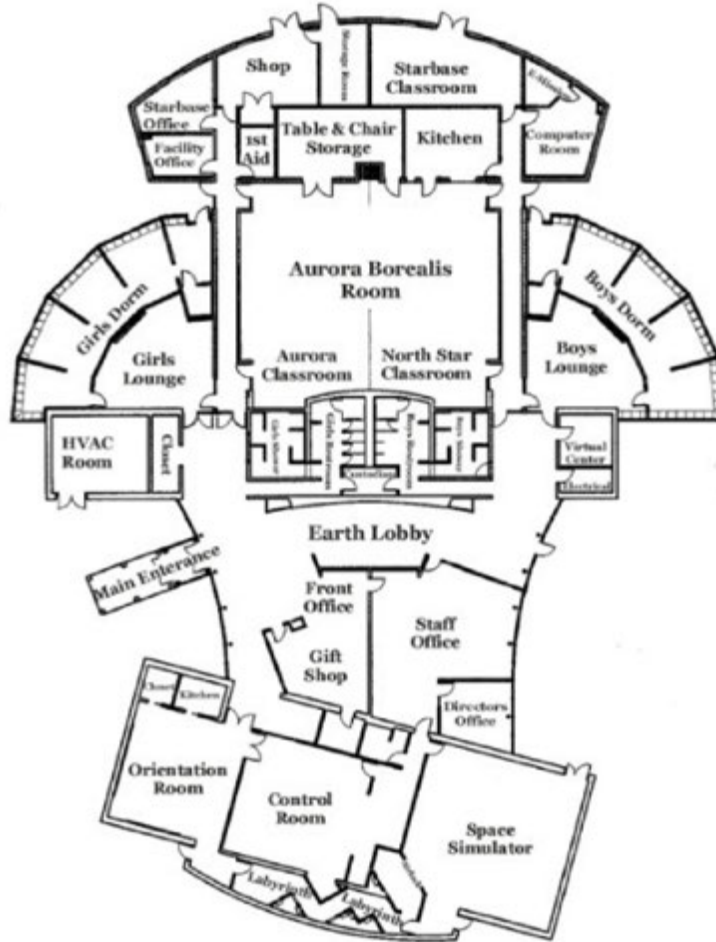


December 17, 2025



Challenger Learning Center Facility Update

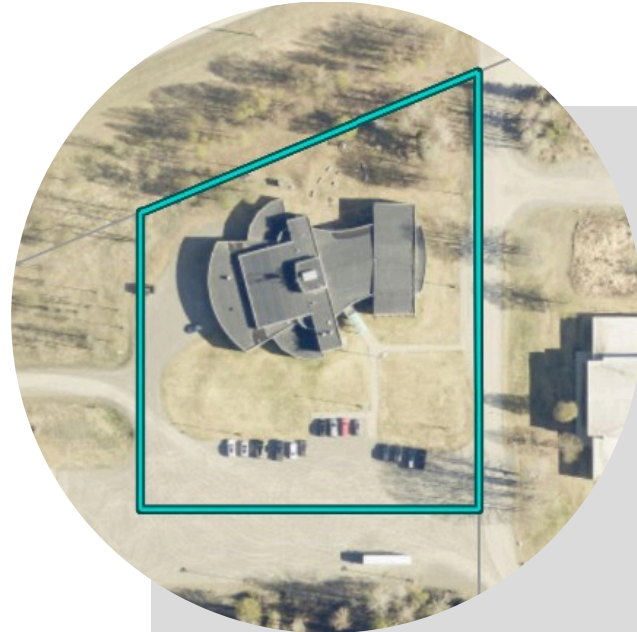
Kenai City Council Work Session

Background & Transition

The Challenger Learning Center formally notified the City that it would cease operations and terminate its lease, which took effect on November 15, 2025.

Administration worked cooperatively with Challenger representatives to ensure a smooth transition.

Upon termination, title to the building vested in the City, which now assumes responsibility for utilities, insurance, and routine maintenance.



KPB Parcel ID: 04501022

Physical Address: 9711 Kenai Spur Hwy

KPB Assessed Value: \$8,229,700

Acreage: 2.3

Year Built: 1999

Total Square Footage: 19,109

Current Costs & Budget



The City is now responsible for all operational costs associated with the building.

Estimated costs from November 15, 2025 through June 30, 2026 are **\$82,950**

Estimated Costs include:

- Electric ~\$3,250/month
- Gas ~\$3,300/month
- Water/Sewer ~\$160/month
- Fire alarm/satellite ~\$55/month
- Building automation ~\$1,550 annually
- Internet ~\$160/month
- Insurance ~\$16,000 annually
- Chairs, tables, equipment \$10,000 (one-time)

A supplemental appropriation to cover these unbudgeted costs is scheduled for a public hearing at the December 17 Council Meeting

Annual estimated costs are **\$100,650**

Public Works Facility Assessment

Public Works has reviewed the facility history and completed walkthroughs with previous operations staff. Major findings from their assessment are as follows:

Building Interior/Exterior:

The facility is in good condition and well maintained. No immediate issues were identified. The roof will likely need replacement in approximately seven years at an estimated cost of \$2–3 million. Lighting was recently converted to LED.

Fire Alarm System:

The system will be evaluated during the City's annual building inspections next summer. Minor repairs or component replacements may be needed due to normal wear.

Mechanical Systems:

Staff completed repairs on boilers and they are operational, with an expected remaining life of 10+ years. Some pumps may need replacement as well as repairs to the air handling and controls systems at an estimated cost of \$100,000. A mechanical contractor is scheduled to perform full boiler servicing and identify any issues.

Accessibility and Code Compliance:

No current or anticipated concerns.

Buildings staff will continue to monitor facility for issues through regular walkthroughs and inspections.

Deed Restriction

The Borough's deed includes a restrictive covenant limiting the property to "government purposes."

This includes uses by federal, state, or local government that provide a public benefit.

Some potential uses may fit within this definition; others may require the City to request modification or removal of the restriction.

Administration plans to seek removal of the deed restriction to provide the greatest flexibility moving forward.



Restrictive Covenant

Restricting the land to government purposes. Government purposes means lands that may be or are required for use by federal, state or local governmental entity. Such uses include existing and future school sites; sites for service area facilities; or, any governmental use determined to be beneficial to the public.

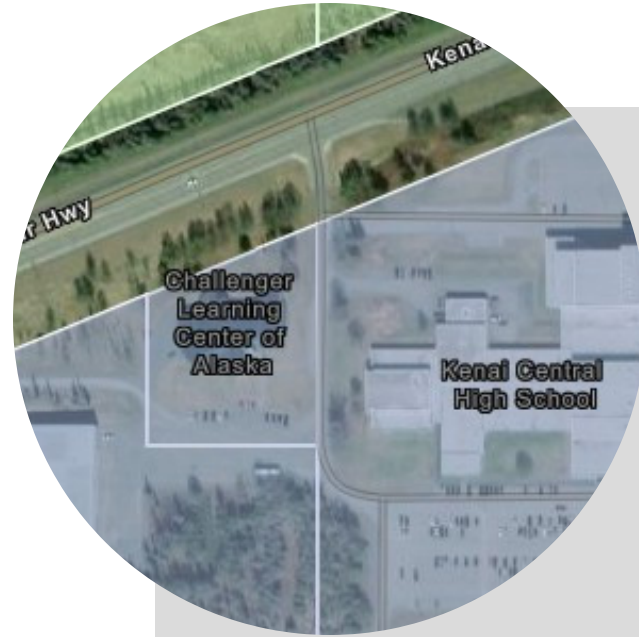
Zoning Considerations

The property is zoned Educational.

Potential future uses may or may not be compatible with this zoning.

Administration recommends no action on zoning at this time.

Zoning will be reviewed for any potential use and needed adjustments will be made at that time.



Education Zone

The Education Zone is intended to provide for an area primarily of education and related uses such as schools, dormitories for educational purposes, parks and recreation, libraries and museums.

Evaluation as a Public Safety Facility



The City previously engaged a professional design consultant to assess long-term needs for Police, Fire, and Dispatch.

The current public safety building, built in 1973, has seen multiple additions and is aging.

The former Challenger facility may be suitable as a future Police or Fire Department location.

If Council is interested, Administration can request that the design consultant assess the facility as part of the public safety needs assessment and bring findings back at a future meeting.

Request for Interest

Administration is considering a Request for Interest (RFI) to solicit letters of interest from businesses or nonprofit organizations that may want to lease or use the facility.

An RFI would help gauge the range of externally driven options available for Council consideration.

The City's Land Management Plan currently classifies the property as “Dispose – Lease Only” based on the long-term lease to the Challenger Center through 2098.

With the lease now terminated, this designation in the Land Management Plan may need to be updated.

As part of the RFI process, Administration could host an open house or guided tours for interested parties.



Coordination with Educational Partners

The facility's location near Kenai Central High School may make educational partnerships feasible.

Administration has had preliminary conversations and can continue outreach where appropriate.

Potential educational partners include:

- Kenai Peninsula College/UAA, for academic or workforce training use
- The Kenai Peninsula Borough School District
- Alaska Vocational Technical Center (AVTEC), for workforce training programs
- Charter Schools



Potential Use for School or Athletic Team Lodging

Community members have asked whether the facility could again host visiting school or athletic teams, as occurred under Challenger's operation.

This use would likely require a third-party operator, such as a nonprofit or partner organization, to manage scheduling and supervision under a Special Use Permit.

Operational needs include heating, lighting, custodial services, and other City-incurred costs during periods of occupancy, as well as identifying any required purchases such as furnishings or equipment.



Next Steps

Administration will use feedback from tonight's discussion to prepare information, analysis, or proposals for future Council meetings.

No decisions are being made tonight; this is an opportunity to clarify interests and identify which possibilities warrant deeper evaluation.

