





Kenai Peninsula Borough
Planning Department – Land Management Division

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor 
Rachel Parra, NPRSA Recreation Director 
Max Best, Planning Director 

FROM: Marcus A Mueller, Land Management Officer 

DATE: April 25, 2019

RE: Ordinance 2019-10, Authorizing the Negotiated Lease of Office Space at the Nikiski Community Recreation Center with Tesoro Alaska Company LLC (Mayor)

The Nikiski Community Recreation Center ("NCRC") is a former elementary school building that was repurposed and is operated by the North Peninsula Recreation Service Area ("NPRSA"). Tesoro Alaska Company LLC ("Tesoro") has inquired about renting space within the NCRC for temporary office and meeting space to manage current space needs for their business operations in Nikiski.

A room available for office space is configured at the NCRC and a lease agreement has been drafted for an initial six-month period with month-to-month extensions thereafter by mutual agreement. The anticipated span of the lease is six to 12 months.

The lease rental for the 840 square foot room is \$2,276.40 payable monthly to NPRSA. The lease revenue would help to offset NPRSA's operational and building costs.

Borough code does not specifically address the leasing of building space. Several of the requirements of KPB 17.10 for the leasing of land are not applicable to the leasing of building space. While KPB 17.10.100(I) authorizes this negotiated lease, the ordinance provides that other provisions of KPB 17.10 including land classification, notice of disposition, lease types, lease terms and conditions, and general conditions are not required.

The attached ordinance would authorize the mayor to lease one classroom space at the NCRC to Tesoro for office space and providing terms for Tesoro's scheduled use of other facility spaces from time-to-time.

Your consideration is appreciated.