

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #131 (2007-2008)

January 28, 2008

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: APPROVAL OF AMENDMENT NO. 1 TO MENTAL HEALTH
TRUST LEASE

ASD Goal: Establish and maintain a supportive and effective learning environment by providing safe, caring, barrier-free schools. Ensure public accountability through effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities, and effective communication with students, staff, parents, community and government at all levels.

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to amend the existing lease agreement with the Mental Health Land Trust (MHT) for space within its facility at 3745 Community Park Loop to include:

1. an additional space of approximately 7,415 square feet, an increase of \$37,372 in Fiscal Year 2007-2008 and an annual increase of \$149,487 thereafter;
2. janitorial services to begin August 1, 2008, at an increase of \$12,320 for Fiscal Year 2008-2009 and an annual amount of \$13,441 thereafter;
3. tenant improvement costs of the new space in an amount not to exceed \$400,000; and
4. extend the annual renewal options through June 30, 2020 for a total amount of \$113,678 in Fiscal Year 2007-2008 and \$238,112 (includes 11 months of janitorial service) in Fiscal Year 2008-2009 and an annual amount of \$239,232 beginning July 1, 2009. Consumer Price Index (CPI) adjustments will also be applied each fiscal year.

In addition, it is recommended that the School Board approve and authorize the Superintendent to process a budget transfer to the Maintenance Projects Department, Contracted Services - Building budget from anticipated

unexpended utility and contingency funds in an amount not to exceed \$400,000 to cover the tenant improvements.

It is further recommended that the School Board authorize the Superintendent to utilize the Design/Build project delivery method to accomplish the tenant improvements.

PERTINENT FACTS:

The District entered into a lease agreement with the Mental Health Trust Authority in September, 2005 to house the District's ACT program. The lease was for 3,785 rentable square feet at \$1.65/sf with annual CPI increases through June 30, 2010 with five (5) annual renewal terms. The current space cost is \$1.68/sf. The MHT building is directly across the street from the Whaley Center.

The proposed lease amendment will add approximately 7,415 sf of rentable space, extend the renewal options through June 30, 2020, provide tenant improvements in an amount not to exceed \$400,000, and add janitorial services. The proposed lease amendment will become effective February 1, 2008 with lease payments beginning April 1, 2008 allowing the District access to the building to complete the improvements.

The District's ACE program is currently housed at the King Career Center (KCC). Due to the expanding curriculum at KCC, it has become necessary to move the ACE program into another facility to allow for the physical expansion of KCC's programs. The purpose of the ACE/ACT programs is to increase student participation in the community by providing instruction for functioning in a variety of settings. The curriculum concentrates on work maturity skills, self help skills, communication skills, social skills and recreation/leisure skills; all with the goal of giving the students as much independence as possible in their adult lives. This instruction is best provided in a community-based setting rather than a school setting. The MHT facility is in close proximity to other agencies that support our students and is located near access to public transportation. A space large enough to house the ACE program became available at the MHT building this previous spring. The space will include classrooms and staff offices as well as small meeting rooms. The addition of this space will increase the square footage of the lease to approximately 11,200 sf.

The initial term of this lease was September, 2005 through June 30, 2010 with five (5) annual renewal options through June 30, 2015. The proposed amendment will extend the annual renewal options through 2020. The annual renewal options will be consistent with the current extension options in the District's

Education Center lease agreement allowing for the District's maximum flexibility in program location.

The available space at the MHT building is currently not in a configuration that optimizes the programmatic needs of ACE/ACT. Accordingly, the Facilities Department has been working with the Special Education Department program to identify their needs and space requirements. To complete these improvements in time for the 2008-2009 school year, the District will be responsible for the tenant improvements. It is anticipated that the tenant improvements will be complete by August 1. The tenant improvements will necessitate a budget transfer of \$400,000 to the Maintenance Projects Department, Contracted Services - Building budget in the current year. Funds will be transferred from anticipated unexpended utility and contingency funds. If the actual cost of the tenant improvements is less than \$400,000, funds will be transferred back to the original source of the budget transfer.

The Facilities Department has evaluated the procurement delivery method alternatives to complete these tenant improvements. The evaluation concluded that by utilizing the Design/Build method for these improvements there would be cost and efficiency advantages due to the ability of the Design/Builder to design, procure materials, permit, and construct the project concurrently. Thereby, providing the most economical and timely completion of these critical ACE Program needs. The Design/Build method is authorized by School Board policy 725.213.b.

Both the ACT and ACE programs provide community based instruction within the life skills curriculum, supporting the transition into adulthood for our students 18-22 years of age. The Individual Education Plan of the Individuals with Disabilities Education Act (IDEA) requires this type of instruction. Accordingly, when the ACT program moved to the MHT building, no janitorial service was included in their lease. The Operations Department has provided janitorial service as well as quarterly cleaning services in the ACT space of the building. Although the students provided the janitorial services as part of their training, it has been determined that more thorough janitorial services should be provided for deep cleaning, sterilization and quarterly services. The proposed amendment will include janitorial services three days per week beginning August 1, 2008 at an additional cost of \$.10/sf.

Upon review of current District and charter school leases as well as a market review of E-1 space in Anchorage, District staff members have concluded that the proposed lease amendment provides a good value to the District. Current leases range from \$1.30 - \$2.00/sf while the current market rate of E-1 space is approximately \$2.15 - \$2.50/sf. The proposed amendment will allow the

program manager and staff of the adult Special Education programs to be at the same location with their programs providing operational efficiencies as well as to better serve the public.

CERTIFICATION OF FUNDS:

Fund Description:

- (01) General Fund (FY 2007-2008)
- (106401) Maintenance Projects
- (166705) ACE/ACT Program
- (3080) Contracted Services - Building
- (3200) Rental – Land & Buildings

<u>Fund Source:</u>	<u>Fund</u>	<u>Funding</u>	<u>Account Code</u>	<u>Amount</u>
Maintenance Projects	01	106401	106401-3080	\$400,000
ACE/ACT Program	01	166705	166705-3200	<u>\$113,678</u>
			Total	<u>\$513,678</u>

CC/GV/PC

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