

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #39 (2004-2005)

August 23, 2004

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: LETTER OF INTEREST: LEASE CONSOLIDATION

RECOMMENDATION:

It is the Administration's recommendation that the School Board authorize the Administration to solicit letters of interest from building owners or developers in response to the unsolicited proposal for lease consolidation submitted by JL Properties; to issue an RFP for lease consolidation if the District receives one or more credible letters of interest in response to the solicitation; and to negotiate the terms of a lease with JL Properties, subject to Board approval, if there is no response to the solicitation of letters of interest. The successful respondent will comply with the public site review process, as a condition of the lease agreement.

PERTINENT FACTS:

The District currently leases approximately 103,000 square feet of office space in five locations for its administrative use. Leases for each of these spaces expire on June 30, 2005, with options to renew for five years. To attain efficiencies of operation and to better serve the public, the District has attempted on three occasions to consolidate its administrative functions. The first two attempts were bond propositions included in the 2003 and 2004 Municipal elections, neither of which passed. The third attempt was an RFP for consolidated lease space issued in April, 2004, which received three responsive offers, each of which was rejected due to cost exceeding current lease rates.

Recently the District has received an unsolicited offer from JL Properties for partial consolidation of District administrative space at the Boniface Mall location. Specifically, the proposal would provide approximately 60,000 square feet of office space on a fully serviced basis. The proposed lease area includes 17,000 square feet the District currently leases within the Boniface Mall, plus a substantial portion of the now vacant eastern section of the Mall (the area formerly occupied by Pay-N-Save). JL proposes to repaint and install new carpet in the space currently occupied by the District. JL proposes that the approximately 44,000 square feet of new office space would be designed in an

“open office” concept, with extensive renovation of the area, including new mechanical and ventilation, upgraded electrical, extensive glazing, and a new roof.

JL proposes to work closely with the District’s representatives to develop further design criteria and specifications for the newly offered space. The JL proposal will allow the District to consolidate several office spaces that are now leased in widely scattered areas of Anchorage at a cost that results in no net increase in occupancy costs over the District’s current leases (assuming the current leases are extended until 2010). JL maintains that it can offer the District competitive lease rates at no net increase in occupancy costs because JL can renovate the Boniface Mall less expensively using its own design than it could have under the design constraints contained in the District’s recent RFP. JL promises it can deliver quality office space. District representatives will work closely with JL and its designer – RIM Design – to ensure the new office space complies with the District’s standards and meets the District’s needs, if this proposal is accepted. This proposal would combine all currently leased offices, with the exception of the DeBarr Administration Building.

Legal review by JDO indicates that the District has authority to enter into a sole source procurement with the proper justification and with Board approval. The Administration strongly supports this effort to consolidate its administrative offices, given the benefits of improved public service, staff efficiency, and reduction in staff travel.

CC/GV/JS/RA/PC/RB/re

Attachments:

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