

City and Borough of Sitka

PUBLIC WORKS

113 JARVIS STREET • SITKA, ALASKA 99835
PHONE (907) 747-4041 • FAX (907) 747-7668

MEMO

To: Mayor McConnell and Assembly Members
Jim Dinley, Administrator

From: Michael Harmon, Public Works Director
Gary Baugher Jr., Public Works M&O Superintendent *GB*

Date: November 20, 2012

Subject: Approve Amendment No. 1 to Ostrov Enterprises d/b/a Airport Gift Shop Sublease Agreement to add space L-4 previously subleased by Ground Control, LLC

Background

City and Borough of Sitka ("Sitka") owns the Airport Terminal Building ("Terminal Building"), which is built on land leased from the State of Alaska. Ostrov Enterprises ("Ostrov") currently has a sublease agreement ("Agreement") with Sitka at the Terminal Building for a gift shop. Ground Control LLC also had a sublease with Sitka at the Terminal Building in a different location for an espresso stand. The owner of Ground Control LLC has sold that business to Ostrov. Ostrov requests the Assembly approve amending its sublease to include the new lease space formerly operated by Ground Control LLC. The State of Alaska "Sublease Guidelines for Tenants" requires approval by the State of Alaska, Department of Transportation and Public Facilities, of any terminal tenant subleases amendments or assignments. Ostrov must obtain and provide proof of the required insurance coverage in accordance with the Agreement.

Recommendation

Approve Ostrov's Amendment No. 1 to Sublease Agreement Between The City And Borough Of Sitka And Ostrov Enterprises D/B/A Airport Gift Shop, contingent on receipt of proof of the required insurance coverage and approval from the State of Alaska, Department of Public Facilities of the amendment.

Attachments: Lease Agreement
Consent to Assign
Ordinance

cc: Theresa Hillhouse, Municipal Attorney
Jay Sweeney, Finance Director

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-44

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING THE SUBLEASE WITH OSTROV ENTERPRISES d/b/a AIRPORT GIFT SHOP AT THE SITKA ROCKY GUTIERREZ AIRPORT TERMINAL BUILDING TO INCLUDE ADDITIONAL SPACE

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. The purpose of this ordinance is to authorize an amendment to the current sublease with Ostrov Enterprises d/b/a Airport Gift Shop ("Ostrov") at the Sitka Rocky Gutierrez Airport Terminal Building ("Terminal Building") for additional space.

On April 12, 2011, the sublease with Ostrov was approved based on Ordinance No. 2011-10 for space L-6, consisting of 798 square feet at the Terminal Building. A 7-year sublease was approved, ending February 28, 2018, allowing for two successive 3-year extensions.

Ground Control, LLC which subleases space L-4 at the Terminal Building, recently sold its business to Ostrov and terminated its sublease with the City and Borough of Sitka. Ostrov purchased the equipment and inventory from Ground Control, LLC, and requests subleasing space L-4, consisting of 255 square feet. The space subleased by Ostrov would be for an espresso stand and/or gift shop.

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 L-4 based on the request of sublessee "Ostrov" to add this space to its current sublease. Ostrov 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;

- 1 B. Execution of the attached Amendment No. 1 To Sublease Agreement
2 Between The City And Borough Of Sitka And Ostrov Enterprises
3 d/b/a Airport Gift Shop is authorized; and
4
5 C. Approval of this sublease amendment is contingent on the State of
6 Alaska DOT&PF approval and consent.
7

8 5. **EFFECTIVE DATE.** This ordinance shall become effective on the day
9 after the date of its passage.
10

11 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and
12 Borough of Sitka, Alaska this 11 day of December, 2012.
13

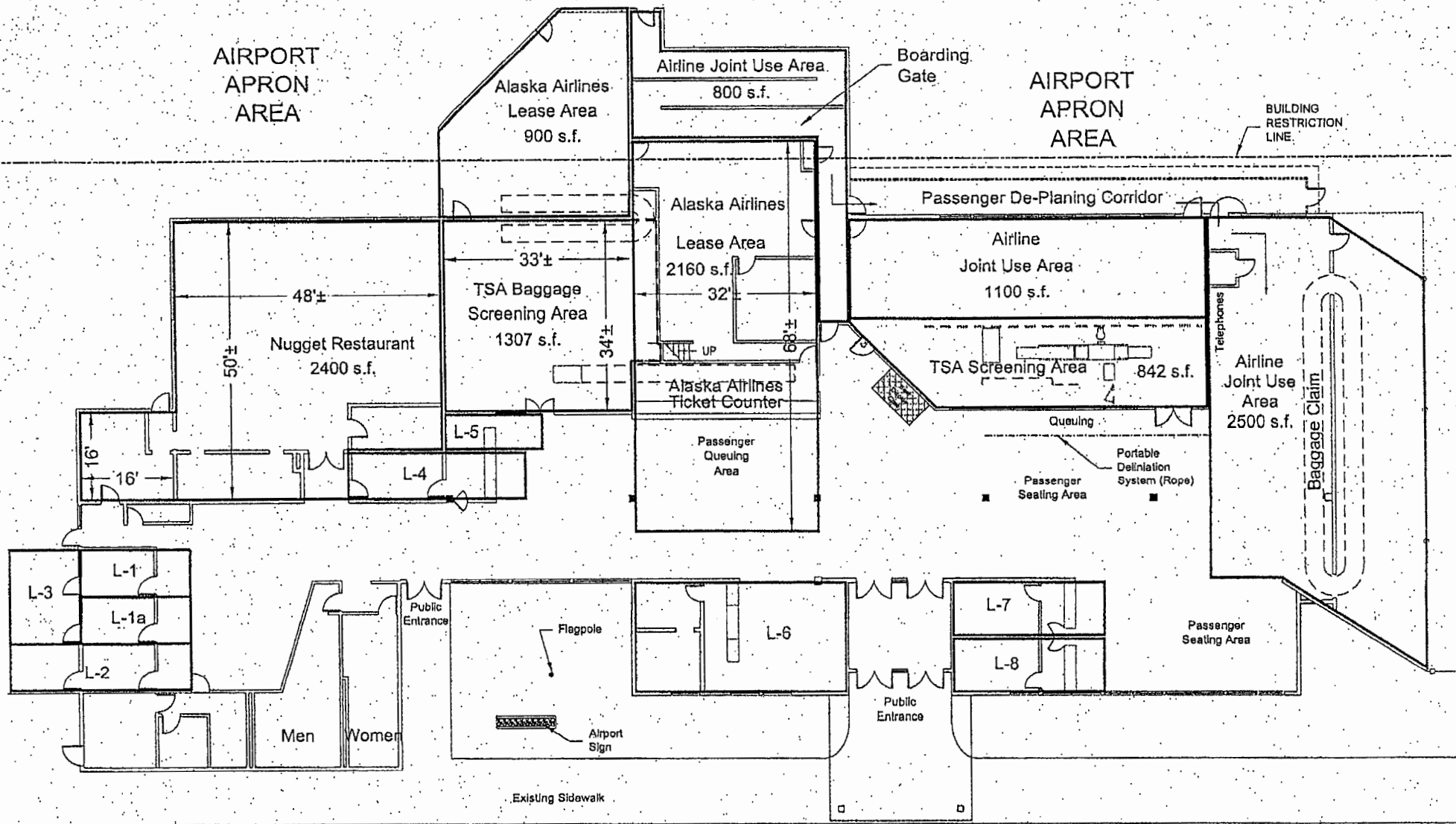
14
15 _____
16 Mim McConnell, Mayor

17 ATTEST:

18
19 _____
20 Sara Peterson, CMC
 Municipal Clerk

AIRPORT
APRON
AREA

AIRPORT
APRON
AREA



L-1 Counter & Office Space	214 s.f.
L-1a Counter & Office Space	214 s.f.
L-2 Counter, Office & Outside Storage Space	260 s.f.
L-3 Outside Storage Space	194 s.f.
L-4 Counter & Office Space	255 s.f.
L-5 Counter Space	114 s.f.
L-6 Counter, Office & Storage Space	798 s.f.
L-7 Counter & Office Space	243 s.f.
L-8 Counter & Office Space	249 s.f.

City and Borough of Sitka
 DEPARTMENT OF PUBLIC WORKS
 100 LINCOLN STREET • SITKA, ALASKA 99835
 TEL (907) 747-1804 FAX (907) 747-3158

**SITKA-R.G. AIRPORT
 SUBLESSEE
 USE AREAS**

DRAWN: PAR/TAD	SCALE: N.T.S.
CHECKED: 'RAR'	DATE: 10Feb05
DRAWING NAME: Leases Feb 05	
SHEET NO. 1 / 1	

EXH. A