

Discussion/Decision of extension of Sitka Animal Hospital's lease with the City and Borough of Sitka.

Fourth Amendment to Sitka Animal Hospital Lease

History:

In August of 1995 the Sitka Animal Shelter was built by a group of volunteers that included myself, David Hunt, DVM. A 500 square foot area was set aside to accommodate a veterinary hospital for the shelter animals. I designed a floor plan and helped build a full service veterinary hospital in this space. A waiting room and kennel facility are shared space with the Sitka Animal Shelter. I signed a lease with the city on Jan 8, 1996 to operate a veterinary clinic in this 500 square foot space sharing the waiting room and kennel area with the shelter. I have practiced in this space for the past 15 years and have had 3 amendments to my original lease.

Current situation:

In May of 2010, the city of Sitka loaned Burgess Bauder and Victoria Vosburg \$127,000 (minus \$47,000 for sewer and water utilities, \$12,983 to upsize the sewer service,) for a total loan amount of \$67,017. This loan was given with 0 down, 5% fixed interest for a 30 year term. While building his veterinary clinic he also was charged \$1 per year for 5 years to build and practice in the city facility built by him. All of this is in exchange for Dr. Bauder to charge nominal fees for veterinary services at the property.

Dr. Vosburg is currently practicing in the facility full time and charging full fees. This violates the intent of the loan for the property in exchange for charging nominal fees for veterinary services.

I am on record at the May 2010 assembly meeting that if you loan Dr. Vosburg and Dr. Bauder the money for the property and nominal fees are not charged in the facility, I would be asking for a reduction in my lease. I feel the City of Sitka has given my competition an unfair financial advantage and has significantly favored one business over another.

Please consider the following points when passing the fourth amendment to the Sitka Animal Hospital lease:

In exchange for \$10 a year lease Sitka Animal Hospital would:

1. Provide reception duties for the animal shelter during business hours
2. Provide the following services at the following rates for animals housed at the animal shelter (current rates provided by Dr. Bauder):
 - Dog spay - \$45.00 per animal
 - Dog neuter - \$30.00 per animal
 - Dog vaccinations - \$15.00 per animal
 - Cat spay - \$35.00 per animal
 - Cat neuter - \$15.00 per animal
 - Cat vaccinations - \$15.00 per animal
3. Provide hospital staff and doctor's time to treat sick and injured animals that are housed in the animal shelter
4. Assist animal control with dangerous animals

The original purpose of the space in the animal shelter presently used by Sitka Animal Hospital is for a shelter veterinary hospital. Passing this amendment ensures a functional animal hospital will exist to help shelter animals get spayed and neutered and treated for the next 5 years and provide the City of Sitka with a choice in veterinary care.

Value of services offered by Sitka Animal Hospital with passage of the 4th amendment to my lease:

1. Reception for shelter 8am – 5pm Monday through Friday
45 hours per week for a salaried employee.
\$2,500 per month cost to employer.
These reception duties allow more time for the animal control officer to patrol and enforce ordinances and helps animals get viewed and adopted quickly.
2. Costs – veterinary medicine
All animals adopted out need vaccinations and some need to be spayed or neutered. The following are average costs at the 2 hospitals charging full fees vs. nominal fees:

	<u>Full Fees</u>	<u>Nominal Fees</u>	<u>Savings</u>
Spay, vaccine dog	370	60	310
Spay, vaccine cat	300	50	250
Exam w/vaccine cat	94	15	80
Exam w/vaccine dog	76	15	61

On average 4-7 dogs and 5 cats are adopted out each month. Currently the nominal services are provided by Dr. Bauder who is nearing retirement. He is working part time and is not always available as he is involved in other businesses. The animal control officer transports the animals for spays and neuters to Dr. Bauder's clinic. By having the surgeries done at the shelter, the animal control officer will have more time in the field to enforce ordinances and her other duties.

3. Provide staff and doctor time to treat sick and injured animals housed at the shelter. This service gives the shelter access to free and immediate veterinary service on an as-needed basis. This is an invaluable service that is difficult to put a value on in terms of overall animal health.

My veterinary practice employs 6 people and has served the community for the past 16 years. I hope by passing this amendment we can continue to provide the services currently offered and help the animals at the Sitka Animal Shelter with spay, neuter, vaccine and medical care.

SITKA ANIMAL HOSPITAL
FOURTH AMENDMENT TO LEASE

THIS INSTRUMENT (hereinafter referred to as the "Fourth Amendment"), dated the _____ day of _____, 2011, is entered into by the CITY AND BOROUGH OF SITKA, ALASKA ("Landlord"), and DAVID J. HUNT, D.V.M., P.C., doing business as SITKA ANIMAL HOSPITAL ("Tenant"). The parties agree as follows:

1. **Identification of Lease.** Landlord is currently the landlord, and Tenant is currently the tenant, under a Lease, dated January 8, 1996, covering certain leased Premises in a Building located at 209 Jarvis Street in Sitka, Alaska, as such Lease was amended by a letter agreement between Landlord and Tenant dated February 28, 1997, by a Second Amendment to Lease dated September 3, 2002, by a Resolution passed by the City Assembly on August 12, 2003, and by a Third Amendment to Lease dated April 30, 2009. That Lease, as it has been so amended, is referred to below as the "Lease."

2. **Context of Fourth Amendment.** The parties have agreed that the term of the Lease will be further extended, and that the rent to be paid by Tenant will be reduced in recognition of certain additional animal shelter-related services that Tenant is to perform for Landlord. This Fourth Amendment is being entered into for those and related purposes.

3. **Extension of Term.** The term of the Lease provided for in Section 4 of the Lease is hereby further extended for a period of five (5) years from and after February 28, 2012 (the expiration date of the term heretofore in effect). Such additional period of five (5) years is hereinafter referred to as the "Third Extension Period." The term of the Lease, as extended for the Third Extension Period, shall expire on February 28, 2017.

4. **Option to Further Extend Term.** Tenant shall have the right and option to further extend the term of the Lease for an additional period of five (5) years (the "Fourth Extension Period"). The terms and provisions that shall apply during the Fourth Extension Period are the same as those that apply under the Lease as amended by this Fourth Amendment. Tenant's option to extend the term of the Lease for the Fourth Extension Period shall be deemed automatically exercised unless Tenant, at least 60 days before the end of the Third Extension Period, gives Landlord written notice to the effect that Tenant does not wish to so extend the term.

5. **Revised Rent.** From and after the date of this Fourth Amendment, and for the remainder of the term, the monthly rent payable under the Lease shall be \$10.00.

6. **Tenant's Assistance to Animal Shelter.** The Building which contains the Premises covered by the Lease also contains space that is currently used as an animal shelter for the City and Borough of Sitka. So long as that space in the Building continues to be used as an animal shelter for the City, Tenant shall, for no compensation (other than the reduced rent provided for in this Fourth Amendment), provide the following services to assist Landlord in Landlord's operation of an animal shelter in the Building:

(a) Provide reception services for the animal shelter, during the days and hours that Tenant is open for business;

(b) Provide doctors and staff to treat sick or injured animals that are housed in the animal shelter;

(c) Assist Landlord's animal control personnel with dangerous animals housed at the animal shelter; and

(d) Provide the following services, at the following rates, for animals housed at the animal shelter:

Dog - Spay(s) at \$45.00 per animal

Dog - Neuter(s) at \$30.00 per animal

Dog - Vaccinations at \$15.00 per animal

Cat - Spay(s) at \$35.00 per animal

Cat - Neuter(s) at \$15.00 per animal

Cat - Vaccinations at \$15.00 per animal

7. **Miscellaneous.** Any term used in this Fourth Amendment which is defined in the Lease shall have the same meaning herein, unless the context indicates that another meaning is intended. The Lease is intended to be and is supplemented and amended by the provisions of this Fourth Amendment, and hereafter the Lease and this Fourth Amendment shall be considered and construed together. All of the terms, provisions, conditions, and covenants of the Lease, as modified by this Fourth Amendment, shall be and remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Fourth Amendment to be executed on or as of the day and year first above written.

"Landlord":

CITY AND BOROUGH OF SITKA, ALASKA

By _____

Name: _____

Title: City Administrator

"Tenant":

DAVID J. HUNT, D.V.M., P.C., dba SITKA
ANIMAL HOSPITAL

By _____

David J. Hunt, President

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ACKNOWLEDGMENT

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MUNICIPAL ACKNOWLEDGMENT

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