

Sponsored by: Sorensen
Amended & Approved: July 27, 2026

CITY OF SEWARD, ALASKA
RESOLUTION 2026-065

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, AUTHORIZING THE CITY MANAGER TO AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT WITH THE KENAI PENINSULA BOROUGH TO LEASE THE FORMER SEWARD MIDDLE SCHOOL FACILITY IN THE AMOUNT OF \$150,000 AND APPROPRIATING FUNDS

WHEREAS, The Kenai Peninsula Borough School District closed Seward Middle School at the end of the 2025-2026 school year; and

WHEREAS, on May 26, 2026, City Council held a work session on using the vacated facility as a community center, after which City staff began negotiating a lease with the Kenai Peninsula Borough; and

WHEREAS, the lease sets rent at \$1.00 per year, with the City responsible for utilities and maintenance which are estimated at \$250,000 for utilities and \$25,000 per year in maintenance; and

WHEREAS, the appropriation requested in this resolution covers the September through December 2026 transition period, to include utilities and start up costs for a total of \$150,000; and

WHEREAS, this lease represents a five-year commitment expected to run a General Fund gap of \$64,000 to \$112,000 per year once fully operational, reflecting the facility's role as a subsidized service provided for the public good; and

WHEREAS, the Middle School lease offers a way to meet that demand without new construction, consolidating the Boys and Girls Club, Teen Youth Center, and other Sports and Recreation programs under one roof; and

WHEREAS, results from the City's Comprehensive Plan survey have repeatedly identified resident demand for an indoor community gathering space that is open and available year-round.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA:

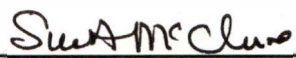
Section 1. The City Council hereby authorizes the City Manager to sign an agreement in substantially similar form to lease the former Middle School Facility for a Parks and Recreation Community Center.

Section 2. Funding in the amount of \$150,000 is hereby transferred and appropriated from the General Fund Unassigned 01000-0000-3400, split into \$83,000 to the 01000-1420-7015 Utilities Expense Account and \$67,000 in the 01000-1420-8103 Capital Equipment Expense Account.

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Section 3. This resolution shall take effect immediately upon adoption.

**APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA THIS 27TH
DAY OF JULY 2026.**



Sue McClure, Mayor

AYES: Warner, Calhoon, Osenga, Draper, Barnwell, McClure
NOES: None
ABSENT: Crites
ABSTAIN: None

ATTEST:



Kris Peck
City Clerk

(City Seal)





City Council Agenda Statement

Meeting Date: July 27, 2026

To: City Council

From: Kat Sorensen, City Manager

Subject: Resolution 2026-065: Authorizing the City Manager to Sign an Agreement with the Kenai Peninsula Borough to Lease the Former Seward Middle School Facility in the Amount of \$233,000 and Appropriating Funds

Background and justification:

The Kenai Peninsula Borough School District closed Seward Middle School at the end of the 2025-2026 school year. On May 26, 2026, City Council held a work session to consider using the vacated facility as a community center. Following that discussion, City staff began negotiating a lease with the Kenai Peninsula Borough.

The resulting draft agreement sets rent at \$1.00 per year, with the City responsible for utilities and day-to-day maintenance. In exchange for Connections Homeschool retaining office space in the building, KPBSD agreed to furnish it, including a full industrial kitchen, tables and chairs throughout, office materials, and sports equipment.

For cost, three years of utility billing history show the facility's utility cost has ranged from \$198,307 to \$247,678 per year; staff is budgeting \$250,000 per year going forward. The facility walkthrough that confirmed maintenance responsibilities also set the routine maintenance estimate at \$25,000 per year. Because the City's next budget cycle does not begin until January 2027, the appropriation requested in this resolution covers only the September through December 2026 transition period: approximately \$83,000 in utilities and \$150,000 in one-time startup costs, for a total of \$233,000.

Recognizing that this is a 5-year commitment, staff has projected out estimated costs for FY27 and FY28. The City's current AVTEC contract, about \$140,000 per year, would be reduced to roughly \$70,000 per year to retain evening gym access. Set against a conservative program revenue projection of \$233,000 to \$281,000 per year, the facility is projected to run a General Fund gap of \$64,000 to \$112,000 per year once fully operational, a step down from the current AVTEC arrangement, which runs about \$93,000 per year ahead of program revenue. There is also a strong potential for leased spaces and rental fees that could further offset the facilities expenses, but this facility should definitely be seen as a subsidized service for the greater public good and will require increased investment in Parks and Recreation through the lifetime of the agreement.

Interest in a recreation center predates this specific opportunity. Results from the City's Comprehensive Plan survey repeatedly identified resident demand for an indoor community gathering space and more indoor recreation and family entertainment options. Over the past three years, Parks and Recreation membership grew from 178 to 797, and annual visits rose to nearly 23,000, showing sustained demand for existing programming. The Middle School lease offers a way to meet that

demand without new construction. The Boys and Girls Club, Teen Youth Center, and other Sports and Recreation programs would consolidate under one roof, with full autonomy over hours and programming.

Fiscal Impact

Fiscal Impact: ☒ Yes – Amount: \$233,000 Budgeted: ☐ Yes
☐ No ☒ No
☐ N/A

Funding Source: ☒ General Fund: 01000-1420-7015 / 01000-1420-8103
☐ Enterprise Fund: _____
☐ Grant: _____
☐ Other: _____

Finance Director Signature: Sully Jusino

Comprehensive and Strategic Plan Consistency Information

This legislation is consistent with (citation listed):

Comprehensive Plan: 3.6.1 Improve, expand and diversify year-round parks and recreation opportunities for residents and visitors
3.6.1.1 Improve existing and develop additional recreational infrastructure

Strategic Plan: _____
Other: _____

Attorney Review

☒ Yes Attorney Signature: /s/Sam Severin
☐ Not applicable Comments: _____

Administration Recommendation

☒ Adopt Resolution
☐ Other: _____