

# MEMORANDUM

CITY/BOROUGH OF JUNEAU

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**TO:** Alicia Hughes-Skandijs, Chair of the Assembly Lands Committee

**FROM:** Dan Bleidorn, Lands and Resources Manager *Daniel Bleidorn*

**SUBJECT:** Mayflower Building Lease Renewal

**DATE:** April 4, 2024

The Montessori School has leased the Mayflower Building from the CBJ since 1992. The fair market value for the Mayflower Building was established by appraisal in 1993 and found to be \$2,000 per month. The lease rate has not been updated to a current fair market value since 1993. Section 4 of the lease states that “the manager is only authorized to renew this lease with a rental rate at the fair market value. If the Lessee seeks to renew the lease at less than fair market value, then the Assembly must first authorize the reduced rental rate.”

The current lease was signed in 2015 and was authorized by Ordinance 2014-44. In 2014 fair market value was determined by appraisal to be \$3,255 per month. In 2014 the Lands Committee and Assembly chose to keep the lease rate flat at the 1993 amount of \$2,000 per month, since it was covering the costs of maintaining the building. Since 2014, the building maintenance costs have gone up and the lease rate no longer covers the costs to maintain this building. It currently costs roughly \$2,100 per month to maintain the Mayflower Building and FY25 it will cost \$2200.

On May 18, 2020, staff received the attached letter from Laura Talpey, the Executive Director of the Juneau Montessori School, requesting the lease be renewed, and that it continue to be at less than fair market value. The LHED Committee reviewed a new lease renewal request at the June 6, 2020, meeting and due to the pandemic, the lease rate was not increased, and a new lease term was not signed. The Committee provided a motion for a one-year term since that time this lease has been extended on a monthly lease until a new ordinance is authorized. Based on previous Assembly direction regarding this lease, and the continued Assembly goal of childcare, staff are recommending a lease rate less than fair market value in accordance with 53.09.270. Upon a motion from this Committee, an ordinance will be introduced with lease terms and conditions.

**Lands staff requests that the Lands, Housing, and Economic Development Committee pass a motion of support to continue to lease property to the Montessori School for less than fair market with the increased the rate of \$2,200 per month.**

Attachments:

1. May 27, 2020, LHED Memo and Attachments