

General Manager
334 Front Street
Ketchikan, AK 99901

Phone (907) 228-5603
Fax (907) 225-5075

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, General Manager

DATE: June 10, 2019

RE: **Amendment Three to Lease Agreement Between the Plaza, LLC and the City of Ketchikan d/b/a Ketchikan Public Utilities**

At its meeting of May 7, 2009, the City Council adopted a motion authorizing my office to enter into a five-year agreement for the lease of space at the Plaza for the KPU Sales, Marketing and Customer Service Division. At its meeting of January 18, 2018, the City Council adopted a motion approving Amendment No. 2 to the agreement to provide for the lease of an additional 1,000 square feet of space at the Plaza.

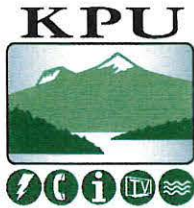
The motion detailed below was prepared at the request of Sales, Marketing & Customer Service Division Manager Kim Simpson, who asked that it be placed before the City Council for consideration at its meeting of June 20, 2019. If adopted, the motion provides for renewing the lease at the Plaza for an additional five-year term. The changes to the existing lease are described in Ms. Simpson's transmittal memorandum and require no elaboration on the part of my office. I concur with the Sales, Marketing & Customer Service Division Manager's recommendation.

Ms. Simpson will be attending the City Council meeting of June 20, 2019, in order to address any questions and/or concerns that Councilmembers may have.

RECOMMENDATION

It is recommended that the City Council adopt the motion approving Amendment Three to the Lease Agreement between the Plaza, LLC and the City of Ketchikan d/b/a Ketchikan Public Utilities for the lease of space at the Plaza by the Sales, Marketing & Customer Service Division and authorizing the General Manager to execute the amendment on behalf of the City Council.

Recommended Motion: I move the City Council approve Amendment Three to the Lease Agreement between the Plaza, LLC and the City of Ketchikan d/b/a Ketchikan Public Utilities for the lease of space at the Plaza by the Sales, Marketing & Customer Service Division and authorize the General Manager to execute the amendment on behalf of the City Council.



KPU Sales, Marketing & Customer Service
2417 Tongass Avenue, Suite 119D
Ketchikan, AK 99901
Phone (907) 228-5474
Fax (907) 225-1788

Memorandum

To: Karl Amylon, KPU General Manager
From: Kim Simpson, KPU Sales & Marketing Division Manager
Date: June 3, 2019
Subject: KPU Customer Service Lease Addendum Extending Lease an Additional 5 Years.

I respectfully request that the KPU General Manager seek City Council approval to extend the lease for KPU Customer Service for an additional 5 years.

Background:

In May 2009 KPU Customer Service entered into a 5 year Lease Agreement with The Plaza LLC which was renewed by amendment in 2014 for 5 additional years at a 2% annual increase. The current lease expires on June 30, 2019. With the new 2019 lease, the monthly rate will remain the same through 2019. Effective January 1, 2020 the lease will increase from \$8548.32 to \$8719.29, and remain at that rate until June 30, 2021. On July 1, 2021 the rate will increase to \$8,893.67. On July 1, 2022 the rate will increase to \$9,071.55. For the period of July 1 2023-June 30, 2024, the rate will be \$9,252.98. Since the dollar amount for the balance of 2019 is at the current budgeted dollar amount of \$8,548.32 per month it will be covered by the existing Sales, Marketing and Customer Service budget; there will be no need to adjust the budget.

The new negotiated lease rate will start at the current \$2.11 per square foot and will end at \$2.29 per square foot, which is one of the lowest rates in the Plaza Mall.

Retaining the Mall Location for KPU Customer Service is crucial to the continued success of the Telecommunications division. By locating its Service Center in a central and convenient location, adjacent to the competition, KPU was able to reverse a negative sales trend and substantially increase its triple play and double play business. That trend is expected to continue. An additional benefit of the mall location for KPU customers is that they are better served by having CSRs and Customer Support staff easily accessible for walk-in assistance 6 days per week.

There are few viable options for retail space of 4000 square feet in Ketchikan. Based on its accessibility and value the Plaza Mall is an ideal location for KPU Customer Service.

Recommended Motion:

I move that the City Council authorize the KPU General Manager to enter into a 5 year Lease Extension Agreement with The Plaza LLC for the Customer Service and Retail offices of KPU for the amounts as follows: \$8,548.32 per month until January 31, 2019, \$8,719.67 per month until June 30, 2021, \$8,893.67 until June 30, 2022 and \$9,071.55 until June 30, 2023, and \$9,252.98 until June 30, 2024.

cc: Lacey Simpson, Asst. KPU General Manager

AMENDMENT THREE - KETCHIKAN PUBLIC UTILITIES

Whereas Landlord and Tenant entered into a lease agreement on/or about June 1, 2009, for leasing approximately 4056 square feet comprised of space 119D/220 located in the shopping center located at 2417 Tongass Avenue.

The Lease is amended only with respect to the specific terms stated all other terms in the lease remain unchanged.

TERM. The Lease term is extended to June 30, 2024 unless sooner terminated pursuant to any provision hereof. Tenant may terminate the Lease by giving Landlord at least 30 days prior written notice.

RENT.

Minimum Rent. Commencing July 1, 2019, Tenant shall pay to Landlord as minimum rent for the Premises monthly installments as follows:

- (a) \$8,548.32 for the month beginning July 1, 2019 ending December 31, 2019
- (b) \$8,719.67 for the month beginning January 1, 2020 ending June 30, 2021
- (c) \$8,893.67 for the month beginning July 1, 2021 ending June 30, 2022
- (d) \$9,071.55 for the month beginning July 1, 2022 ending June 30, 2023
- (e) \$9,252.98 for the month beginning July 1, 2023 ending June 30, 2024

LANDLORD:

THE PLAZA, LLC

An Alaska Limited Liability Company

Date: _____

By: _____
Robert K. Hill Managing Member

TENANT

:

City of Ketchikan
d/b/a Ketchikan Public Utilities

Date: _____

Karl Amylon General Manager

Notary Blocks

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THIS IS TO CERTIFY that on this _____ day of _____, 2019, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Robert K. Hill**, to me known and known to me to be the Managing Member of **THE PLAZA, LLC, an Alaska limited liability company**, and known to me to be the person who signed the foregoing instrument, on behalf of said limited liability company, and he acknowledged to me that he signed and sealed the same as a free act and deed of the said limited liability company for the uses and purposes therein expressed.

WITNESS my hand and official seal on the day and year in this certificate first above written.

Notary Public in and for Alaska

My Commission Expires:_____

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THIS IS TO CERTIFY that on this _____ day of _____, 2019, before me, the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Karl Amylon**, to me known and known to me to be the **City Manager** for the **City of Ketchikan**, and known to me to be the person who signed the foregoing instrument, on behalf of the **City of Ketchikan**.

WITNESS my hand and official seal on the day and year in this certificate first above written.

Notary Public in and for Alaska

My Commission Expires:_____