

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2011-10

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING
SUBLEASE OF SPACE BY OSTROV ENTERPRISES d/b/a AIRPORT GIFT
SHOP AT THE SITKA ROCKY GUTIERREZ AIRPORT TERMINAL
BUILDING**

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code ("SGC").

2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. **PURPOSE.** State of Alaska owns the Sitka Rocky Gutierrez Airport Terminal Building ("Terminal Building") in Sitka, Alaska. City and Borough of Sitka ("CBS") has a 30-year lease agreement with the State of Alaska, Lease No. ADA-50103, which began on July 1, 1994 and expires on June 30, 2024.

In 1995, CBS advertised for bids for certain spaces at the Terminal Building. On August 8, 1995, bids were approved unanimously by CBS Assembly. Ordinance 95-1327 was passed on October 10, 1995 to ratify the bids, as required for lease of municipal property under SGC Title 18.12.010, approving the 3-year sublease agreement between Ostrov Enterprises and CBS for Space L-7 at the Terminal Building, consisting of 768 square feet for the purpose of conducting a car rental and airport gift shop business. This sublease expired on September 30, 1998.

On September 29, 1998, Ordinance 98-1512 was passed approving a bid by Ostrov Enterprises for Terminal Building spaces L-5 and L-6, consisting of 833 square feet. A 5-year sublease was approved, ending September 30, 2003, but allowing for extensions. Ostrov Enterprises moved into Terminal Building spaces L-5 and L-6 from space L-7.

On January 21, 2004, an open outcry auction was held for space at the Terminal Building. Ordinance 2004-12 awarded Ostrov Enterprises, d/b/a Airport Gift Shop ("Gift Shop"), Terminal Building space L-6, consisting of 798 square feet. A 5-year sublease, with a provision allowing a 2-year extension, was entered into on March 9, 2004. Gift Shop relocated into Terminal Building space L-6. On December 22, 2009, the parties agreed to a 2-year extension by signing an Agreement Regarding Extension of Tenant

Sublease, expiring on February 28, 2011.

Gift Shop wishes to remain in its current space L-6 at the Terminal Building. It is willing to pay fair market value for the sublease space, estimated to be \$16,279.20 per year by the Municipal Assessor, as well as sign the new standardized Terminal Building Sublease Agreement.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that:

- A. The Assembly finds that competitive bidding is inappropriate under SGC 18.12.010E for Terminal Building space currently subleased by Avis, that has been subleasing space in the Terminal Building since at least 1995, is willing to pay fair market value for the space as determined by the Municipal Assessor, and will execute the new standardized Terminal Building Sublease Agreement;
- B. Execution of the attached sublease is authorized; and
- C. Approval of this sublease agreement is contingent on the State of Alaska DOT&PF approval and consent to the Sublease Agreement.

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage, with the date of the sublease agreement effective March 1, 2011.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 12th day of April, 2011.

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk