

Board of Education Regular Board Meeting

Della Lutes Property Update

Sandra Elka, Assistant Superintendent, Business & Operations
November 7, 2024



Property Summary

- September 2015 – property leased to New Gateways
 - Initial Lease period 9/1/2015 – 10/31/2025
 - Options for two five-year extensions: 11/1/2025 – 10/31/2030 and 11/1/2030 – 10/31/2035
 - Option can be exercised by the tenant in writing 120 days before end of current lease period

Year	Rent per square foot	Annual revenue	Total revenue
2015	\$0.00	5 months free	5 months free
2016 – 2020	\$6.00	\$197,298	\$986,490
2021 – 2025	\$6.50	\$213,739	\$1,068,697
2026 – 2030	\$7.00	\$230,181	\$1,150,905
2031 – 2035	\$7.50	\$246,623	\$1,233,113



Property Expenses

Expenses	Annual normal estimate expenses	Additional spent in the last 12 months above normal expenses	Expected spending in the next few months	Future possible expenses for next five years
Custodial, utilities, lawn, garbage, snow, misc	\$101,329			
Roof repairs		\$4,225	\$6,865	\$1,038,460
Fire alarm system		\$3,414	\$59,295	
Maintenance		\$9,866	\$1,850	\$375,710
Paving repairs		\$21,280		
Total	\$101,329	\$38,785	\$68,010	\$1,414,170
Total Current/Expected	\$208,124			

An annual roof inspection is in progress; additional expenses are possible.



Property Options

- Extend lease
 - Extension would be first option of five years, November 1, 2025 to October 31, 2030
 - Determine if any renovation will need to be done during the new lease period
- End lease and demolish the building
 - End lease as of October 31, 2025
 - After building is vacated, prepare bid for demolition
 - Funds would come from 2020 Bond
- Sell building to New Gateways
 - Determine criteria for a successful sale, e.g. timing and price



Next Steps

- Extend lease
 - Contact New Gateways in writing to extend lease from November 1, 2025 to October 31, 2030
- End lease and demolish the building
 - Contact New Gateways in writing to end lease as of October 31, 2030
- Sell building to New Gateways
 - Contact New Gateways to begin negotiation for a sale

