written notice of termination no later than sixty days prior to the end of the term or renewal term. The terms and conditions of the lease will be substantially similar to those of the accompanying draft lease agreement and the terms and conditions of this resolution.

SECTION 4. That no land classification is proposed for this leased property.

SECTION 5. That expenditures for the lease will be charged to account number 700-11234-00000-43810.

SECTION 6. That the Mayor is authorized to execute all documents for a lease agreement substantially similar to the draft lease agreement submitted with this resolution and to make all agreements deemed necessary in accordance with this resolution.

SECTION 7. That this resolution takes effect immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS _____
DAY OF _____, 2025.**

Peter Ribbens, Assembly President

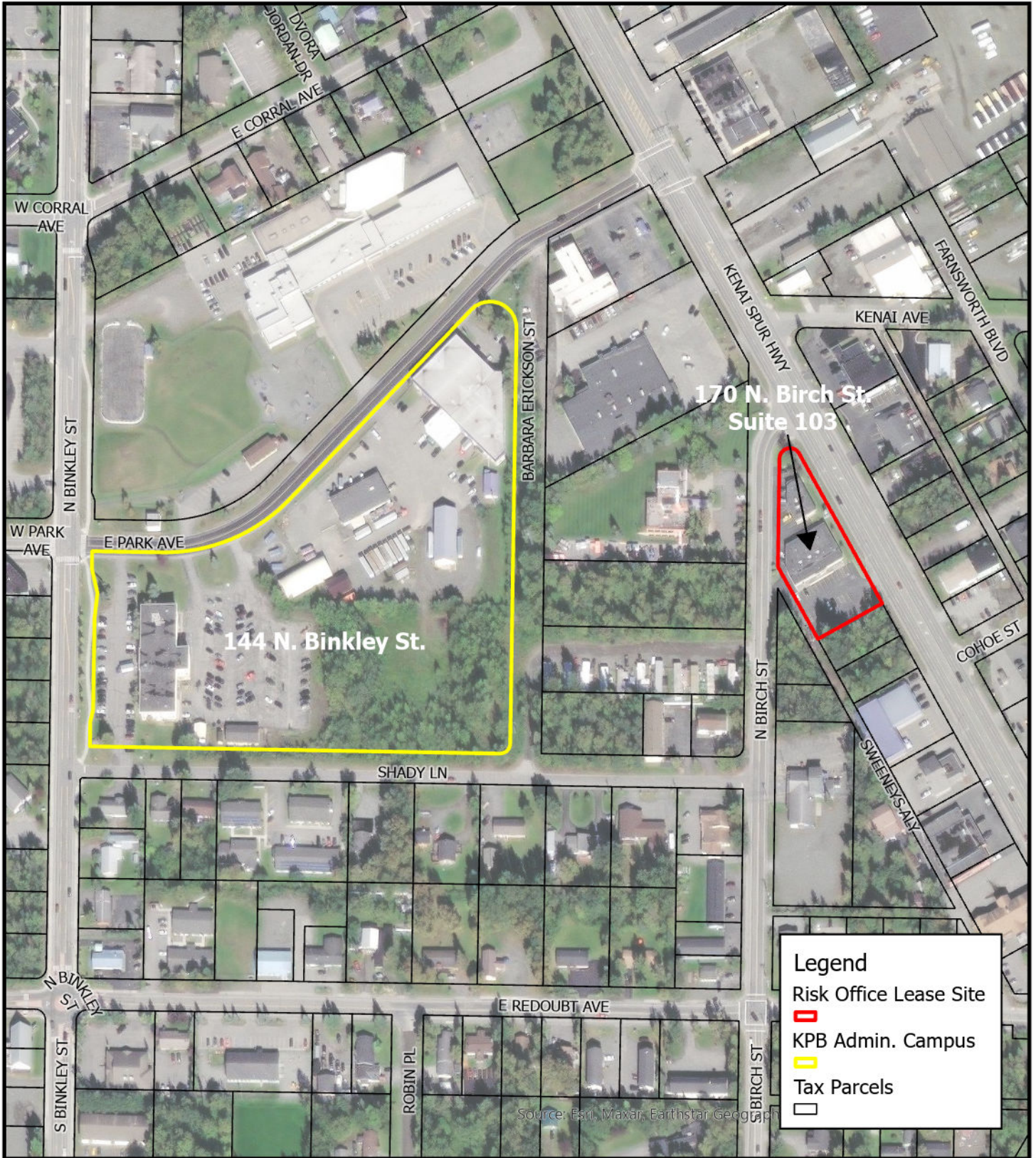
ATTEST:

Michele Turner, CMC, Borough Clerk

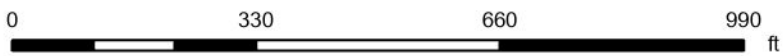
Yes:

No:

Absent:



Source: Esri, Maxar, Earthstar Geographics



The information depicted hereon is for a graphical representation only of best available sources. The Kenai Peninsula Borough assumes no responsibility for any errors on this map.

Printed: 12/2/2024

LEASE

This Lease, made this _____ day of _____, 2025, is by and between TKC, LLC, (Lessor) and the Kenai Peninsula Borough (Lessee or KPB), pursuant to KPB Resolution 2025-____ (together, the Parties).

WITNESSETH:

1. **Premises.** Lessor, for and in consideration of the rents, covenants, and conditions specified in this Lease to be paid by Lessee, does hereby lease to Lessee, the real estate located in the Kenai Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Suite 103, containing approximately 1,190 square feet of office space located at 170 N. Birch Street, Soldotna, AK, 99669, being situated on Lot 12A, Block 6, Soldotna Junction Subdivision Indcom Replat, Seward Meridian, Kenai Recording District, State of Alaska (the Premises).

for the purpose of providing office space for the KPB Risk Management Department (Risk).

2. **Term.** The initial term of this Lease will be for two years commencing on the 31st day of March, 2025, through and including the 31st day of March 2027, unless sooner terminated.

Lessee will have the option to renew this Lease on a month-to-month basis for an additional one-year term as provided below in Paragraph 12, "Renewal".

3. **Rental.** In consideration of the rental of the Premises by Lessor, Lessee covenants to pay to Lessor, as rental for the Premises described above in Paragraph 1, "Premises", the sum of two thousand three hundred sixty-nine dollars (\$2,369.00) per month, in advance, on the first day of each and every month. All payments, unless and until otherwise directed in writing by Lessor, will be paid to Lessor. The monthly rental rate will remain the same in the first and second years.

4. **Covenants of Lessee.** Lessee hereby covenants and agrees:

- A. That Lessee will pay the rent specified at the times and in the manner set out above in Paragraph 3, "Rental", except only in the case of fire or another casualty as here provided;
- B. That Lessee will not assign, sublet or part with the possession of all or any part of the Premises without the prior written consent of Lessor. Such consent will not be unreasonably withheld by Lessor;
- C. That Lessee will allow Lessor, on written notice at least twenty-four hours before and at a reasonable time, to enter, view and/or make any repairs to the Premises

which Lessor may see fit to make, except that twenty-four-hours' notice is not necessary for emergency repairs. An employee or agent of Lessee will accompany Lessor during all Lessor entries onto the Premises unless Lessee specifically waives this right in writing. Lessee may waive, in writing, the twenty-four-hour notice requirement for Lessor's entry onto the Premises;

- D. That at the expiration of the term of this Lease, Lessee will peaceably yield the Premises to Lessor, in good repair in all respects, reasonable use and wear and damage by fire and other casualties excepted;
- E. That Lessee will not, without Lessor's prior written consent in each instance, make any alterations or additions in or about the Premises. All permanent alterations or improvements made to the Premises will become Lessor's property and must be surrendered as part of the Premises upon the termination of this Lease;
- F. That Lessee, at its own expense, will obtain all licenses and permits required by governmental agencies having jurisdiction over the operation of its business;
- G. That Lessee, at its own expense, will maintain the Premises and its appurtenances in good repair, and in at least as good condition as that in which they are delivered, allowing for ordinary wear and tear. Lessee will be responsible for the maintenance and all minor repairs to the interior of the Premises; and
- H. That Lessee will pay for its own telephone and internet utilities. Lessee will also provide its own janitorial services for the Premises. Lessor shall provide all other utilities and services as described below in Paragraph 5, "Lessor's Warranties".

5. **Lessor's Warranties.** Lessor covenants, guarantees and provides the following express warranties:

- A. That no existing restrictions interfere with Lessee's permitted and intended use of the Premises;
- B. That adequate ingress and egress to the Premises is available;
- C. That Lessor has sufficient interest in the Premises to grant Lessee this leasehold;
- D. That Lessee will have quiet enjoyment of the Premises;
- E. That the Premises is fit for its intended use;
- F. That any use, treatment, storage, or transportation of hazardous substances has been in compliance with all applicable federal, state and local laws. No hazardous substances have been released, discharged, spilled, leaked, disposed of, or emitted on, in, or under the Premises. The Premises are free of hazardous substances;
- G. That Lessor will be responsible for all snow and ice removal from the roof and the adjacent parking area and sanding as necessary;

- H. That Lessor will keep the structural supports, exterior walls, roof, plumbing and heating system in good order and repair; and
 - I. That Lessor will provide electricity, heating energy, water and sewer, and exterior and common area maintenance at its own cost and expense. Lessee will be responsible for phone and internet utilities only.
6. **Default by Lessor/Lessee.** Should either Lessee or Lessor default in the performance of the obligations of any covenants of this Lease and fail to fully remedy such default within thirty days after written notice by the non-defaulting Party, then the Lease may be terminated by written notice to the defaulting Party. All rental hereunder will abate during the period of any such default. Upon termination of this Lease, Lessor will refund to Lessee any unearned advance rental paid of Lessee.
 7. **Liability and Insurance.** Each Party is responsible and liable for its own acts and omissions under this Lease. Lessee agrees to carry \$500,000 liability insurance and \$50,000 fire legal liability insurance. Lessee further understands that it will be insured, if it so desires, for its personal property and other belongings which are kept within the Premises. Lessee will not do anything or bring anything within the Premises which increases the risk of fire or other loss to the Premises.
 8. **Permits, Law, and Taxes.** Lessor will acquire and maintain in good standing all permits, licenses, and other entitlements necessary to the performance under this Lease. All actions taken by the Lessor under this Lease will comply with all applicable statutes, ordinances, rules, and regulations. Lessor will pay all taxes that may be due and owing to a federal, state, or local taxing entity.
 9. **No Waiver.** No assent, expressed or implied, by either Party to any breach of either Party's covenants will be deemed to be a waiver of any succeeding breach of the same covenants, nor will any forbearance by either Party to seek a remedy for any breach be deemed a waiver by that Party of its rights or remedies with respect to such breach.
 10. **Integration.** This document contains the entire agreement of the Parties. All negotiations, statements, representations, guarantees, warranties, and assurances, whether oral or written, which are in any way related to the subject matter of this Lease and the performance of either Party, are merged and integrated into the terms of this document.
 11. **Modification.** The Parties may mutually agree to modify the terms of this Lease. Any modifications must be in writing executed by both the Parties.
 12. **Renewal.** This Lease will automatically renew for an additional period of one year on the same terms as this Lease and subject to a 4% rent increase for that third year, unless either Party gives written notice of termination no later than sixty days prior to the end of the term or renewal term.
 13. **Subject to Annual Appropriation.** Unless the KPB Assembly by Resolution provides otherwise, this Lease will automatically terminate without penalty on June 30 of any year

during which the KPB Assembly fails to appropriate funds sufficient to make lease payments on the Premises for the following fiscal year.

- 14. **Interpretation and Enforcement.** This Lease has been drafted following negotiations between the Parties. It will be construed according to the fair intent of the language as a whole, not for or against either Party. The interpretation and enforcement of this Lease will be governed by the laws of the State of Alaska. The venue for any lawsuit arising from this Lease is the Third Judicial District, Kenai, Alaska.

The titles of the Paragraphs in this Lease are not to be construed as limitations or definitions but are for identification purposes only.

- 15. **Severability.** If part of this Lease is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Lease will remain in full force and effect.

- 16. **Notice.** Whenever notice is required by this Lease, it will be addressed as follows until written notice of change of address is given to the other Party:

Lessor:
TKC, LLC
Attn:
P.O. Box 969
Kenai, AK 99611

Lessee:
Kenai Peninsula Borough
Attn.: Land Management
144 N. Binkley Street
Soldotna, AK 99669

LESSOR:

LESSEE:

Kenneth L. Dunbar
Manager TKC, LLC

Peter A. Micciche, Mayor
Kenai Peninsula Borough

Date: _____

Date: _____

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Michele Turner, CMC
Borough Clerk

A. Walker Steinhage
Deputy Borough Attorney

Date: _____

NOTARY ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025 by **Peter A. Micciche**, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the Corporation.

Notary Public in and for Alaska
Commission expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2025 by _____, _____ of **TKC, LLC**.

Notary Public in and for Alaska
Commission expires: _____