

**ASSEMBLY STANDING COMMITTEE  
COMMITTEE OF THE WHOLE  
THE CITY AND BOROUGH OF JUNEAU, ALASKA**

April 29, 2019, 6:00 PM.  
Assembly Chambers - Municipal Building

**AGENDA**

- I. ROLL CALL**
- II. APPROVAL OF AGENDA**
- III. APPROVAL OF MINUTES**
  - A. February 4, 2019 Assembly Committee of the Whole**
- IV. AGENDA TOPICS**
  - A. Business Case for new City Hall**
    - Packet items include:
      - Executive Summary
      - NorthWind Analysis
      - Powerpoint Presentation
  - B. Senior Housing Land Purchase**
  - C. Senior Housing Tax Abatement**
  - D. Sleep Off Update**
  - E. Child Care Committee's Report**

**V. ADJOURNMENT**

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**ASSEMBLY STANDING COMMITTEE  
COMMITTEE OF THE WHOLE**

February 4, 2019, 6:00 PM.

Assembly Chambers - Municipal Building

**MINUTES**

**I. ROLL CALL**

Deputy Mayor Maria Gladziszewski called the meeting to order at 6:00 p.m.

Assemblymembers present: Mayor Beth Weldon, Maria Gladziszewski, Mary Becker, Loren Jones, Rob Edwardson, Carole Triem, Wade Bryson, Michelle Hale, Alicia Hughes-Skandijs

Assemblymembers absent: None

Staff present: City Manager Rorie Watt, Deputy Manager Mila Cosgrove, Municipal Clerk Beth McEwen, Chief Housing Officer Scott Ciambor; Community Development Director Jill Maclean, Housing and Homelessness Coordinator Irene Gallion

**II. APPROVAL OF AGENDA**

*The agenda was approved as presented.*

**III. APPROVAL OF MINUTES**

**A. January 14, 2019 Assembly Committee of the Whole Minutes**

**MOTION** by Ms. Becker to approve the minutes with corrections. *Hearing no objection, the minutes of the January 14, 2019 Committee of the Whole meeting were approved with corrections.*

**IV. AGENDA TOPICS**

**A. Census 2020 Presentation**

Ms. Cosgrove introduced Census 2020 coordinator Barbara Miranda.

Ms. Miranda gave a presentation on the upcoming Census 2020, including the history of how the census has evolved over the decades, how it will be conducted in 2020 and the importance of getting as high a count return as possible. She explained the steps they hope to take, with the help of CBJ, on encouraging people to participate and respond to the census. She explained that approximately \$2.1 billion in federal funds provided each year is allocated to Alaska which comes out to approximately \$3,000 per Alaskan counted. Those funds go towards programs that include, but are not limited to, transportation infrastructure and services, job training centers, school funds such as Title 1 grants, national school lunch programs, Section 8 housing vouchers, medical assistance, and senior and foster care programs.

The goal is to have a Complete Count Committee working during the year leading up to the census for public awareness and to help increase actual census return rates once it does take place. There are two partnership specialists located in Juneau, Ms. Miranda and Ms. Myrna Gardner. They are hoping to create a Complete Count Committee with the United Way as a partner and part of their efforts will include recruitment of census workers that will bring jobs to Juneau and Alaska. Census Day is April 8, 2020. Alaska is unique in that there will be a remote start in January 2020 in the remote interior of Alaska during which the Census will be hiring local Alaskans to be enumerators. The main focus period everywhere else will run March 23-April 8, 2020.

Ms. Miranda answered a number of questions from Assemblymembers including those pertaining to the citizenship question (which is still going through the court process) and the impact that under counts has on Alaska; in particular, the under counting by 43-55% in rural areas.

Ms. Gladziszewski asked what, if anything, the census workers were requesting of CBJ at this time. Ms. Miranda explained that, historically CBJ has taken somewhat of an organizational role to pull together a group of people. She noted that traditionally the Deputy City Manager has been organizing the Complete Count Committee by invitation and the Assembly has been very supportive of the committee's work.

Ms. Gladziszewski asked if any of the members had any objections to the formation of the Complete Count Committee and support from the Deputy City Manager. Hearing no objection, CBJ staff will work with the Census staff and the Complete Count Committee.

## **B. Request to Rename Willoughby District**

Mr. Watt explained the packet contained a cover memo from him and a letter from Fran Houston requesting the Willoughby District be renamed Auk Village. This is currently being worked on in the Blueprint Downtown Committee and Mr. Watt didn't know if the Assembly wanted to refer this to that committee or keep it at the Assembly level.

During Assembly discussion, they were generally in favor of renaming it to something traditional and wanted additional information on the history of that area to be brought back to the Committee of the Whole for additional review and work. Assemblymembers also expressed a desire for an opportunity at which public comment could be taken on the matter whether that might be in the COW before going to the full Assembly or at another venue.

Mr. Watt said he will try to bring some historical information along with maps back to the committee that might help everyone understand the land of the Aak w Kwaan people in the area.

## **C. Subport Update (MHT Property)**

Mr. Watt said he was happy to report that the Mental Health Trust "Trust" will be selling Lot C1 which is considered the "construction yard" area on the subport property. He explained that this is a great opportunity for Juneau and is 3 acres with about 2 of those acres being filled uplands.

Over time, there have been many ideas floated on possible uses for that land and the Trust is charged with managing their land in the best interest of the beneficiaries of the Trust. Mr. Watt said that the Trust is actually two separate entities: 1) Land Office and 2) the Mental Health Trust "The Trust" office. He went on to explain that the Trust has been very generous to CBJ for things such as Housing First, grant funding for Housing/homelessness, etc... Whereas, the Land Office, which is tasked with making the most of the land for sale to benefit the trustees, has been difficult to work with but that is now all water under the bridge.

He said that the Land Office is looking at offering this property for sale using some type of auction to the highest bidder after they review the appraisal which is estimated to be around \$3 Million. They have put out an RFP for a broker to manage the sale and although it is a slower process than CBJ might wish, it is moving and they anticipate that will be done by this summer.

Additional discussion took place and Mr. Watt answered a number of questions from Assemblymembers about the tidelands vs. uplands ownership and how it may or may not eventually affect the seawalk. He also answered questions about the process that occurred with the Trust's Lands Office up to this point. When Mr. Bryson asked about whether CBJ had ever expressed an interest in owning the parcel, Mr. Watt explained while CBJ is always invited to the table when waterfront land discussions are taking place, he would be hesitant for CBJ to step into a land

purchase when private sector entities have already expressed an interest in purchasing it. He did note that in respect to the seawalk, it is rather flexible and they eventually want a complete walkway for pedestrian access between the rock dump and the Juneau-Douglas Bridge. He said that he hopes to encourage and work with any private property owners to negotiate keeping the seawalk pathways open to pedestrians while meeting all parties needs.

#### **D. Housing Action Plan Strategy Prioritization (Assembly Goal)**

Ms. Gladziszewski noted that at the Assembly retreat they wanted to receive an update on the priorities of the Housing Action Plan (HAP). Chief Housing Officer Scott Ciambor gave an status update on the areas identified by the Assembly at its retreat of prioritizing the Housing Action Plan next steps to improve downtown housing, examine the status of the Affordable Housing Commission, and to identify the next CBJ owned parcels for residential development.

Mr. Ciambor provided an overview of the Housing Action Plan along with a spreadsheet outlining the strategies, the status, and the metrics of those items requested above by the Assembly. He noted that he will be providing the housing data indicators that are tied to the metrics as a quarterly report in the future.

Mr. Ciambor said that most recently, the Assembly has been working on the Affordable Housing Fund (AHF) and most currently the discussion of the program guidelines. They had requested that an additional piece be added to that but in order to move forward with the Affordable Housing Fund, the role of the Affordable Housing Commission needs to be finalized as currently, the governing legislation for that commission gives them the authority to monitor the Affordable Housing Fund. He said the status of the commission is currently under review at the Assembly Human Resources Committee so he will be interested to see the direction the Assembly takes on that.

With respect to making land available to the public for residential development, he updated them on the status of the Pederson Hill project and also noted that Renninger Subdivision also has some lots still available for purchase. The Lands Division is working on those parcels for sale.

Mr. Ciambor then referred to the last portion of his memo that speaks to engagement with developers, on project development, is ongoing and he, as well as Lands and other departments, are often asked about how the city can play a role in potential big projects, whether those are senior assisted living projects, or working on some of the big properties downtown. He noted the current work being done by the Blueprint Downtown Committee project and that there is an entire section of the Housing Action Plan that is devoted to downtown. He said the Assembly will be hearing soon about the progress on that through CDD's report from the Blueprint Downtown Committee work.

He said with respect to the medium horizon goal around the tax abatement program, he recently sent an email to the Assembly about a tax abatement program that is being launched in Anchorage following a recent bill passed by the Alaska Legislature. He said that topic has been discussed before at the Assembly Finance Committee and will likely come before them again soon and especially as the work of the Blueprint Downtown Committee moves forward.

Mr. Ciambor reported that various CBJ departments including JPD, CDD, Law, and Admin have been in discussions about coming up with some solutions to the blighted property issue and will be bringing something to the Assembly in the future for its consideration. He said that the good news is that more than half the strategies identified by the Assembly's goals on housing are either in place or in process.

Mr. Watt said that with respect to the Assembly's goal "To prioritize Housing Action Plan strategies" staff would like the Assembly to give them some direction. He said that if they have higher priority/shorter term things that the Assembly wants staff to work on, he would like to hear those.

Assemblymembers and Mr. Watt discussed the processes involved in implementing the Housing Action Plan and the timings of the different priorities. They had discussions regarding the type of the

direction the Assembly has given to staff regarding the role of the city, how best to approach the HAP strategies. Mr. Edwardson asked whether staff felt the Assembly had given them enough direction and if a change in direction was in order, if that would jeopardize the work already in progress. Mr. Watt said that in hindsight, it may have been a better approach to do something similar to a model currently being used by the Child Care Committee. He and Mr. Ciambor shared the great amount of work that has been accomplished since the HAP was adopted and that they are two years into it a 30 year plan. They talked about the big picture approach vs. the granular approach and trying to find the best fit for the Assembly in those two approaches. Mr. Watt explained that if they did need to change direction, they could and would.

Ms. Gladziszewski noted that one of the things they continue to hear about is the need to change their development standards, zoning, and over regulation by the city. She also noted that an overall message from the plan writers indicated that if the city wanted to intervene and assist with development, it would cost quite a bit of money to the tune of approximately \$40,000 per unit. Ms. Gladziszewski asked where we were with respect to standards, zoning, and regulatory changes.

Mr. Ciambor noted that Chapter 7 of the Housing Action Plan is the area that speaks to those issues and that CDD staff along with the Planning Commission through the work of the Title 49 Committee have begun work on those pieces of the plan. Recent work was done with the alternative residential subdivisions and more work will be coming in the future.

Some of the key priorities members identified that they wished to hear more about included the downtown quality housing and getting more people living in the downtown area year round and the concerns surrounding blighted properties and the role of the city in addressing those. Members also expressed their appreciation for the information provided and look forward to seeing the quarterly housing indicator/metric reports.

#### **E. Future of Sleep Off/Homeless Services**

Mr. Watt said that the packet has a memo from him about the future of the sleep off facilities currently provided at the Rainforest Recovery Center (RRC) at Bartlett Regional Hospital (BRH). He said that staff has been puzzling over how best to provide the sleep off services while making the best use of taxpayer money. He explained that BRH receives \$1.5 Million annually from liquor and tobacco taxes that are used for the purposes of providing addiction recovery and sleep off services. The sleep off piece is housed in the RRC and is just for that purpose - to allow those who are too inebriated or incapacitated to be able to care for themselves, a place to sleep it off until they can care for themselves. Mr. Watt said that out of the \$1.5 Million that is given to BRH, approximately \$850,000 of those dollars are used for the staffing and transportation of the sleep off program. He said he didn't know when the sleep off program began and that Mr. Jones may know more about that but with the opening of housing first phase I, the night utilization at sleep off is down substantially and that essentially half the nights in a month, no one sleeps at sleep off. In terms of bed utilization per night, calculations come out to approximately 20-25% usage. That is a good thing with fewer people needing that service but it has triggered them to look at better ways to deliver the same service more efficiently.

The main expense relating to sleep off is the cost for staffing, checking on people, transporting them and monitoring them during the period they are using the sleep off facility. Mr. Watt said that in light of that, they have looked at the possibility of transitioning this service to CCFR since their staff is already providing a large portion of those response calls. He said this may be a good program fit for CCFR to provide for a career ladder opportunity for CCFR staff. He said they are not looking for any decisions at this time from the Assembly but wanted to inform them as to the discussions they have been having as well as the possible solutions they are exploring.

Ms. Gladziszewski asked Assemblymembers if they had any questions for staff.

Mr. Jones said he has thousands of questions. He commented that in December of 1975, he started driving the van as a city employee picking up the inebriates downtown. He said he'd like to remind the

Manager that state law requires that a person who is incapacitated is required to be taken to a health care facility or approved treatment facility. He also reminded the Manager that CBJ paid a wrongful death suit because JPD took someone to corrections, corrections sent them back to the hospital in an ambulance, they were seen by a nurse in the ambulance and were sent back to the jail and they died at the jail. He said this is serious business and not just having a nice warm place for someone to sleep off inebriation. He said that BRH has been trying to get rid of RRC for quite some time and that BRH needs to meet its responsibility to provide health care to the community and shouldn't be pawning this off on CCFR. He said he thinks the Manager is going in the wrong direction with this and should be working with the hospital and not move this over to CCFR and that he would never support such a proposal.

Ms. Hale said it is hard to compare Juneau to other areas of the state in that there are not a large number of communities of the same size and isolation that Juneau has for comparison purposes. That said, she would like to know more about how other communities in Alaska address this, especially in light of Mr. Jones' comments about the statutory requirements.

Mr. Watt said that he has had some conversations with Alaska Mental Health Trust staff about this and was told that it is different from community to community. He said that it is not necessarily consistent or stable. He said that in Anchorage they tried for a while to have a contractor and that fell through due to insurance and liability issues. Some of the Native Health Consortiums have different solutions.

Mr. Watt said in response to Mr. Jones' comments that he would object to some of what Mr. Jones said. Mr. Watt stated that no one is trying to pawn anything off, but they are trying to look at all possible solutions. He also noted that he in no way directs BRH Board or BRH staff and that this may be a topic of discussion the Assembly may wish to have with the BRH Board when they meet together for their joint meeting. Mr. Watt said that his main thought in working on this issue was what would be the best use of the \$1000/night funds currently being spent on this program and whether they could find more efficient ways to deliver the services needed while potentially lowering the cost to provide those services.

Mr. Edwardson said his concerns are that when the sleep off center is needed, it is needed and compared it to a fire extinguisher that is not needed for 98% of its life but does exactly what it is needed for in that small percentage of time that it was desperately needed. Same thing with the sleep off center. He felt that the Housing First is still quite new and they don't know what the trends will be so he felt it may be too soon to begin making drastic changes.

Mayor Weldon said that she agreed with Mr. Jones that this program remain with BRH. She went on to ask about the costs associated with the BLS crew when they added that to CCFR. She also asked about the staffing hours at Housing First's clinic. Mr. Watt responded that the staffing hours of the Housing First clinic are just during regular business hours. He said in look at every non-profit in town and particularly the social service dollars and those non-profits are stressed and don't have very much funds. He said they felt that \$850,000 was a lot of money to provide these services and they were just looking for a better way to spend public dollars. He's not closed to any ideas but he is also open to options.

Ms. Cosgrove looked up the BLS numbers Mayor Weldon asked about. She said that in looking at the budget submission just the seasonal BLS from May through September personal services cost approximately \$227,000 for a 12 hour shift. If they were to extrapolate that, it would come out to approximately \$500,000/year for a 12 hour shift.

Mr. Bryson said he has had a few firefighters address him about this topic and they are not in favor of it. Mr. Bryson asked if this is something that might be able to be combined with the the cold weather shelter and possibly have volunteers providing some of the staffing.

Ms. Gladziszewski said she appreciates staff looking at how we spend our money and looking for creative solutions for problem solving. Mr. Watt said that BRH does not see the sleep off center as a medical service through the current administration. He said the way they presented it to him was "this

is what they are going to do." He suggested this may be an appropriate topic for the joint Assembly/BRH Board meeting. He also suggested that there is a wealth of expertise currently on the Assembly about this topic and may be a possibility for a Special Assembly Subcommittee to be created if they had the appetite to do so to look at it. Ms. Triem said she would like them to explore this further with more analysis.

Ms. Hale said that she would also appreciate additional analysis on this and noted that BRH discussed this topic at its planning meeting. She also noted that there are medical issues that BRH are required to do and do provide in certain circumstances. She said that as the Assembly liaison to the BRH Board, she would be willing to serve on a subcommittee if the Mayor chose to form one.

## **V. ADJOURNMENT**

There being no further business to come before the body, the meeting adjourned at 7:31 pm.

Respectfully submitted,  
Beth McEwen, MMC  
Municipal Clerk

## New City Hall Business Case

In FY2019 the Assembly appropriated funds to develop a business case and a high level cost estimate for the construction of a New City Hall. In the fall of 2018, CBJ Engineering contracted with NorthWind Architects and Raincoast Data to assist with this effort. This effort centered on relocating City Hall on top of the parking garage constructed in 2009 as part of the Downtown Transportation Center. This parking garage was intentionally designed and constructed to handle additional levels, either parking or office space. Two floors of office space added to the parking garage are sufficient to house all CBJ employees currently at City Hall (155 Seward St.) and in downtown leased spaces. Consolidation of CBJ business offices will make it easier for the public to navigate between city offices when conducting business. It will also provide a more collaborative work environment for city employees who often need to work across departments. There is a strong indication that centralization of staff and services would significantly improve the ability of the CBJ staff to be more efficient and better serve the public.

### Housing and Economic Development

Consolidating the business spaces of civic operations that are currently housed in City Hall and various leased spaces in the Marine View, Municipal Way, Sealaska, and Seadrome buildings would free up valuable commercial and residential space. In order for Juneau to have an economy capable of further growth, the community needs more housing. Juneau's two large seasonal impacts to the tight housing market are the legislative session and the summer visitor industry. Both of these impacts are largely centered in the downtown area. If CBJ vacates the 17,090 square feet of Marine View Building space that could potentially be converted back to 20+ apartments. Given the tight residential rental market in downtown Juneau, this would be a significant benefit.

### Municipal Revenue

Restoring property to commercial or residential use would generate revenue in the form of property and/or sales taxes. Commercial leases and any resulting public sales activity would be subject to CBJ sales tax. When privately owned, the property at 155 Seward (old city hall) would also be subject to property tax. Raincoast Data estimates that sales and property tax revenues would be approximately \$60,000 in the first year, and increasing in the future.

### Financial Options

The City and Borough of Juneau spends approximately \$1,056,760 annually for its downtown offices, including City Hall maintenance and private leases. As conceptually designed, NorthWind Architects estimates the New City Hall to cost \$26,732,600. Rain Coast Data estimates operating costs (custodial, utilities, and minor maintenance) to be \$331,762 annually.

Once the New City Hall is completed and occupied, the property at 155 South Seward (current city hall) could be sold to offset the cost of construction. Because the property is municipally owned, there has been no assessment to determine its value, but the structure is currently insured for \$3.4 million. The fair market value of the current City Hall at 155 Seward is estimated to be between \$2,500,000 and \$3,500,000.



The total amount of design and construction costs financed, by GO bonds, could be reduced by an appropriation from CBJ fund balance (savings). A higher up-front appropriation of fund balance (i.e. “down payment”) results in reduced debt service costs and reduced property tax increase to residents. Bond debt service would be covered by a combination of the \$750,000 already in existing CBJ operating budgets, to pay for leased office space, and the debt service component of the mill rate.

	Option 1	Option 2	Option 3
Project Cost – New City Hall	\$26,732,560	\$26,732,560	\$26,732,560
Less: FMV of current 155 Seward	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less: Appropriation of Fund Balance	(\$0)	(\$5,000,000)	(\$10,000,000)
Project Cost to be Financed	\$24,232,560	\$19,232,560	\$14,232,560
Annual Debt Service Cost for New City Hall (30 years)	\$1,454,300	\$1,154,300	\$854,200
Plus: Annual Custodial, Utility, and Maintenance Cost	\$331,762	\$331,762	\$331,762
Total Annual Costs for New City Hall (30 years)	\$1,786,062	\$1,486,062	\$1,185,962
Less: Offset CBJ Office Costs Available for Debt Service	\$1,056,760	\$1,056,760	\$1,056,760
Annual Debt Service Cost paid by Increased Millage	\$729,302	\$429,302	\$129,202
Millage Increase for New City Hall Debt Service	0.15 mills	0.09 mill	0.03 mill
Annual Property Tax Increase per \$100,000 Value	\$15.00	\$9.00	\$3.00
Annual Property Tax Increase per \$350,000 Home	\$52.50	\$31.50	\$10.50

Using Option 2 (\$5 million down payment) the debt service mill rate would increase from the FY20 proposed rate of 1.2 mills to 1.29 mills. This would be less than a 1% increase in a property owners overall tax bill (from 10.56 to 10.65 mills).

#### Business Case Summary

The New City Hall would be designed to house 165 workers and improve public access to city services, provide an improved work space for employees to collaborate more effectively, and would do so without removing any property currently on the property tax rolls. In practice, when the 30-year bond is fully paid, CBJ would see an annual savings of more than \$700,000 from current costs. A New City Hall would create available commercial and residential space in the downtown area that could serve as an economic catalyst and relieve some long standing pressure for available space, both commercial and residential. Design, permitting, and an 18 month construction period would be scheduled once a decision to proceed has been reached and financing has been determined. According to the economic analysis completed by Raincoast Data, the construction effort would generate over 100 direct fulltime jobs with \$5.6 million in total wages over the design and construction time period. Additionally, it is estimated that close to 50 indirect jobs would be created with an estimated total salary of \$1.8 million through design and construction.

Bottom line is that for a small additional investment of property taxes for the next 30 years CBJ would own our own office space. And we would continue getting a return on our investment into the future and accomplish a big step towards several Assembly and community goals – downtown rejuvenation, housing, more efficient government, easier citizen access to CBJ.

### Next Steps

The public should have time to ruminate on this idea. With the consent of the Assembly, staff will prepare a presentation for public meetings with the following parameters:

- A. That this is a concept for discussion.
- B. That we invite other ideas.
- C. That we invite critique and refinement.

We recommend that the next steps be a series of public meetings, with an update for the Assembly after completion of the budget.



February 11, 2019 FINAL

Project: CBJ DTC City Hall Addition Study

RE: Executive Summary, Concept and Construction Narrative

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In the fall of 2018, NorthWind Architects and Raincoast Data were engaged by the City and Borough of Juneau to assist with assessing both the construction and financial feasibility of relocating City Hall and other CBJ administrative office functions to new construction on top of the parking garage constructed in 2009 as a part of the downtown Transportation Center. It is known the original garage structure was constructed to receive future upper level construction –either additional parking or office building levels. It was also known the gross area of space needed to house all City departments identified to be a part of this analysis is roughly two time the floor plate area of the Garage, leading to a two floor addition solution for analysis.

A precedence has been established in Juneau for constructing occupied space over structured parking by the construction of the Downtown Library on top of a waterfront parking structure. Strategic advantages are that by utilizing an existing developed site the City is not taking highly valuable land to develop a new facility, and most of the parking and access infrastructure has already been established. Further, “capping” a relatively open parking structure in this way affords a measure of weather protection and effectively extends the life of the parking garage. Disadvantages include retrofitting heavy concrete structures to provide for otherwise absent water and waste systems, and displacement of existing parking in a busy downtown core during construction.

The findings of the technical analysis confirmed the proposed project is technically possible and operationally favorable. The costs will be on a par with the cost of new construction of a similar facility on an undeveloped site, with a foreseeable savings over an extended period, as borne out by the cost analysis. The greatest single advantages is seen in upgrading the places of civic operations that are currently housed in declining building infrastructure, freeing up that currently occupied building space in the downtown area for the purpose of expanding other commercial and residential use, and keeping key municipal operations in the Juneau downtown core where there simply are no other reasonable building sites available.

NorthWind was the Architect of Record for the Garage project and was able to bring the project’s original structural engineer and design architects to the table for project analysis. Raincoast Data is a known and trusted consultant with a solid track record with the City conducting project economic analysis.

Sean M Boily AIA  
Principal Architect

James Bibb AIA  
Principal Architect

David Hurley AIA  
Principal Architect

126 Seward Street  
Juneau, AK 99801

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f.907.586.6181

**Project Summary and Design Outline**

*New Consolidated City Services Connects to the street level via a new access tower between the present Garage and the existing Transit Center, and locates approximately 46,000 gross square feet of municipal offices and service space on two levels plus mechanical penthouse constructed above the current 4<sup>th</sup> floor of the parking garage. This project replaces approximately 50,000 gross square feet of space the City currently owns and/or leases. The facility will be highly visible, accessible and navigable to the public through both the garage levels and the street level entrance. There is a net loss of approximately 10 parking spaces. The proposed design will not affect street level, parking level or stair tower security.*

**General**

- Level 1: Add new entry lobby, stair and elevator external and adjacent to existing garage footprint, SW corner.
- Level 4-7: Add stair tower extension, N stair.
- Level 5-6: Add new level 5 and 6 to accommodate approximately 43,600 SF of new Consolidated City Service program.
- Level 7: Add new level 7 mechanical penthouse.

**Civil**

- Level 1 Convert 30% of existing asphalt pavement parking to paver plaza, install new raised paver cross-walk connecting paved plaza to new level 1 main building entry.

**Demolition**

- Level 4 Remove existing concrete cornices

**Structural**

- Level 1-6 Construct (1) new concrete elevator shaft external and adjacent to existing garage footprint, SW corner, 900 gross square feet.
- Level 1-6 Construct new steel framed entry lobby and stair tower with steel pan deck roof enclosing new elevator shaft, external and adjacent to existing garage footprint, SW corner.
- Level 4-6 Extend all existing concrete shear walls vertically to level 6.
- Level 4-7 Construct (1) new steel framed stair tower extensions with steel framed/pan deck roofs, N stair.
- Level 5-6 Construct (2) new structural steel frame with steel pan-deck/concrete suspended slabs.
- Level 7 Construct (1) new structural steel frame w/ steel pan-deck roof mechanical penthouse, approximately 1,500 gross square feet.

(see Juneau City Hall Structural Narrative 8/27/18 for more information)

**Architectural Exterior**

- Level 1-6 Cladding, lobby and stair tower: Kawneer 1600 to match existing.
- Level 4-7 Cladding, stair tower extension: Kawneer 1600 to match existing.
- Level 1-2 Cladding – Stainless steel mesh with structural steel support to match existing.
- Level 6 Roof – PVC with EPS insulation. (Includes stair tower extensions)
- Level 1-4 Sack all remaining, exposed concrete

**Architectural Interior**

Level 1	Finishes, Lobby and stair tower: BOMA Class A equivalent.
Level 5-6	Partitions: 70% cold formed framed, 30% glazed demountable.
Level 5-6	Finishes: Class B
Level 4-6	Finishes, stair tower extension: BOMA Class B equivalent.

**Mechanical**

A complete new mechanical system will be required to serve all approximately 46,000 SF of new enclosed Consolidated City Services.

Ventilation	Full mechanical
Heating	Fuel oil boiler with electric boiler back-up
Heating Alt	Air-source heat pump – utilize level 6 roof.
Cooling	Zoned, in-line coils – condensers utilize level 6 roof.

**Electrical**

A complete new electrical system will be required to serve 46,000 SF of new enclosed Consolidated City Services. Electrical plan will also introduce new area lighting to the now covered 4<sup>th</sup> floor of the garage.

Power:	Standard for office use
Data:	Standard for office use
Lighting	Office: LED
Lighting	Garage: LED
Special	Closed circuit TV all new and existing stair towers, access control all main exterior and main interior doors.

**Landscape**

Level 1	Minimal - Coordinate with Civil
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Attachments: Structural Narrative – 2 pages  
Plan Diagram – 1 page  
Cost analysis summary – 1 page  
Owner's Program/Space Planning Draft – 6 pages  
Benefit Cost analysis – 20 pages

December 31, 2018

**NorthWind**  
Architects, LLC

Project: CBJ DTC City Hall Addition Study

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**Attachment: Structural Narrative – 2 pages**

126 Seward Street  
Juneau, AK 99801

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www.dci-engineers.com

Washington  
Oregon  
California  
Texas  
Alaska  
Colorado  
Montana

August 27, 2018

Northwind Architects  
Attn: Dave Hurley  
126 Seward Street  
Juneau, AK 99801

**Re: Juneau City Hall Expansion – Structural Narrative**

Dear Dave:

The purpose of this letter is to provide a structural narrative regarding the proposed design of the Juneau City Hall Expansion project to be used during conceptual architectural design. DCI's understanding of the project is based on correspondence with Northwind Architects and a review of the structural drawings for the existing parking garage prepared by ABKJ and dated 3/27/09. In addition, Erik Pearson is an Associate in our Seattle office and was the structural project manager for the project when he was previously employed by ABKJ.

The existing parking garage is four-stories and is located on a sloping site. The gravity force resisting system consists of post-tensioned concrete beams and slabs supported by concrete columns. The lateral force resisting system consists of special reinforced concrete shear walls. The original design considered a future three-story addition above the top story of the existing parking garage. We understand that the current design intent is to add three stories of office with possibly some parking added as well. There may also be the desire to add another stair that is either interior or added to the exterior.

The existing structural drawings include an explanation of the design criteria utilized in the original design as shown below and also indicate that the design code was the 2006 IBC.

**FUTURE OFFICE EXPANSION, LEVELS 5 THROUGH 7:**

**DESIGN ASSUMPTIONS:**

THREE LEVELS OF OFFICE SPACE OCCUPYING THE SAME PLAN AREA AS THE GARAGE BELOW. STEEL FRAME CONSTRUCTION WITH CONCRETE SHEAR WALLS CONTINUING UP FROM GARAGE BELOW. FLOOR SLAB, 3" METAL DECK WITH 2 1/2" CONCRETE TOPPING. EXTERIOR CLADDING SYSTEM TO WEIGH A MAXIMUM OF 40 PSF AVERAGE.

**DESIGN LIVE LOADS:**

OFFICE FLOOR	= 50 PSF
GROUND SNOW	= 50 PSF, $I_s = 1.1$
CORRIDORS, STAIRS	= 100 PSF
WIND AND SEISMIC	= SAME AS GARAGE BELOW

This provides the design criteria that should be followed for the design of new office space. In areas that might be parking, the overall loads of the original framing system are comparable to the above system so it should be possible to utilize a post-tensioned concrete system. The architectural design should also ensure that the existing concrete column and shear wall locations can continue through the additional floor levels. If an interior stair is required, the location will have to be coordinated with DCI and also a specialty concrete sub-contractor that can help to design the post-tension tendon anchoring requirements at the existing slabs. If parking is continued to upper levels the ramp location will need to be coordinated. The ramp and it's support from the current L4 slab may require some modifications to the existing structure. Also the best spot for the new ramp would likely be stacked on top of the current ramp system between Grids 1 and 2.

There have been some changes to the requirements for concrete construction between the 2006 IBC code used for the design of the original garage and the current 2012 IBC code, particularly with respect to seismic loads and seismic detailing. We would request that the City of Juneau allow the existing construction, even with added levels, to remain compliant with the original 2006 IBC code and not require upgrading any elements to comply with the current 20012 IBC code.

Please let me know if there are any questions or comments regarding this letter. We look forward to continuing to contribute to the success of this project.

Sincerely,  
DCI Engineers



Paul Rogness PE, SE  
Principal

c.c. Erik Pearson, Associate  
DCI Engineers



December 31, 2018

**NorthWind**  
Architects, LLC

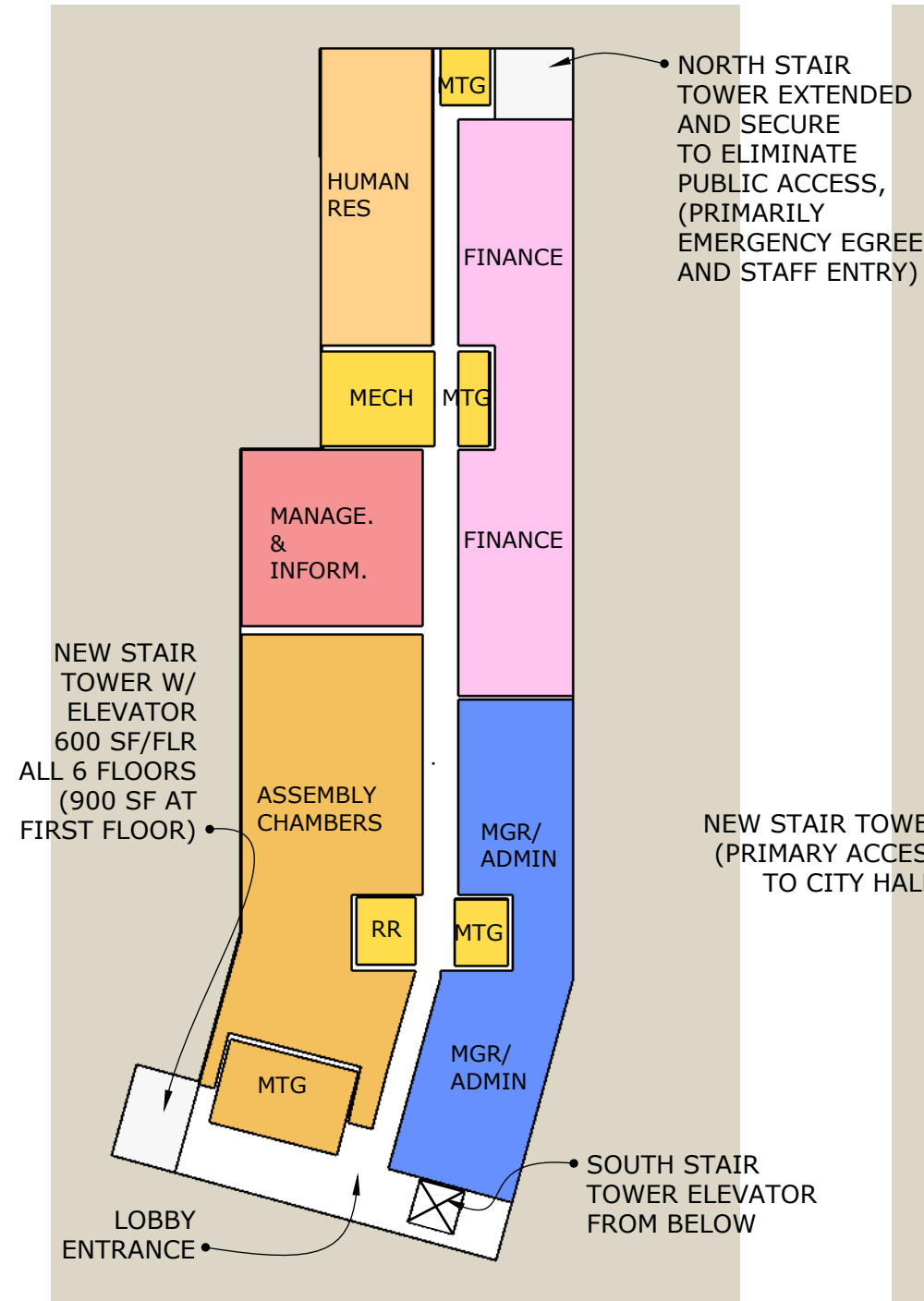
Project: CBJ DTC City Hall Addition Study

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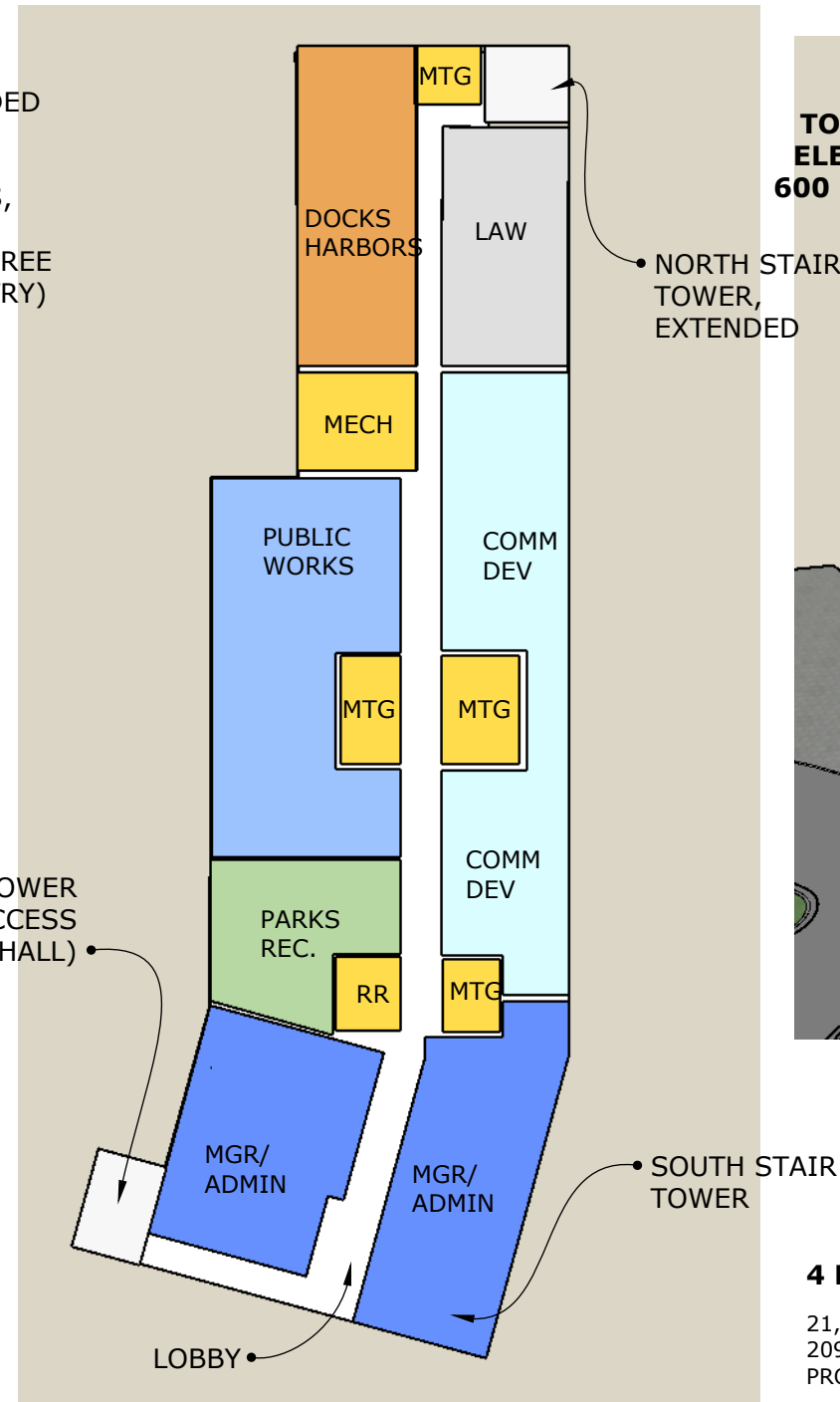
**Attachment: Plan Diagram – 1 page**

126 Seward Street  
Juneau, AK 99801

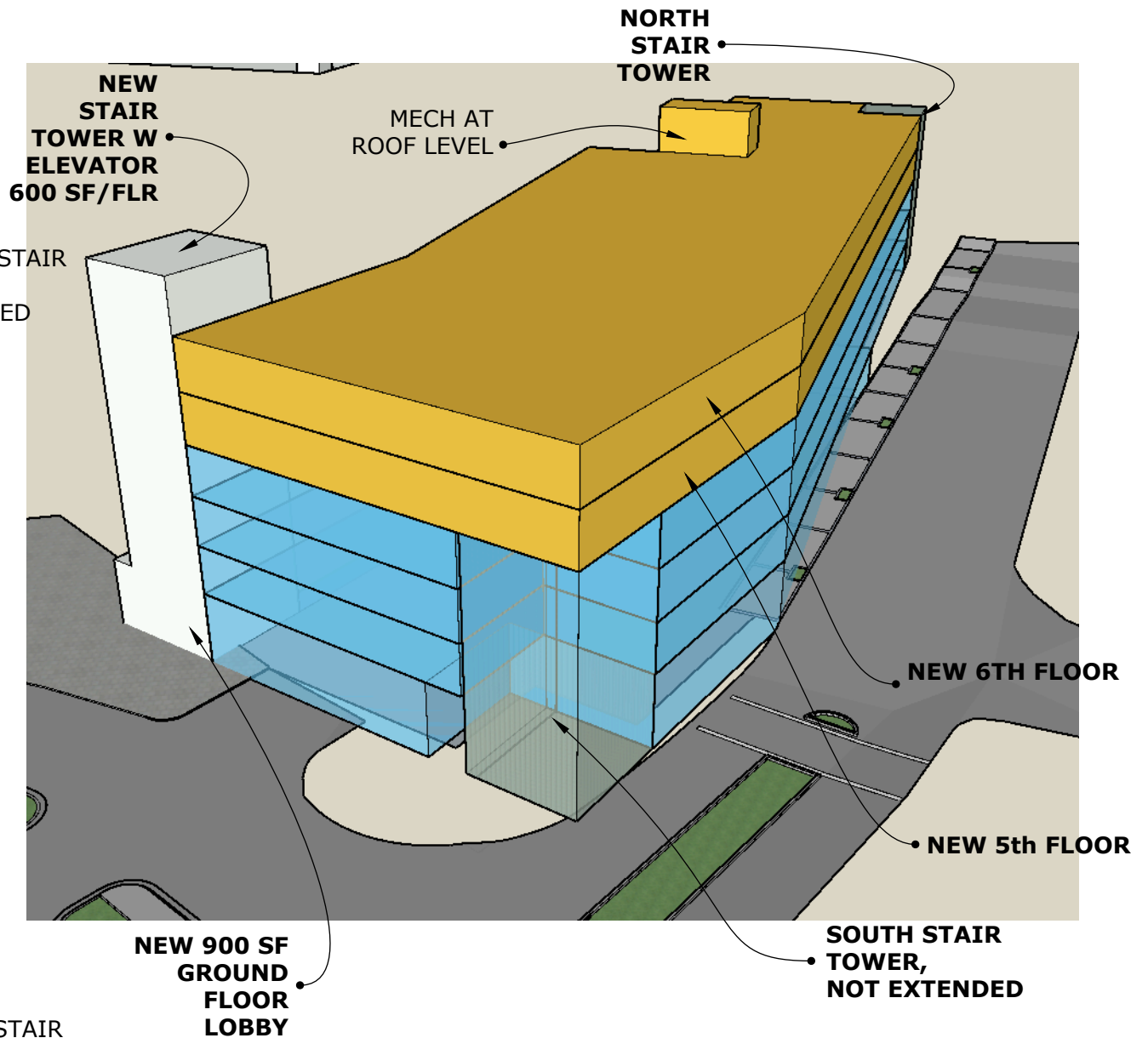
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**5TH FLOOR OFFICE PROGRAM**  
21,700 SF



**6TH FLOOR OFFICE PROGRAM**  
21,700 SF



**4 LEVELS OF EXISTING PARKING**

21,562 SF  
209 CURRENT TOTAL PARKING SPACES  
PROPOSED MINIMAL OR NO CHANGE

- 46,100 SF GROSS ADDED OFFICE AREA
- EXIST. PARKING LEVELS 1-4 NO CHANGE

- MANAGER AND ADMIN SERVICES**  
4,410 SF
- MANAGEMENT AND INFORMATION SYSTEMS**  
2,080 SF
- COMMUNITY DEVELOPMENT**  
3,705 SF

- DOCKS AND HARBORS**  
1,180 SF
- FINANCE**  
4,950 SF
- HUMAN RESOURCES**  
1,800 SF

- PARKS AND RECREATION**  
1,350 SF
- PUBLIC WORKS**  
3,325 SF
- LAW**  
1,700 SF

- OTHER**  
9,261 SF
- CIRCULATION**

**CITY HALL PLANNING**

PROGRAM - 2 FLOOR ADDITION ABOVE CURRENT 4TH FLOOR PARKING LEVEL

10-16-18

December 31, 2018

**NorthWind**  
Architects, LLC

Project: CBJ DTC City Hall Addition Study

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**Attachment: Cost analysis summary – 1 page**

126 Seward Street  
Juneau, AK 99801

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## NEW CITY HALL BUSINESS CASE - CONSTRUCTION COST ESTIMATE

Tuesday, September 11, 2018

Combined NorthWind and Owner Cost information

Program Space Required

**45,968 SF**

### Floor Area

Floor 5 21,700 SF

Floor 6 21,700 SF

Floor 1 Addition 900 SF

Stair/Elevator Tower 360\*5 flr 1,800 SF

**Total 46,100 SF**

### Wall Area

**14 Feet/Story**

Floor 5 10,290 SF

Floor 6 10,290 SF

Floor 1 Addition 1260 SF

Stair/Elevator Tower 360\*5 flr 5,460 SF

**Total 27,300 SF**

	QTY	UNIT	\$/UNIT	TOTAL
<b>A Substructures</b>				
A10 Foundations	900	SF	\$35	\$31,500
A40 Slab on Grade	900	SF	\$10	\$9,000
<b>B Shell</b>				
B10 Superstructure	46,100	SF	\$61	\$2,812,100
B20 Exterior Closure	27,300	SF	\$80	\$2,184,000
B30 Roofing	24,400	SF	\$30	\$732,000
<b>C Interiors</b>				
C10 Interior Construction	46,100	SF	\$31	\$1,429,100
C20 Interior Finishes	46,100	SF	\$21	\$968,100
<b>D Services</b>				
D10 Conveying	2	EA	\$350,000	\$700,000
D20 Plumbing	46,100	SF	\$5.61	\$258,621
D30 HVAC	46,100	SF	\$37.82	\$1,743,502
D40 Fire Protection	46,100	SF	\$5.34	\$246,174
D50 Electrical	46,100	SF	\$34.17	\$1,575,237
D60 Communication	46,100	SF	\$7.47	\$344,367
D70 Electronic Safety and Security	46,100	SF	\$4.00	\$184,400
D80 Facility Controls	46,100	SF	\$8.00	\$368,800
<b>E Equipment</b>				
E10 Equipment	1	LS	\$8,000	\$8,000
E20 Furnishings	46,100	SF	\$7.75	\$357,275
E30 Office Workstations (reduced 40% MUs)	120	EA	\$4,464	\$535,714
<b>F Special Construction and Demolition</b>				
F10 Special Construction		NONE	\$0	\$0
F20 Facility Remediation		NONE	\$0	\$0
F30 Demolition	1	LS	\$50,000	\$50,000
<b>G Sitework</b>				
G10 Site Preparation	1	LS	\$50,000	\$50,000
G20 Site Improvements	1	LS	\$16,000	\$16,000
G30 Site Utilities	1	LS	\$50,000	\$50,000
G40 Site Electrical	1	LS	\$80,000	\$80,000
G50 Site Communications	1	LS	\$60,000	\$60,000

<b>TOTAL CONSTRUCTION COST</b>	46,100	<b>GSF</b>	<b>\$14,793,890</b>
general requirements	12%		\$1,775,267
Taxes, Pemits, Bonds	3.50%		\$517,786
fees (contractor)	4%		\$591,756
Contingency	15%		\$2,219,084
Escalation	4.50%		\$665,725
<b>TOTAL CONSTRUCTION COST</b>	<b>46,100</b>	<b>GSF</b>	<b>\$20,563,507</b>
			\$446.06
<b>TOTAL PROJECT COST (30% add)</b>	<b>46,100</b>	<b>GSF</b>	<b>\$26,732,560</b>
			\$579.88

December 31, 2018

**NorthWind**  
Architects, LLC

Project: CBJ DTC City Hall Addition Study

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**Attachment: Owner's Program/Space Planning Draft – 6 pages**

126 Seward Street  
Juneau, AK 99801

p.907.586.6150  
f.907.586.6181

## PROPOSED DEPARTMENT AREAS

PROPOSED SF	Department	Title	Adjacency
LANDS			
	100	LN-ADMIN	Dep Land Mgr
	140	LN-ADMIN	Lands Res Mgr
	100	LN-ADMIN	Lands Spec
Sub-total	340		
	200	Other: storage	
Total	540		
MGR			
	100	ADMN-CLE	Dep Muni Clrk
	120	ADMN-CLE	Muni Clerk
	202	Admin-Assm	Mayor
	140	Admin-Assm	Assembly
	100	ADMN-MGR	Chief Housing
	200	ADMN-MGR	Dep City Mgr
	80	ADMN-MGR	Exec Asst II
	80	ADMN-MGR	Housing & Hom
	100	ADMN-MGR	Exec Asst III
	80	ADMN-MGR	Exec Asst I
	201	ADMN-MGR	City Mgr
	80	Public Info	Public Info Officer
Sub -total	1,483		
	0	SMALL CONFERENCE ROOM	
	100	WAITING AREA	
	50	RECEPTION COUNTER	
	300	STORAGE/ EMERGENCY PROGRAM STORAGE	
	200	MAP STORAGE	
Total	2,133		
MIS			
	100	MIS-ADMN	ComSp Spc III
	100	MIS-ADMN	Com Sp Spc II
	100	MIS-ADMN	Prog Ana II
	100	MIS-ADMN	AA II
	100	MIS-ADMN	Prog Ana III
	100	MIS-ADMN	Prog Ana I
	100	MIS-ADMN	Com Sp Spc II
	100	MIS-ADMN	Net Spec II
	100	MIS-ADMN	Net Spec I
	100	MIS-ADMN	Prog Ana II
	100	MIS-ADMN	Prog Ana II
	200	MIS-ADMN	MIS Dir
	120	MIS-ADMN	GIS Tech
	140	MIS-ADMN	Sys Op Mgr

## PROPOSED DEPARTMENT AREAS

PROPOSED SF	Department	Title	Adjacency
100	MIS-PRIN	Print Serv Cr	
Sub-total	1,660		
0	Small conference room		
300	Server Storage		
Total	1,960		

## COMMUNITY DEVELOPMENT

100	CDD-ADMI	AA I	Planning
120	CDD-ADMI	AO I	
100	CDD-ADMI	AA II	Planning
200	CDD-ADMI	CDD Dir	
100	CDD-ADMI	Perm Tech II	Permit Center
100	CDD-ADMI	Perm Tech III	Permit Center
100	CDD-ADMI	Perm Spec	Permit Center
120	CDD-ADMI	Cartographer	Planning, MIS, Lands
140	CDD-BLD	Bld Code Off	Permit Center
140	CDD-BLD	Bld Insp IV	Permit Center
100	CDD-BLD	Bld Insp III	Permit Center
100	CDD-BLD	Bld Insp III	Permit Center
80	CDD-BLD	Cod Cmp Off I	Permit Center
100	CDD-BLD	Bld Insp III	Permit Center
100	CDD-BLD	Plan Reviewer	Permit Center
100	CDD-PLAN	Planner I	Permit Center
100	CDD-PLAN	Sr Planner	Permit Center
100	CDD-PLAN	Sr Planner	Permit Center
100	CDD-PLAN	Planner I	Permit Center
100	CDD-PLAN	Sr Planner	Permit Center
100	CDD-PLAN	Planner II	Permit Center
100	CDD-PLAN	Planner II	Permit Center
100	CDD-PLAN	Planner I	Permit Center
140	CDD-PLAN	Planning Mgr	Permit Center
Sub-total	2,640		
0	SMALL CONFERENCE ROOM		
200	SPACE FOR PLANS,STORAGE, LIBRARY		
0	LARGE CONFERENCE		
300	PERMIT CENTER		
100	WAITING		
0	COPY ROOM/ENGINEERING		

Total 3,240

## DOCKS AND HARBORS

140	DOCK-CIP	Eng/Arch II	
100	DOCK-CIP	Eng/Arch I	
125	DOCK-CIP	Eng/Arch I	

## PROPOSED DEPARTMENT AREAS

	PROPOSED SF	Department	Title	Adjacency
	100	DOCK-OP	AO I	
	200	DOCK-OP	Port Dir	
	80	DOCK-OP	Intern V	
	80	DOCK-OP	AA I	
Sub-total	825			
	0	Small conference room		
	200	Storage		
Total	1,025			
FINANCE				
	200	FIN-ADMI	Finance Dir	
	100	FIN-ADMI	AA II	
	100	FIN-ASSE	BPP App I	
	100	FIN-ASSE	App I	
	120	FIN-ASSE	App III	
	100	FIN-ASSE	App I	
	100	FIN-ASSE	AA II	
	120	FIN-ASSE	Assessor	
	80	FIN-ASSE	App II	
	80	FIN-CNTR	Acct II	
	80	FIN-CNTR	Acct II	
	80	FIN-CNTR	Acct Tech I	
	120	FIN-CNTR	Asst Controll	
	80	FIN-CNTR	Budget Analy	
	80	FIN-CNTR	Acct II	
	80	FIN-CNTR	Acct III	
	120	FIN-CNTR	Pay Mgr	
	100	FIN-CNTR	PayTech	
	140	FIN-CNTR	Controller	
	80	FIN-CNTR	Acct II	
	100	FIN-CNTR	Acct Tech II	
	100	FIN-CNTR	Sr Pay Tech	
	100	FIN-PRCH	Acct Tech I	
	100	FIN-PRCH	Buyer	
	100	FIN-PRCH	Sr Buyer	
	120	FIN-PRCH	Purch Off	
	100	FIN-PRCH	Bid Spec	
	80	FIN-SALE	TxCmp Acct II	
	80	FIN-SALE	Acct Tech I	
	80	FIN-SALE	TxCmp Acct II	
	100	FIN-SALE	Sales Tax Adm	
	80	FIN-SALE	Acct Tech I	
	80	FIN-TREA	Acct Tech I	
	80	FIN-TREA	City Cashier	
	120	FIN-TREA	Treasurer	



## PROPOSED DEPARTMENT AREAS

	PROPOSED SF	Department	Title	Adjacency
	100	FIN-TREA	Acct Tech III	
	80	FIN-TREA	City Cashier	
	80	FIN-TREA	Off Asst II	
	80	FIN-TREA	Acct Tech I	
	80	FIN-TREA	Acct Tech I	
	120	FIN-TREA	Acct Tech III	
	100	FIN-TREA	Rev Coll II	
	80	FIN-TREA	Acct Tech I	
	120	FIN-TREA	Acct III	
	80	FIN-TREA	Acct II	
Sub-total	4,400			
	100	PUBLIC COUNTER- ASSESSOR		
	100	PUBLIC COUNTER -TAX		
	300	STORAGE		
		Other		
Total	4,900			
HUMAN RESOURCES				
	100	HR-HR	HR Tech II	
	80	HR-HR	HR Cons II	
	200	HR-HR	HR&RM Dir	
	100	HR-HR	HR Mgr	
	80	HR-HR	HR Cons I	
	80	HR-HR	HR Tech I	
	80	HR-RISK	Off Asst II	
	100	HR-RISK	Rsk Mgmt Off	
	80	HR-RISK	Safety Off	
	100	HR-RISK	Rsk Mgmt Spec	
	80	HR-WELL	Well Coord	
Sub-total	1,080			
	0	PRIVATE PRINT ROOM		
	100	PUBLIC COUNTER (ADA)		
	400	STORAGE: 42 FILING CABINETS		
	0	CLIMATE CONTROLLED STORAGE		
Total	1,580			
LAW				
	100	LAW-LEGA	Asst Attn III	
	100	LAW-LEGA	Lit Spt Asst	
	100	LAW-LEGA	Asst Attn II	
	100	LAW-LEGA	Lit Spt Asst	
	100	LAW-LEGA	Lit Spt Asst	
	200	LAW-LEGA	City Attorney	
	100	LAW-LEGA	Asst Attn III	
	140	LAW-LEGA	Asst Attn III	

## PROPOSED DEPARTMENT AREAS

	PROPOSED SF	Department	Title	Adjacency
	100	LAW-LEGA	Lit Spt Asst	
	100	LAW-LEGA	Law Off Mgr	
	100	LAW-LEGA	Asst Attn III	
	100	LAW-LEGA	Asst Attn II	
Sub-total	1,340			
	100	Storage		
	100	Internal Hall		
	120	Library		
	100	Waiting area		

Total 1,760

## PARKS AND RECREATION

	120	PR-ADMIN	AO II	
	120	PR-ADMIN	Proj Mgr	
	200	PR-ADMIN	P&R Dir	
	80	PR-ADMIN	AA II	
	80	PR-ADMIN	Bld Custodian	
	120	PR-AREA	Rec Mgr	
	80	PR-REC	Admin Asst I	
	80	PR-REC	REC I	
Sub-total	880			
	100	Public Counter		
	200	Storage		
	0	conference room		

Total 1,180

		PUBLIC WORKS		
	100	PW ENG-C	E/A Assoc	
	140	PW ENG-C	Eng/Arch III	
	100	PW ENG-C	Contract Spec	
	140	PW ENG-C	Eng/Arch I	
	100	PW ENG-C	E/A Assoc	
	140	PW ENG-C	Eng/Arch III	
	100	PW ENG-C	E/A Assoc	
	100	PW ENG-C	Contract Spec	
	120	PW ENG-C	AO I	
	140	PW ENG-C	Eng Cont Adm	
	100	PW ENG-C	Eng/Arch I	
	100	PW ENG-C	Eng/Arch I	
	100	PW ENG-C	Eng/Arch I	
	100	PW ENG-C	E/A Assoc	
	100	PW ENG-C	E/A Assoc	
	100	PW ENG-C	Eng/Arch I	
	100	PW ENG-C	Eng/Arch I	
	100	PW ENG-G	E/A Assoc	Y/CDD

## PROPOSED DEPARTMENT AREAS

PROPOSED SF	Department	Title	Adjacency
100	PW ENG-G	Eng/Arch III	
100	PW ENG-G	E/A Asst I	Y/CDD
200	PW-ADMIN	PW Eng Dir	
80	PW-UTILI	Sr Mtr Svc T	Y/CDD
100	PW-UTILI	Acct Tech I	Y/CDD
80	PW-UTILI	Mtr Svc Tech	Y/CDD
140	PW-UTILI	Eng & PW Busi	Y/CDD
80	PW-WST M	RecycleWorks	Y/ENG
100	PW-WST M	Solid Wst Cr	
Sub-total	2,960		
	0	Medium Conference Room	
	150	storage water meter yokes	
	520	Storage: Drawings & Project Documents	
	100	Waiting area	
Total	3,730		

**TOTAL OFFICE 22,048 SF**

		CIRCULATION		
	200	ENTRY LOBBY		
	11,116	CORRIDORS		
	600	STAIRS		
	400	ELEVATOR		
		OTHER		
	125	MAIL ROOM		
	800	2 KITCHENS/ BREAK ROOMS		
	2,000	CHAMBERS		
	800	CHAMBERS - Commons/Overflow		
	400	1 LARGE CONFERENCE ROOMS		
	400	2 MEDIUM CONFERENCE ROOMS		
	300	2 SMALL CONFERENCE ROOMS		
	400	WOMENS RESTROOM - 1 per floor		
	400	MENS RESTROOM - 1 per floor		
	800	PRINT/WORK ROOMS - 1 per floor		
	400	TRAINING ROOM		
	400	GENERAL STORAGE - 1 per floor		
	100	NURSING STATION		
	100	JANITOR - 1 per floor		
Total	19,741			

	41,789	
10%	4,179	GSF FACTOR - STRUCTURE, MECHANICAL, ELECTRICAL

**45,968 GSF**

December 31, 2018

**NorthWind**  
Architects, LLC

Project: CBJ DTC City Hall Addition Study

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**Attachment: Benefit Cost analysis – 20 pages**

126 Seward Street  
Juneau, AK 99801

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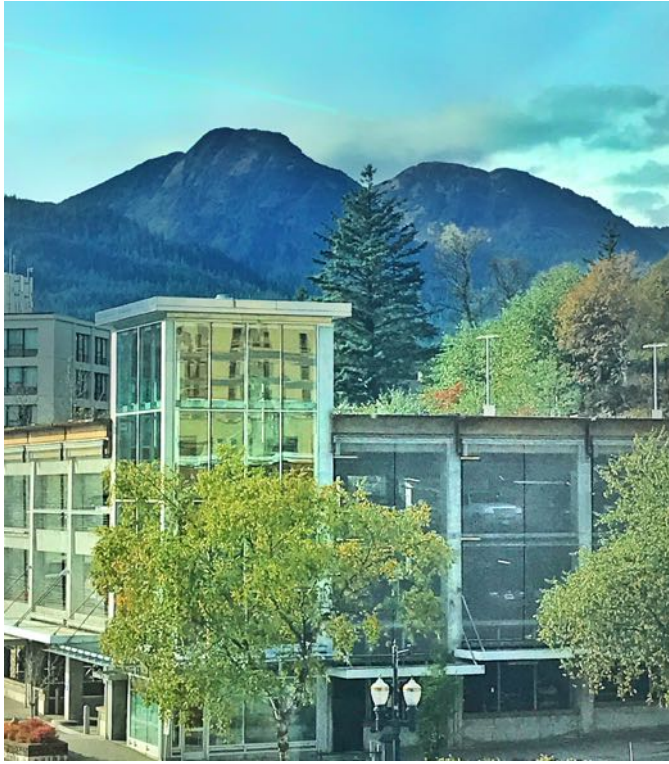
## Rain Coast Data Technical Memo

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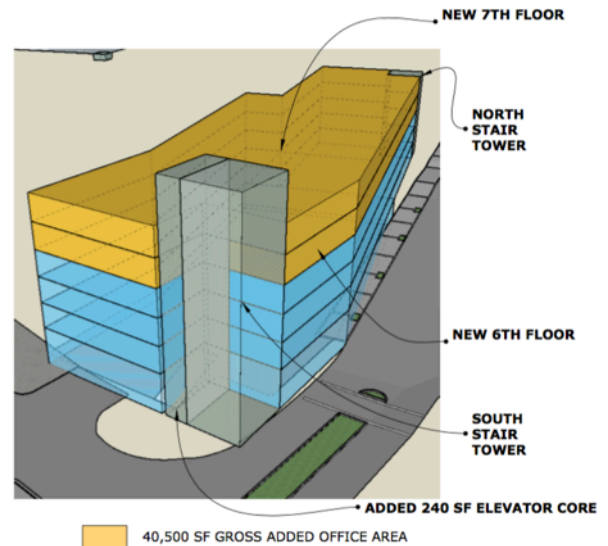
December 31, 2018

# Cost Benefit Analysis of Proposed City and Borough of Juneau City Hall

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**New City and Borough of Juneau City Hall: location photo and drawing of proposed new facility.**



## Project Description and Summary

Consolidating office space and municipal staff has long been the top internal priority for City and Borough of Juneau (CBJ) management. Employees are currently dispersed among five downtown locations. Building a new city hall would aggregate CBJ staff in a single location, save the city \$775,000 in annual lease costs, and allow for the sale of the municipal building located at 155 South Seward. This memo presents an analysis of the expected public benefits and costs of developing a new city hall building in the community of Juneau.

Design, permitting, and 18-month construction of the City Hall are scheduled to occur over a five-year period ending in 2023. The estimated project costs for all elements of the proposed 45,970 square foot City Hall<sup>1</sup>— including construction and financing— is \$38.5 million. It would be built on top of the existing downtown parking garage and would be designed to hold 165 workers with improved public access to city hall services.

<sup>1</sup> Currently CBJ City Hall staff and services are divided among five buildings that provide 49,936 square feet of space for CBJ staff.

## Analysis Approach

The cost-benefit analysis for this project was prepared by Rain Coast Data. This analysis considers all reasonable project costs and monetizable benefits over a 40-year horizon (2019–2059). Once construction is completed, it will take 37 years for the project to become a cost benefit to the CBJ.<sup>2</sup> By year 42 the project will have saved the municipality \$5 million compared to the status quo as a result of savings and new revenues associated with vacating leased office space.

Table 1 summarizes the cumulative costs and benefits (revenues and savings) over the initial 37 years. Savings over that period include \$36.2 million in saved rent; nearly one million dollars in potential sales tax earning; \$5.6 million for the sale of the current city hall and property tax revenue earned on that building after the sale; \$9.7 million in saved renewal and replacement budgeting; and \$15.6 million in saved operation and maintenance costs on the current city hall. Costs include \$26.7 million in construction related costs for a new city hall; \$11.8 million in associated financing costs; \$9.8 million dedicated to a renewal replacement savings account; and \$19.3 million in additional ownership costs, including utilities, custodial, and maintenance.

**Table 1. Cost Benefit Summary for New CBJ City Hall, 37 Years: 2023-2059**

Measure	CBJ Savings and Revenues Over 37 Years (Cumulative)	
<b>Total Savings of New City Hall Over 37 Years</b>	<b>\$68,069,538</b>	
Rent for CBJ Leased Offices	\$36,230,106	See page 7
Potential Sales Tax CBJ would receive if these properties were rented by a non CBJ tenant	\$974,834	See page 8
Property Tax CBJ would receive if current City Hall were privately owned, plus sales value of current City Hall	\$5,562,469	See page 10
Current City Hall Renewal and Replacement Account	\$9,700,888	See page 14
Current City Hall Operation and Maintenance Costs	\$15,601,240	See page 12
<b>Total Costs of New City Hall Over 37 Years</b>	<b>-\$67,563,126</b>	
Construction Project Costs for new City Hall	-\$26,732,560	
Financing Costs for new City Hall	-\$11,747,250	See page 15
New City Hall Renewal and Replacement Account	-\$9,800,431	See page 13
New City Hall Operation and Maintenance Costs	-\$19,282,885	See page 12
<b>Total Savings after 37 Years</b>	<b>\$506,412</b>	

**Note:** The economic model leaves out one variable: \$2.06 million in project costs are likely to be paid back to CBJ for purposes of management and cost overhead.

<sup>2</sup> Note that different assumptions result in different total years until a breakeven point.

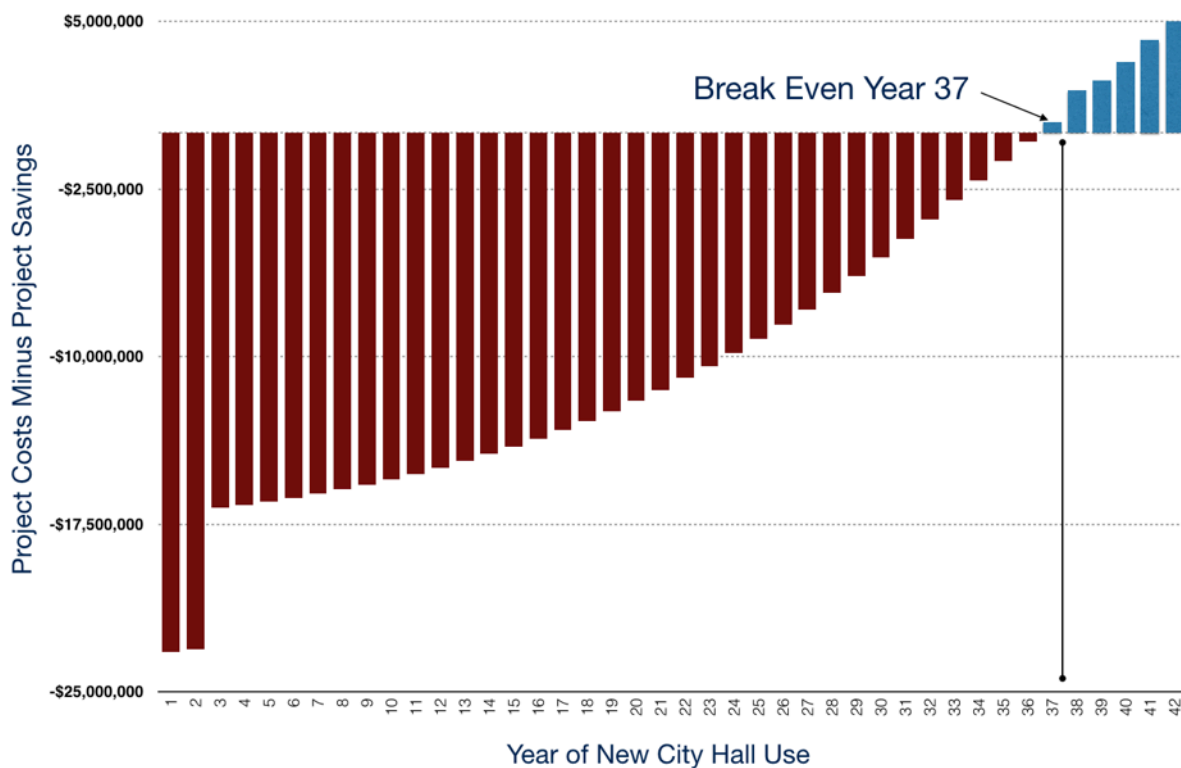
In 2018 the CBJ spent just over \$1 million on CBJ offices, as presented in table 2.

**Table 2. Cost Summary for Current CBJ City Hall Offices, 2018**

Measure	2018 Costs to CBJ
Rent for CBJ Leased Offices	\$775,000
Current City Hall Ownership and Maintenance Costs	\$264,877
<b>Total 2018 Costs</b>	<b>\$1,039,389</b>

If a new city hall is built, the city is projected to save a net aggregate \$506,412 by the end of 37 years.

**Chart 1. Cost of New Juneau City Hall Versus Benefits by Year**



## Multiplier Effect

In addition to the direct financial benefits to CBJ described above, total economic impacts from construction spending, including multiplier effects, would add \$22.4 million to the Juneau economy. This aggregate, one-time impact during the construction phase includes a projected \$8.3 million in earnings associated with 151 new jobs (directly and indirectly) generated by the project.




## **Current City Hall Configuration**

Currently CBJ City Hall staff and services are divided among five buildings: the Sealaska Plaza, the Municipal Way Building, the Marine View Building, the Seadrome Building, and the current City Hall on South Seward Street. These five structures provide 49,936 square feet of space for 163 municipal employees at a total cost of \$1,039,339 per year. This includes \$775,000 in rent for the four leased spaces, with the balance consisting of ownership costs for the current city hall building on South Seward Street.<sup>3</sup> (See following page).

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<sup>3</sup> The rental agreements include all utilities, maintenance, and janitorial costs.

**Table 3: Current Juneau City Hall Configuration and Annual Costs**

Current Office Space	Employees	Square Footage	2018 Yearly Costs
<b>Sealaska Plaza</b> 	11	2,600 Lease agreement until 2023	\$73,743
<b>Municipal Way Building</b> 	35	12,125 Lease agreement until 2020	\$286,947
<b>Seadrome Building</b> 	7	1,809 Month-to-month lease	\$56,101
<b>Marine View Building</b> 	51	17,090 Lease agreements until 2019 & 2020	\$357,720
<b>Existing City Hall</b> 	59	16,312 CBJ owns building Estimated value = \$3.4 million	\$264,877 (includes utilities, maintenance, janitorial, public restrooms)
<b>Total</b>	<b>163 staff</b>	<b>49,936 sq. ft.</b>	<b>\$1,039,339</b>

## **Economic Benefits and Costs**

The full cost of construction for a new Juneau city hall is projected to be \$26.7 million with an additional \$11.8 million in financing costs. The benefits consist of a combination of savings and revenues related to vacating current CBJ offices. To understand the time it will take for the city to recover this investment, the following benefits were quantified:

- The value of lease payments saved,
- Sales tax collection potential,
- Proceeds from sale of current city hall,
- Potential to collect property tax after sale of current city hall, and
- Eliminated operation and maintenance costs of owning current city hall.

## Value of Lease Payments Saved

The city's three leases cost \$775,000 in 2018. The leases are expected to increase at a rate of 1% annually.<sup>4</sup>

**Table 4: Projected CBJ Office Rent: 2023 to 2059**

Year City Hall is Completed	Year	Value of Rent Saved
1	2023	\$814,020
2	2024	\$822,160
3	2025	\$830,382
4	2026	\$838,685
5	2027	\$847,072
6	2028	\$855,543
7	2029	\$864,098
8	2030	\$872,739
9	2031	\$881,467
10	2032	\$890,281
11	2033	\$899,184
12	2034	\$908,176
13	2035	\$917,258
14	2036	\$926,430
15	2037	\$935,695
16	2038	\$945,052
17	2039	\$954,502
18	2040	\$964,047
19	2041	\$973,688
20	2042	\$983,425
21	2043	\$993,259
22	2044	\$1,003,191
23	2045	\$1,013,223
24	2046	\$1,023,356
25	2047	\$1,033,589
26	2048	\$1,043,925
27	2049	\$1,054,364
28	2050	\$1,064,908
29	2051	\$1,075,557
30	2052	\$1,086,313
31	2053	\$1,097,176
32	2054	\$1,108,147
33	2055	\$1,119,229
34	2056	\$1,130,421
35	2057	\$1,141,725
36	2058	\$1,153,143
37	2059	\$1,164,674
37	Total	\$ 36.2 million

<sup>4</sup> Source: Personal Communication Bob Bartholomew Director of Finance and Nathan Coffee City Architect November 15, 2018. "To remain conservative in our assumptions we should use a 1% annual rent increase for future CBJ rental costs." While no comprehensive rate study has occurred, there is some evidence that this rate should be higher. Over the past 33 years (the total period of data available), the Anchorage CPI has averaged 2.36% per year. A Carlton Smith Company memo, *Trends in Lease Terms for the Juneau Office Market 2018*, states: "For the last decade, we have seen 3% annual rent increased in most commercial leases. However, the budget woes of the state are translating into smaller annual increases...Today we see annual increases in the 2% range." Assuming a lease with a 1% annual increase means assuming landlords will not pass along building renewal and replacement costs along to the CBJ, resulting in a very advantageous deal for the municipality.

The model projects that the city hall will break even after 37 years of use, at which point \$36.2 million in rent will have been saved.<sup>5</sup> (Note that a 2% rate would result in a 30-year breakeven point, while a 3% rate would reduce that period to 25 years.)

### Sales Tax Collection Potential

Commercial leases are subject to the city's 5% sales tax. Once CBJ vacates its leased spaces, the city will potentially receive a sales tax benefit currently unrealized on these properties, as the city does not collect sales tax for properties it uses. At the request of the CBJ, for the purposes of this analysis, it is assumed that the leased space in the Marine View Building will be converted to apartment units and rented as housing, so that this rent (currently \$357,720 or 46% of all current CBJ leases associated with this project) will be exempt from sales tax and thus will not result in direct sales tax revenue for the CBJ.<sup>6</sup>

**Table 5: Projected Sales Tax Rent Advantage: 2023 to 2059**

Year City Hall is Completed	Year	Sales Tax on Commercial Rental Income
1	2023	\$21,903
2	2024	\$22,122
3	2025	\$22,343
4	2026	\$22,566
5	2027	\$22,792
6	2028	\$23,020
7	2029	\$23,250
8	2030	\$23,483
9	2031	\$23,717
10	2032	\$23,955
11	2033	\$24,194
12	2034	\$24,436
13	2035	\$24,680
14	2036	\$24,927
15	2037	\$25,177
16	2038	\$25,428
17	2039	\$25,683
18	2040	\$25,939
19	2041	\$26,199
20	2042	\$26,461
21	2043	\$26,725
22	2044	\$26,993
23	2045	\$27,263
24	2046	\$27,535
25	2047	\$27,811
26	2048	\$28,089
27	2049	\$28,370
28	2050	\$28,653
29	2051	\$28,940
30	2052	\$29,229
31	2053	\$29,521
32	2054	\$29,817
33	2055	\$30,115
34	2056	\$30,416
35	2057	\$30,720
36	2058	\$31,027
37	2059	\$31,338
37	Total	\$ 974,834

<sup>5</sup> The analysis does not take into account a potential period of time in which the CBJ will be continuing to pay rent after completion of a new city hall. Assuming such a period would delay the breakeven point slightly.

<sup>6</sup> Assuming this amount was not excluded, the break-even point would move up by one year.

Within 37 years of vacating these leases (the projected break-even year for a new city hall) the CBJ would expect to collect nearly one-million in sales tax dollars on these properties – assuming the properties would be leased commercially at similar inflation-adjusted rates.

No know data has been collected on Juneau commercial rental vacancy rates. For the purpose of this analysis, it is assumed that the units would have a zero percent vacancy rate.<sup>7</sup>

## **Potential Sale of 155 South Seward Building**

The CBJ owns the current City Hall at 155 South Seward Street. This analysis assumes the building will be sold and that the proceeds would accrue back to the CBJ. Because the property is municipally owned, there has been no assessment to determine its value. The structure is currently insured for \$3,403,708. In lieu of a building valuation, this figure is used as a sales estimate.<sup>8</sup> The building, constructed in 1951, is 16,321 square feet and sits on a 0.25-acre lot. It sits directly across the street from the Marine Park waterfront.

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<sup>7</sup> However, this benefit is small enough that even if there were to be no sales tax collected on the commercial rent of these properties, the breakeven year would move by less than a year.

<sup>8</sup> This figure might be high. There are six similarly sized buildings on South Franklin that are assessed at an average of \$2.8 million. Another similar property is the Bill Ray Center property located at 1108 F Street, which is a slightly larger property with more land, but located outside the city center. That property was recently listed for sale at \$2.3 million and is assessed at \$1.64 million. However, no official comparisons between these properties have been developed. A sales valuation is needed to determine the correct value.

## Property Tax Collection Potential

If 155 South Seward is sold, in addition to generating \$3.4 million to defray costs of a new building, CBJ will be able to collect property tax on this location. Property tax is not currently collected because the building is municipally owned. Applying the Anchorage CPI to the property value and the current CBJ mill rate, in 37 years CBJ will potentially collect \$2.1 million in property tax if it sells the current city hall building.<sup>9</sup>

**Table 6: Projected Property Tax Rent Advantage: 2023 to 2059**

Year City Hall is Completed	Year	Sales Proceeds and Annual Property Tax Revenues from 155 South Seward Property
1	2023	\$3,440,850
2	2024	\$38,020
3	2025	\$38,919
4	2026	\$39,839
5	2027	\$40,781
6	2028	\$41,746
7	2029	\$42,733
8	2030	\$43,743
9	2031	\$44,778
10	2032	\$45,837
11	2033	\$46,920
12	2034	\$48,030
13	2035	\$49,166
14	2036	\$50,328
15	2037	\$51,518
16	2038	\$52,737
17	2039	\$53,984
18	2040	\$55,260
19	2041	\$56,567
20	2042	\$57,905
21	2043	\$59,274
22	2044	\$60,676
23	2045	\$62,111
24	2046	\$63,579
25	2047	\$65,083
26	2048	\$66,622
27	2049	\$68,197
28	2050	\$69,810
29	2051	\$71,461
30	2052	\$73,150
31	2053	\$74,880
32	2054	\$76,651
33	2055	\$78,463
34	2056	\$80,319
35	2057	\$82,218
36	2058	\$84,162
37	2059	\$86,153
37	Total	\$5.6 million

<sup>9</sup> This assumes the value of the property continues to increase over time.

## Reduced Operation and Maintenance Costs

One of the arguments for constructing a new city hall building is that it will be more cost-effective to maintain, saving the CBJ over the long run. Currently, energy and ownership costs are included in the rent for CBJ's four leased office spaces, and for this reason only the existing City Hall has these costs broken out. Energy efficiency measures in a new building would reduce energy and other utilities costs per square foot. However, because the new building will be larger than the current City Hall building, there are cost increases in these categories. The table below examines the current costs per square foot of the existing city hall structure and compares them with the projected per square foot costs of energy, utilities, maintenance, and custodial costs.

**Table 7:**  
**Estimated Building Operation and Maintenance Costs:**  
**Current City Hall Versus New City Hall**

Description	Current City Hall Costs 2018	Current City Hall Costs per Square Foot	New City Hall Estimated Costs Year One	New City Hall Estimated Costs per Square Foot
Custodial	\$73,709	\$4.52	\$145,407	\$3.16
Fuel Oil	\$19,955	\$1.22	\$39,366	\$0.86
Electricity	\$25,004	\$1.53	\$66,942	\$1.46
Water	\$1,026	\$0.06	\$2,458	\$0.05
Sewer	\$3,811	\$0.23	\$9,129	\$0.20
Garbage	\$1,538	\$0.09	\$4,334	\$0.09
Maintenance	\$113,773	\$6.97	\$64,126	\$1.39
<b>Annual Operating Cost</b>	<b>\$238,816</b>	<b>\$14.64</b>	<b>\$331,762</b>	<b>\$7.22</b>

## Increased Energy Costs

According to the estimates in the above table, the per square foot energy costs are expected to decrease by 16% over the existing city hall. However, since the new building will be significantly larger, total energy costs will increase by \$61,350 to \$106,300 in the first year of the project.

## Increased Ownership Costs

Custodial, water, sewage, and garbage costs are expected to increase by a combined \$81,250 annually, but again this is mostly due to the fact that these costs are included as part of the lease agreements for the four CBJ rental spaces, and these numbers are not broken out. As a whole these costs are expected to decrease by 29% per square foot in a new city hall building, in contrast to the current city hall.<sup>10</sup>

<sup>10</sup> Note that the CBJ currently pays an additional \$26,061 to clean and maintain the current public bathrooms associated with the currently City Hall location. While these fees do not carry through to the new structure, they are also not considered to be a cost savings category once the building is sold, as CBJ will likely increase its total public restroom space to compensate. Regular janitorial costs are expected to decrease, as the CBJ is planning to contract out this task; however with the larger space of the new facility, costs were assumed to remain similar to what they are now.



## Avoided Maintenance Expenditures

Once the South Seward Street building sells, the CBJ will eliminate the maintenance costs currently associated with that structure. These costs totaled \$113,773 in 2018. Table 8 below summaries custodial, utility, energy, and maintenance costs of the two facilities.

**Table 8: Current Versus New City Hall  
Operation and Maintenance Costs 2023 to 2059**

Year City Hall is Completed	Year	Current City Hall	New City Hall Projected
1	2023	\$268,420	\$331,762
2	2024	\$274,767	\$339,608
3	2025	\$281,264	\$347,638
4	2026	\$287,915	\$355,859
5	2027	\$294,724	\$364,274
6	2028	\$301,693	\$372,888
7	2029	\$308,827	\$381,706
8	2030	\$316,130	\$390,732
9	2031	\$323,606	\$399,972
10	2032	\$331,258	\$409,430
11	2033	\$339,091	\$419,112
12	2034	\$347,110	\$429,022
13	2035	\$355,318	\$439,167
14	2036	\$363,720	\$449,552
15	2037	\$372,321	\$460,183
16	2038	\$381,125	\$471,065
17	2039	\$390,138	\$482,204
18	2040	\$399,364	\$493,607
19	2041	\$408,807	\$505,279
20	2042	\$418,474	\$517,228
21	2043	\$428,370	\$529,459
22	2044	\$438,500	\$541,979
23	2045	\$448,869	\$554,795
24	2046	\$459,483	\$567,914
25	2047	\$470,349	\$581,344
26	2048	\$481,471	\$595,091
27	2049	\$492,857	\$609,163
28	2050	\$504,511	\$623,568
29	2051	\$516,441	\$638,313
30	2052	\$528,654	\$653,408
31	2053	\$541,155	\$668,859
32	2054	\$553,952	\$684,675
33	2055	\$567,051	\$700,866
34	2056	\$580,460	\$717,439
35	2057	\$594,186	\$734,405
36	2058	\$608,237	\$751,771
37	2059	\$622,620	\$769,548
<b>37</b>	<b>Total</b>	<b>\$15.6 million</b>	<b>\$19.3 million</b>

After 37 years, the CBJ will have saved \$15.6 million in avoided operation and maintenance costs by moving to a new city hall structure and spent \$19.3 million in operation and maintenance in the new city hall.

## Renewal and Replacement Account Costs

Based on input from the CBJ, this analysis assumes there will be a renewal and replacement fund developed to respond to future costs on both the current and new city hall buildings. For the new city hall, savings will be set aside at a rate of 0.82%<sup>11</sup> per year of the replacement cost of the facility, which is \$20,563,000.<sup>12</sup> This amounts to a “cost” (set-aside) of \$168,617 in the first year to respond to future renewal and replacement needs. (See Table 10 on the following page). For the current city hall, a savings account will be developed at the same rate of 0.82% of the replacement cost of the old building of \$7.3 million.<sup>13</sup> For the old city hall, year 2025 renewal and replacement costs include \$6.2 million of identified overdue deferred maintenance costs.<sup>14</sup>

**Table 9: Current City Hall Deferred Maintenance Costs Identified as Needed by 2025**

Cost Category	Costs
Exterior Wall System	\$ 546,131
Roof System	\$ 371,136
Interior Partitions	\$ 384,989
Interior Doors	\$ 125,767
Interior Floor Finishes	\$ 409,238
Interior Wall Finishes	\$ 158,225
Interior Ceiling Finishes	\$ 235,150
Fire Protection & Suppression	\$ 199,422
HVAC Equipment	\$ 783,832
HVAC Controls	\$ 181,922
Electrical Lighting	\$ 441,134
Special Electrical	\$ 204,161
<b>Sub total</b>	<b>\$ 4,041,106</b>
Project Mark-ups (Design, OH, Relocation Costs)	\$ 1,616,442
Escalate 2025	\$ 565,755
<b>Total</b>	<b>\$ 6,223,302</b>

The \$6.2 million amount includes \$4.04 million in direct deferred maintenance costs; \$1.6 million in project mark up costs, including design, overhead, and relocation costs; and \$565,755 in escalated costs, as projected by the CBJ.<sup>15</sup>

<sup>11</sup> The rate of 0.82% was developed by calculating the lifespan of the systems involved in a new city hall structure, including plumbing, electric, lighting, equipment, furnishings, superstructures, walls, windows, roof, doors, etc. and calculating the replacement costs.

<sup>12</sup> The replacement cost value was provided by the CBJ.

<sup>13</sup> To determine the replacement cost for the old building, a cost per square foot of the replacement cost of the new building was calculated at \$447.31. This was applied to the current building's 16,312 square feet. Note – this differs from the projected sales value of the building discussed on page 9.

<sup>14</sup> R&R cost projects include a major renovation in FY2025 to address deferred maintenance items. If CBJ sells the facility and moves into a new city hall, then these costs will not be incurred. However, if a new city hall is not constructed and CBJ retains the old city hall, then a significant renovation of the facility in FY2025 is anticipated. Note – it remains unclear how this deferred maintenance would impact the potential sales price of the current CBJ city hall.

<sup>15</sup> Further explanation is provided in an email from Nathan Coffee December 21, 2018: “The replacement cost worksheet develops direct construction cost estimate for replacement of a building system. The value of the work is derived from the replacement value attributed to the building at the point of time that worksheet is developed. To develop an overall project cost a 40% mark-up is added to cover additional project costs associated with design, construction management, contingency etc. This project total is the present value project total. To arrive at a future value of the work I have escalated the costs an additional 10%.”

**Table 10: Renewal and Replacement Account Costs 2023 to 2059**

Year City Hall is Completed	Year	Current City Hall	New City Hall Projected
1	2023	\$59,832	\$168,617
2	2024	\$61,247	\$172,604
3	2025	\$6,285,998*	\$176,685
4	2026	\$64,178	\$180,864
5	2027	\$65,695	\$185,140
6	2028	\$67,249	\$189,518
7	2029	\$68,839	\$194,000
8	2030	\$70,467	\$198,588
9	2031	\$72,133	\$203,284
10	2032	\$73,839	\$208,091
11	2033	\$75,585	\$213,011
12	2034	\$77,372	\$218,048
13	2035	\$79,202	\$223,205
14	2036	\$81,075	\$228,483
15	2037	\$82,992	\$233,886
16	2038	\$84,955	\$239,416
17	2039	\$86,963	\$245,078
18	2040	\$89,020	\$250,873
19	2041	\$91,125	\$256,806
20	2042	\$93,280	\$262,878
21	2043	\$95,486	\$269,095
22	2044	\$97,744	\$275,458
23	2045	\$100,055	\$281,972
24	2046	\$102,421	\$288,640
25	2047	\$104,843	\$295,465
26	2048	\$107,322	\$302,452
27	2049	\$109,860	\$309,604
28	2050	\$112,458	\$316,925
29	2051	\$115,117	\$324,420
30	2052	\$117,839	\$332,091
31	2053	\$120,626	\$339,944
32	2054	\$123,478	\$347,983
33	2055	\$126,398	\$356,212
34	2056	\$129,387	\$364,635
35	2057	\$132,447	\$373,258
36	2058	\$135,579	\$382,084
37	2059	\$138,785	\$391,119
<b>37</b>	<b>Total</b>	<b>\$ 9,700,888</b>	<b>\$ 9,800,431</b>

\*Note: Includes deferred maintenance costs of \$6.2 million. See previous page for a detailed explanation.

## Financing

According to the detailed bond amortization schedule provided by the CBJ Director of Finance, Bob Bartholomew, the interest on the bond debt service will cost the CBJ an additional \$11.75 million over a 30-year period. The table below shows the expected payment schedule of the additional interest.

**Table 11: New City Hall Financing Costs**

Year City Hall is Completed	Interest Charged on Project Costs for New City Hall
1	\$598,775
2	\$592,775
3	\$586,625
4	\$580,325
5	\$571,725
6	\$562,725
7	\$553,325
8	\$541,075
9	\$528,325
10	\$514,825
11	\$500,575
12	\$485,825
13	\$470,325
14	\$454,075
15	\$436,825
16	\$418,825
17	\$399,825
18	\$379,825
19	\$359,075
20	\$337,075
21	\$314,075
22	\$289,825
23	\$264,325
24	\$237,575
25	\$209,575
26	\$180,075
27	\$147,788
28	\$113,663
29	\$77,700
30	\$39,900
31	\$0
32	\$0
33	\$0
34	\$0
35	\$0
36	\$0
37	\$0
<b>Total</b>	<b>\$ 11,747,250</b>

## City Hall Construction Multiplier Effect<sup>16</sup>

The new City Hall will begin to have a local economic impact as soon as work on the building begins. One way to calculate a cost-benefit analysis is to look only at direct costs and savings, and to compare these over an extended period, such as 40 years. Another is to consider short-term spending and multiplier effects expected during design and construction of a project. The infusion of a project of this size into the local economy will have significant secondary benefits during development and construction. The project is expected to create 151 full-time jobs with \$8.3 million in associated payroll during the construction phase of the municipal facility. This includes direct, indirect, and induced jobs.

### Project Costs

The fully loaded project cost to develop the new City Hall is budgeted at \$26.7 million. Because approximately \$10 million of the total costs are likely to be spent outside Juneau, the multiplier analysis includes only the \$16.8 million expected to circulate within the community.

**Table 12: New City Hall Construction Cost Estimates**

Cost Category	Cost
Construction Costs Expended Locally (direct)	\$10,614,616
Other Construction Costs (non local)	\$9,948,891
Additional Local Costs: Design Services, Overhead and Management (likely CBJ), Contingency (likely spent on construction), Connection Fees (AEL&P, Telecommunications), 1% for Arts, Inspections, Permits, Equipment, etc.	\$6,169,052
<b>Total Dollars to be Spent</b>	<b>\$26,732,560</b>
<b>Total Dollars to be Spent Locally</b>	<b>\$16,783,669</b>

### Direct Spending Impacts

Based on the final-demand RIMS II modeling, the construction process will generate 101 direct fulltime jobs in the following industries: construction (68 jobs),

<sup>16</sup> The project will generate the following types of economic benefits in the regional economy: **Direct Effects**. Direct benefits relate to: a) the short-term business activity of general contractors involved in the project construction, and b) the ongoing business activity of retailers and other firms involved in the development of the project. **Secondary Effects**, including indirect and induced effects: **Indirect Effects**. Indirect effects will result when local firms directly benefiting from the project in turn purchase materials, supplies or services from other firms. **Induced Effects**. Induced benefits relate to the consumption spending of employees of firms that are directly or indirectly affected by the project. These would include all of the goods and services normally associated with household consumption (e.g., housing, retail purchases, local services, etc.). The analysis quantifies the above benefits in terms of the following measures: **Total industry output** – the increase in gross industry receipts, representing the total economic activity generated by the project; **Employment** – Expressed as new full-time equivalent (FTE) jobs; and **Labor Income** – Payroll and benefits associated with the created jobs, along with additional proprietor income (payments received by self-employed individuals and unincorporated business owners).

professional services (23 jobs), and management (10 jobs). These workers are expected to earn \$6.5 million in wages during the construction and pre-construction period. Generally, these will be highly paid jobs. An additional \$10.3 million in direct output will be created by the direct spending of project dollars in the community.

## Secondary Effects

A total of 46 secondary (induced and indirect) jobs with employment earnings of \$1.8 million will be created during the project's construction and design phases. Spending in Juneau would increase by \$3.8 million as the construction-related dollars circulate through the community.

**Table 13: The Economic Impact of Locally Spent Dollars  
for a New City Hall Construction Project in Juneau**

Cost Category	Direct Effects	Secondary Effects	Total Effects
Employment Impact	101 jobs	46 jobs	<b>151 jobs</b>
Total Wages Impact (in millions)	\$6.5	\$1.8	<b>\$8.3</b>
Additional Local Spending Impact (in millions)	\$10.3	\$3.8	<b>\$14.1</b>
<b>Total Economic Impact of Funds Spent in Juneau (in millions)</b>	<b>\$16.8</b>	<b>\$5.6</b>	<b>\$22.4</b>

Source: Bureau of Economic Analysis Type II RIMS multipliers for Juneau. Produced by the Regional Product Division on 3/11/2017. Analysis by Rain Coast Data.

## Additional Considerations

### Consolidated Work Environment

Another value of this project will be the creation of a consolidated city hall, which will make it easier for city staff to collaborate and easier for the public to find and navigate city offices. While it is difficult to place a dollar figure on this benefit, numerous studies show the value of bringing workers together to improve functionality and capacity building. Perhaps most telling is that CBJ staff themselves appear to strongly believe that a single work location will enhance their ability to collaborate and provide quality public services, and increase workplace efficiency. Long-standing concerns of top CBJ staff include difficulty building relationships with staff who are “pocketed out” across the downtown area. There is a strong sense that centralization of staff and services would significantly improve the ability of the CBJ team to better serve the public.<sup>17</sup>

### Increased Downtown Housing

Another benefit of this project is that it could increase the supply of housing in downtown Juneau. The CBJ has long been criticized for displacing housing in the Marine View apartment building, and converting desirable housing units into government office space. A shortage of housing has long been one of Juneau's most significant obstacles for economic development. The top two measures of a growing economy are an increasing

<sup>17</sup> Source: Notes from an October 22<sup>nd</sup>, 2012 CBJ Strategic Planning Retreat.

populace and a growing job market, and in Juneau there is an artificial lid on the top of the economy in the form of housing — or lack thereof. In order for Juneau to have an economy capable of further growth, the community needs more housing. In 2018 Juneau's efficiency and one-bedroom apartments had vacancy rates of 0% and 2.9%, respectively.<sup>18</sup> An optimal rate is generally considered to be 7%. The need for rentals in downtown Juneau is especially high, and was exacerbated by the loss of 41 units in the Gastineau Apartments, destroyed in 2012.

Juneau's visitor and legislative seasons are predominantly centered downtown. Based on a 2016 analysis, in the summer Juneau's downtown visitor industry employment grows from a low of 1,898 workers in the winter to a peak of 4,158 workers. By 2019 the number of visitors arriving by cruise ship in downtown Juneau is expected to increase by 33% over the summer of 2016, further increasing the need to house workers downtown in Juneau's summer months. Juneau's tourism season now begins in April and ends in October. There is also a need for downtown housing during the legislative season. Between January and April, approximately 250 legislators and staff come to Juneau and need housing. According to a recent Juneau Economic Development Council survey, 69% of this group stays in a long-term rental, while an additional 15% lodge in a hotel or motel.

The city currently rents 17,090 square feet of space in the Marine View building that could potentially be converted back to apartments if the CBJ were to vacate the premises. An estimated 20 new apartment units could be developed. For the purposes of this analysis it is assumed that this space will to be converted into housing from office space.<sup>19</sup>

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<sup>18</sup> Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2018 Alaska Rental Market Survey

<sup>19</sup> Because this property is privately owned, there is no guarantee the owner will choose to make this conversion.



Table 14: Full Economic Model and Assumptions

Year City Hall is Completed	Year	Rent with CPI Increase	Sales Tax Rent Advantage	Mill Rate Advantage from building sale + Sale	Old City Hall R&R Fees	Current City Hall Operation and Maintenance Costs	New City Hall R&R Fees	New City Hall Operating and Maintenance Costs	Financing Costs	Total Savings	Benefits Cumulative	Total Benefits Minus Project Costs
1	2023	\$814,020	\$21,903	\$3,440,850	\$59,832	\$268,420	\$168,617	\$331,762	\$598,775	\$3,505,870	\$3,505,870	(\$23,226,690)
2	2024	\$822,160	\$22,122	\$38,020	\$61,247	\$274,767	\$172,604	\$339,608	\$592,775	\$113,329	\$3,619,198	(\$23,113,362)
3	2025	\$830,382	\$22,343	\$38,919	\$62,885	\$281,915	\$176,685	\$347,838	\$586,625	\$6,347,957	\$9,967,155	(\$16,765,405)
4	2026	\$838,685	\$22,566	\$39,839	\$64,178	\$287,915	\$180,864	\$355,859	\$580,325	\$136,136	\$10,103,291	(\$16,629,269)
5	2027	\$847,072	\$22,792	\$40,781	\$65,695	\$294,724	\$185,140	\$364,274	\$571,725	\$149,925	\$10,253,216	(\$16,479,343)
6	2028	\$855,543	\$23,020	\$41,746	\$67,249	\$301,693	\$189,518	\$372,888	\$563,325	\$164,119	\$10,417,335	(\$16,315,224)
7	2029	\$864,098	\$23,250	\$42,733	\$68,839	\$308,827	\$194,000	\$381,706	\$553,325	\$178,717	\$10,596,052	(\$16,136,508)
8	2030	\$872,739	\$23,483	\$43,743	\$70,467	\$316,130	\$198,588	\$390,732	\$541,075	\$196,168	\$10,792,220	(\$15,940,340)
9	2031	\$881,467	\$23,717	\$44,778	\$72,133	\$323,606	\$203,284	\$399,972	\$528,325	\$214,121	\$11,006,341	(\$15,726,219)
10	2032	\$890,281	\$23,955	\$45,837	\$73,839	\$331,258	\$208,091	\$409,430	\$514,825	\$232,824	\$11,239,165	(\$15,493,395)
11	2033	\$899,184	\$24,194	\$46,920	\$75,585	\$339,091	\$213,011	\$419,112	\$500,575	\$252,277	\$11,491,442	(\$15,241,118)
12	2034	\$908,176	\$24,436	\$48,030	\$77,372	\$347,110	\$218,048	\$429,022	\$485,825	\$272,229	\$11,763,671	(\$14,968,889)
13	2035	\$917,258	\$24,680	\$49,166	\$79,202	\$355,318	\$223,205	\$439,167	\$470,325	\$292,927	\$12,056,598	(\$14,675,962)
14	2036	\$926,430	\$24,927	\$50,328	\$81,075	\$363,720	\$228,483	\$449,552	\$454,075	\$314,371	\$12,370,969	(\$14,361,591)
15	2037	\$935,695	\$25,177	\$51,518	\$82,992	\$372,321	\$233,886	\$460,183	\$436,825	\$336,809	\$12,707,778	(\$14,024,782)
16	2038	\$945,052	\$25,428	\$52,737	\$84,955	\$381,125	\$239,416	\$471,065	\$418,825	\$359,990	\$13,067,768	(\$13,664,792)
17	2039	\$954,502	\$25,683	\$53,984	\$86,963	\$390,138	\$245,078	\$482,204	\$399,825	\$384,163	\$13,451,931	(\$13,280,629)
18	2040	\$964,047	\$25,939	\$55,260	\$89,020	\$399,364	\$250,873	\$493,607	\$379,825	\$409,325	\$13,861,256	(\$12,871,304)
19	2041	\$973,688	\$26,199	\$56,567	\$91,125	\$408,807	\$256,806	\$505,279	\$359,075	\$435,226	\$14,296,482	(\$12,436,078)
20	2042	\$983,425	\$26,461	\$57,905	\$93,280	\$418,474	\$262,878	\$517,228	\$337,075	\$462,363	\$14,758,845	(\$11,973,715)
21	2043	\$993,259	\$26,725	\$59,274	\$95,486	\$428,370	\$269,095	\$529,459	\$314,075	\$490,486	\$15,249,331	(\$11,483,229)
22	2044	\$1,003,191	\$26,993	\$60,676	\$97,744	\$438,500	\$275,458	\$541,979	\$289,825	\$519,841	\$15,769,172	(\$10,963,388)
23	2045	\$1,013,223	\$27,263	\$62,111	\$100,055	\$448,869	\$281,972	\$554,795	\$264,325	\$550,429	\$16,319,601	(\$10,412,959)
24	2046	\$1,023,356	\$27,535	\$63,579	\$102,421	\$459,483	\$288,640	\$567,914	\$237,575	\$582,245	\$16,901,846	(\$9,830,714)
25	2047	\$1,033,589	\$27,811	\$65,083	\$104,843	\$470,349	\$295,465	\$581,344	\$209,575	\$615,290	\$17,517,136	(\$9,215,423)
26	2048	\$1,043,925	\$28,089	\$66,622	\$107,322	\$481,471	\$302,452	\$595,091	\$180,075	\$649,811	\$18,166,947	(\$8,565,612)
27	2049	\$1,054,364	\$28,370	\$68,197	\$109,860	\$492,857	\$309,604	\$609,163	\$147,788	\$687,093	\$18,854,040	(\$7,878,520)
28	2050	\$1,064,908	\$28,653	\$69,810	\$112,458	\$504,511	\$316,925	\$623,568	\$113,663	\$736,184	\$19,580,224	(\$7,152,335)
29	2051	\$1,075,557	\$28,940	\$71,461	\$115,117	\$516,441	\$324,420	\$638,313	\$77,700	\$767,083	\$20,347,307	(\$6,385,252)
30	2052	\$1,086,313	\$29,229	\$73,150	\$117,839	\$528,654	\$332,091	\$653,408	\$39,900	\$809,786	\$21,157,094	(\$5,575,466)
31	2053	\$1,097,176	\$29,521	\$74,880	\$120,626	\$541,155	\$339,944	\$668,859	\$0	\$854,555	\$22,011,649	(\$4,720,911)
32	2054	\$1,108,147	\$29,817	\$76,651	\$123,478	\$553,952	\$347,983	\$684,675	\$0	\$859,387	\$22,871,035	(\$3,861,525)
33	2055	\$1,119,229	\$30,115	\$78,463	\$126,398	\$567,051	\$356,212	\$700,866	\$0	\$864,179	\$23,735,214	(\$2,997,346)
34	2056	\$1,130,421	\$30,416	\$80,319	\$129,387	\$580,460	\$364,635	\$717,439	\$0	\$868,929	\$24,604,143	(\$2,128,417)
35	2057	\$1,141,725	\$30,720	\$82,218	\$132,447	\$594,186	\$373,258	\$734,405	\$0	\$873,634	\$25,477,777	(\$1,254,782)
36	2058	\$1,153,143	\$31,027	\$84,162	\$135,579	\$608,237	\$382,084	\$751,771	\$0	\$878,293	\$26,356,070	(\$376,490)
37	2059	\$1,164,674	\$31,338	\$86,153	\$138,785	\$622,620	\$391,119	\$769,548	\$0	\$882,902	\$27,238,972	\$506,412
Totals		\$36,230,106	\$74,834	\$5,562,469	\$9,700,888	\$15,601,240	\$9,800,431	\$19,282,885	\$11,747,250	\$27,238,972	\$573,484,141	



# New City Hall

## The Business Case

# The Problem

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- Annual spending on downtown office lease costs ~ \$750,000/year
- Annual maintenance and utility costs for aging “city hall” at 155 Seward ~ \$250,000/year
- Current office footprint occupies desirable commercial and residential space
- Operational inefficiency of having ~163 city employees spread across five separate buildings

# The Proposed Solution

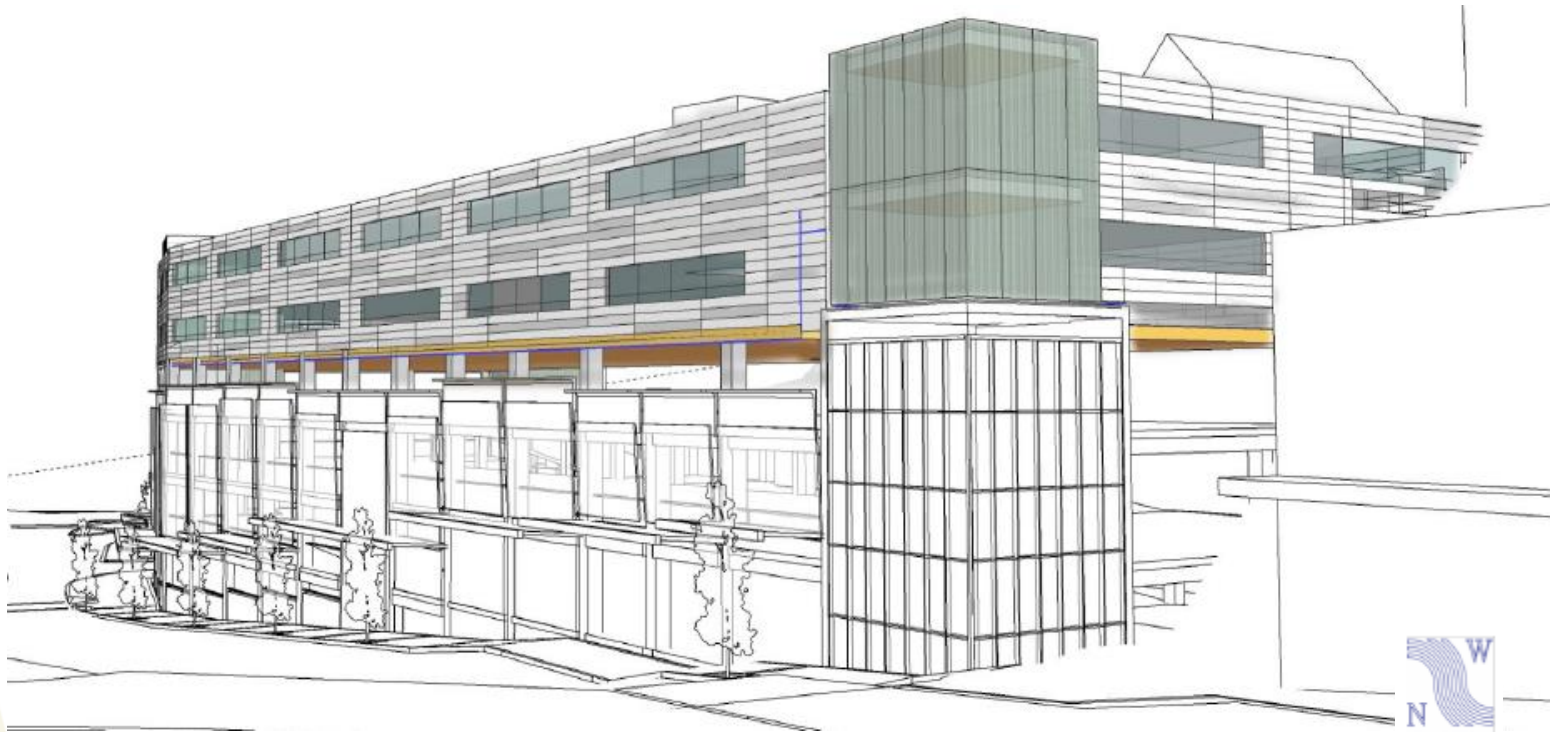
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- Add two floors of office space (46,000 sq ft) to the Downtown Transit Center Parking Garage
- \$26.7 million estimated project costs
- Accomplishes these goals
  - Consolidate downtown city operations for ease of use by the public
  - Vacate space that could be used for private purposes
    - Commercial & residential use of current spaces generates new tax revenues
  - Take advantage of existing CBJ infrastructure
  - Reinforce Juneau's "Capital Core"
  - Reduce long-term cost

# View from Lower Main



# View from Upper Main



# View from Transit Center



# Financial Options

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- Project to be financed by 30-year General Obligation bonds
- Assumes current “city hall” would be sold at market value
- GO Bonds would be repaid by
  - Savings from avoided lease and utility/maint costs
  - Increase to the debt service mill rate
- “Down Payment”: Up-front appropriation of CBJ Fund Balance would reduce the amount borrowed and the resulting debt service mill rate increase

# Financial Options

	<b>Option 1 No Down Payment</b>	<b>Option 2 \$5 million Down</b>	<b>Option 3 \$10 million Down</b>
Project Cost – New City Hall	\$26,732,560	\$26,732,560	\$26,732,560
Less: FMV of current 155 Seward	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Less: Appropriation of Fund Balance	(\$0)	(\$5,000,000)	(\$10,000,000)
Project Cost to be Financed	\$24,232,560	\$19,232,560	\$14,232,560

Annual Debt Service Cost for New City Hall (30 years)	\$1,454,300	\$1,154,300	\$854,200
Plus: Annual Custodial, Utility, and Maintenance Cost	\$331,762	\$331,762	\$331,762
Total Annual Costs for New City Hall (30 years)	\$1,786,062	\$1,486,062	\$1,185,962

Less: Offset CBJ Office Costs Available for Debt Service	\$1,056,760	\$1,056,760	\$1,056,760
Annual Debt Service Cost paid by Increased Millage	\$729,302	\$429,302	\$129,202

Millage Increase for New City Hall Debt Service	0.15 mills	0.09 mill	0.03 mill
Annual Property Tax Increase per \$100,000 Value	\$15.00	\$9.00	\$3.00
Annual Property Tax Increase per \$350,000 Home	\$52.50	\$31.50	\$10.50



# Long-term Benefits

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- Certainty (own vs. lease office space)
- Efficiency
- Economic Development
  - Downtown Housing
  - Private Commercial Activity on the Waterfront
- Savings of ~\$750,000/year
  - From today's costs after debt is retired

# Next Steps

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- Engage with Public Process
  - Share and discuss concept
  - Invite other ideas
  - Hear critical feedback
  - Establish public support
- Refine design and cost estimate
- Determine financing and “down payment”
- Public vote on bond issue

# Additional Resources

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- NorthWind Architects Study
  - Project Summary and Design Outline
  - Construction Cost Estimate
  - Structural Analysis – DCI Engineers
  - Space Planning Analysis
  - Cost/Benefit Analysis – Rain Coast Data

<https://beta.juneau.org/manager/special-projects>

## MEMORANDUM



155 S. Seward St. Juneau, Alaska 99801  
Scott.Ciambor@juneau.org  
Voice (907) 586-0220  
Fax (907) 586-5385

Date: April 29, 2019

TO: Lands Committee

FROM: Scott Ciambor, Chief Housing Officer 

Re: Land Purchase for Senior Housing Assisted Living Proposal

Dear Committee of the Whole:

The Lands Committee discussed a senior housing assisted living proposal at its [March 18, 2019](#) and [April 8, 2019 meeting](#). The Lands Committee instructed staff to bring to the COW details for a property purchase in the Vintage Park subdivision.

In order to meet the recommendations in the 2014 Juneau Senior Housing and Services Market Demand Study in regards to developing assisted living in the community, staff has been working through the following steps to help make an assisted living project feasible:

- 1. Land Purchase.** Securing the site will allow for a competitive process. If a competitive process is unavailing, or senior housing ceases to be a goal, the Assembly could dispose of the property in the future.
- 2. Tax Abatement.** This is a complex topic but an incentive noted to consider in the Housing Action Plan for 1) senior housing, 2) workforce housing, and 3) housing in downtown.

The Assembly could chose to enact tax abatement for housing in any number of ways, including perhaps, a phased approach that would consider abatement only for senior housing projects (low-income senior housing, assisted living, and nursing care/skilled nursing).

There are many resources on how municipalities approach the use of a tax abatement incentive.

- 3. Competitive Process.** After completing steps 1 and 2, the Assembly could then consider a competitive process for disposal of the land to a senior housing for profit developer.

**This memo focuses on step #1, land purchase.**

**Land Purchase & CBJ Funding for Purchase**

	<b>Project Details</b>
Legal Description	Lots 31 through 38 Vintage II Subdivision Block C according to Plan 85-58, Juneau Recording District, First Judicial district, State of Alaska
Site Size	Approximately 2.39 acres at Vintage Business Park
Current Zoning	Light Commercial
Appraisal	December 7, 2016
Property Status	Purchase and Sales Agreement Currently assigned to Torrey Pines development/Bayshire Senior Living for \$1,519,000 (Note: Bayshire is willing to relinquish their option).

**CBJ§53.04.020** allows for acquisition of real property by purchase or eminent domain at a price the manager determines does not exceed fair market value.

**Appraisal:**

An updated appraisal is being conducted and should be available mid-May.

**Pre-Development and the Mendenhall River:** SCSSI, Inc. and Marathon Development completed significant pre-development work that covered the future impacts of the Mendenhall River. Engineers have concluded that erosion risks can be mitigated.

**Staff recommendation:**

- Forward to the Finance Committee to put land purchase on the pending list. (Staff will provide updated appraisal price.)

# Senior Housing Assisted Living Proposal

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- Land Purchase
- Tax Abatement
- Competitive Process

# Senior Assisted Living: How did we get here?

## **Problem Identified, Mobilization, Demand Forecast (2010-2014, 2017)**

- 2010 Senior Needs Assessment
- 2013 Assisted Living Task Force
- *2014 Juneau Senior Housing and Services Market Demand Study*
- 2017 Economic Impact of assisted living project at Vintage Park

## **Feasibility Gap**

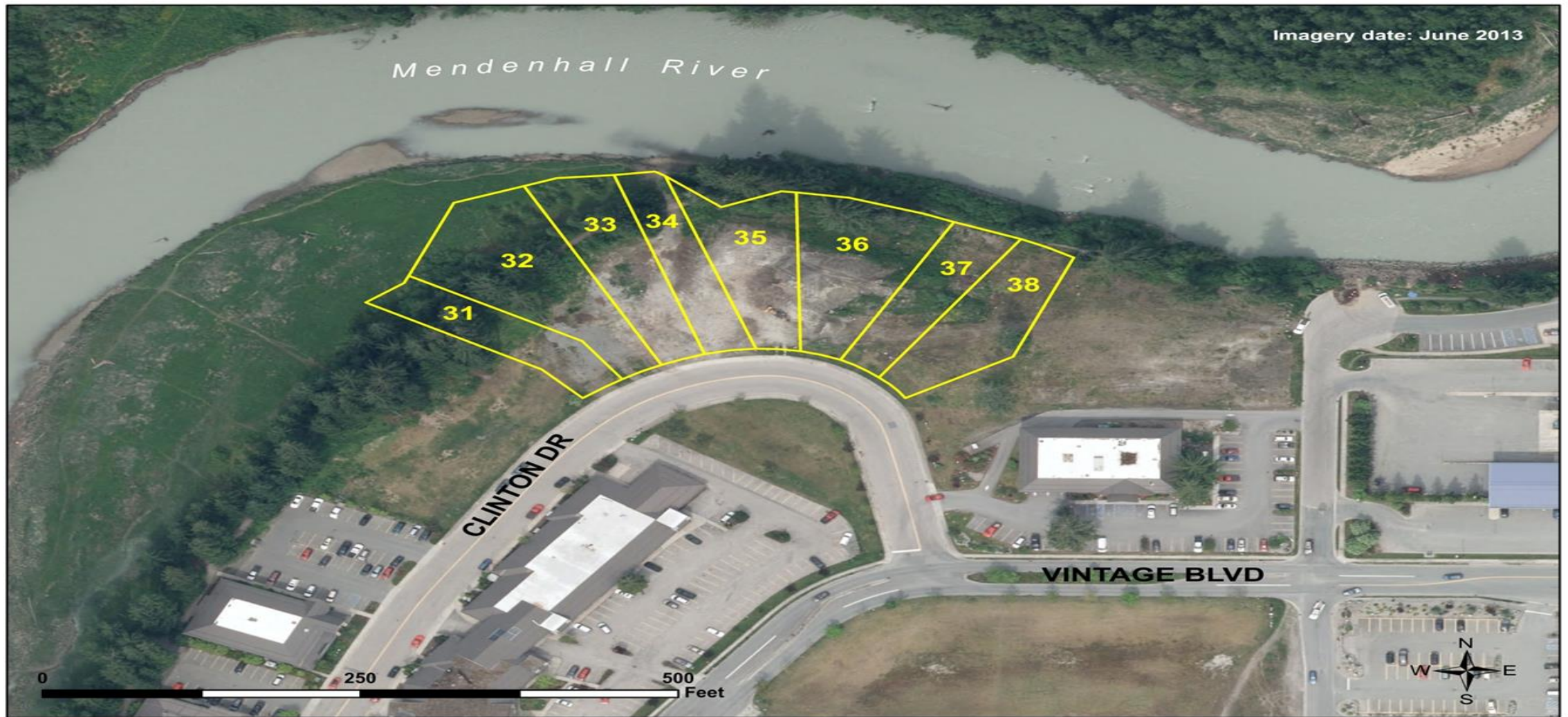
- High land, construction, and development costs
- Current proposal for CBJ Assistance (Land purchase, tax abatement, & competitive process)

## **Design & Construction**

### **Pre-development engineering reports & pro forma**

- Construction costs estimates & site plan
- Environmental Assessment
- Mendenhall River Riprap Slope Protection Review





## Lots 31 through 38 Vintage II Subdivision



Project Details	
<b>Legal Description</b>	Lots 31 through 38 Vintage II Subdivision Block C according to Plan 85-58, Juneau Recording District, First Judicial district, State of Alaska
<b>Site Size</b>	Approximately 2.39 acres at Vintage Business Park
<b>Current Zoning</b>	<i>Mixed Use (MU)</i>
<b>Appraisal</b>	December 7, 2016; <u><i>Update May 2019</i></u>
<b>Property Status</b>	Purchase and Sales Agreement assigned to Torrey Pines Development/Bayshire Senior Living for \$1,519,000. (Note: Bayshire is willing to relinquish their option)

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## **Staff recommendation:**

- Forward to the Finance Committee to put land purchase on the pending list. (Staff will provide updated appraisal price.)

# Tax Abatement Proposal: How did we get here?

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- **State of Alaska enacted SB100 (2017)**
- **2018 Tax Abatement Working Group:** consider specific, narrow criteria for housing and commercial development
- **CBJ Housing Action Plan:** consideration of tax abatement for senior, downtown, and workforce housing
- **CBJ August 2018 COW meeting**
  - Table of most recent incentive requests to cover feasibility gap:
    - Senior housing
    - Larger projects
    - Multiple downtown projects & Downtown Business Association request
- **2019-12 Anchorage Tax Incentives for Downtown Housing implemented**

Essential Terms	Anchorage (2018)	Juneau Concept 1: Downtown	Juneau Concept 2: Senior Housing	Juneau Concept 3: Workforce Housing
Housing Eligible for Tax Abatement	New residential units with a minimum of four	New residential units with a minimum of four	Senior Independent; Housing (55+) Assisted Living; and Skilled Nursing	New residential multi-family housing units with a minimum of four
Targeted Area Eligible for Abatement	Downtown Housing “Central Business District” District 1	Downtown Housing Comp Plan Subarea 6	Senior housing throughout Borough	Multi-family housing throughout Borough
Length of Tax Abatement	12 years	20 years	15 years or up to the end of the financing period	10 years
Tax Exemption Coverage	New residential units. Sq. footage added ÷ total sq. footage x mill rate.  District 1 Mill rate: 16.40	Full mill rate = 10.56	Eligible up to the operational mill rate of 9.36.	Total mill rate less minimum required school contribution.  10.56 -2.65 = 7.9 mills.
Affordability Requirement	None	None	None	20% of units for tenants with gross incomes at 80% or less AMI for at least 10 years.
Year 1 Foregone Tax Revenue/\$1 million taxable property value	\$16,400	\$10,560	\$9360	\$7,900
Foregone Tax Revenue Total/\$1 million taxable property value	\$196,800	\$211,200	\$140,400	\$79,000

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## **Staff recommendation:**

- Consider conceptual tax abatement options and whether to pursue targeted or global abatement approaches. Work through the issue until ready to request a draft ordinance.

# MEMORANDUM



155 S. Seward St. Juneau, Alaska 99801  
 Scott.Ciambor@juneau.org  
 Voice (907) 586-0220  
 Fax (907) 586-5385

Date: April 29, 2019

TO: Lands Committee

FROM: Scott Ciambor, Chief Housing Officer 

Re: Tax Abatement for Senior Housing

Dear Committee of the Whole:

The State of Alaska enacted SB100 in 2017 which gives municipalities' authority to partially or totally exempt all or some types of economic development property from taxation if an exemption or deferral on the property enables a significant capital investment in physical infrastructure that 1) expands the tax base of the municipality and 2) will generate property tax revenue after the exemption expires. (SB100, attached). To date, Anchorage is the only community to pass local authorizing legislation; they chose to do so for multiple unit housing projects in their central business district.

Working with staff, a 2018 tax abatement working group (local bank, Chamber and JEDC participation) made recommendations that were given to the Assembly last year. The group recommended consideration of specific, narrow criteria for tax abatement for housing and commercial development. Resources for creating decisions on a housing tax abatement program were provided. ([Finance Committee 4-18-2018](#))

Additionally, the CBJ Housing Action Plan calls for consideration of tax abatement for senior, downtown, and work force housing. Also, the [2014 Juneau Senior Housing and Services Market Demand Study](#) recommend the following in regards to assisted living:

- Planning for the co-location of assisted living with senior independent housing to create an aging in place community;
- Plan to meet the demand for assisted living in multiple ways (327 assisted living beds by 2042); and
- Anticipate that a public/private partnership will be required. (incentives)

At the March 18, 2019 Lands Committee requested staff bring back details for targeted senior housing tax abatement along with the potential land purchase proposal.

**In your packet is a draft matrix on the essential terms of a variety of tax abatement proposals, including for a specific senior housing tax abatement.**

**Staff recommendation:** Consider the attached matrix of conceptual abatement options. Consider whether to pursue targeted or global abatement approaches. Work this issue until ready to request a draft ordinance.

**Essential Terms for Tax Abatement for Housing  
Development – Key Decisions**

# CONCEPTS FOR DISCUSSION

Essential Terms	Anchorage (2018)	Juneau Concept 1: Downtown	Juneau Concept 2: Senior Housing	Juneau Concept 3: Workforce Housing
Housing Eligible for Tax Abatement	New residential units with a minimum of four	New residential units with a minimum of four	Senior Independent; Housing (55+) Assisted Living; and Skilled Nursing	New residential multi-family housing units with a minimum of four
Targeted Area Eligible for Abatement	Downtown Housing “Central Business District” District 1	Downtown Housing Comp Plan Subarea 6	Senior housing throughout Borough	Multi-family housing throughout Borough
Length of Tax Abatement	12 years	20 years	15 years or up to the end of the financing period	10 years
Tax Exemption Coverage	New residential units: The square footage of the newly constructed residential units shall be divided by the square footage of all structures on the property, then multiplied by the assessed value of all improvements on the property and by the mill rate applicable to the property.  District 1 Mill rate: 16.40	Full mill rate = 10.56	Eligible up to the operational mill rate of 9.36.	Total mill rate less minimum required school contribution.  $10.56 - 2.65 = 7.9$ mills.
Affordability Requirement	None	None	None	20% of units for tenants with gross incomes at 80% or less AMI for at least 10 years.
Year 1 Foregone Tax Revenue/\$1 million taxable property value	\$16,400	\$10,560	\$9360	\$7,900
Foregone Tax Revenue Total/\$1 million taxable property value	\$196,800	\$211,200	\$140,400	\$79,000



# LAWS OF ALASKA

## 2017

**Source**  
HCS SB 100(RLS)

**Chapter No.**  
\_\_\_\_\_

### AN ACT

Relating to municipal liens; relating to service areas in second class boroughs; relating to a municipal tax exemption or deferral for economic development property; relating to a municipal tax exemption for a fire protection system; and providing for an effective date.

\_\_\_\_\_  
**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1





**AN ACT**

1 Relating to municipal liens; relating to service areas in second class boroughs; relating to a  
2 municipal tax exemption or deferral for economic development property; relating to a  
3 municipal tax exemption for a fire protection system; and providing for an effective date.

4 \_\_\_\_\_  
5 \* **Section 1.** AS 09.45.169(2) is amended to read:

6 (2) "nonconsensual common law lien" means a lien on real or personal  
7 property that

8 (A) is not provided for by a specific state or federal statute **or**  
9 **municipal ordinance;**

10 (B) does not depend on the consent of the owner of the  
11 property affected for its existence; and

12 (C) is not an equitable, constructive, or other lien imposed by a  
13 court recognized under state or federal law;

\* **Sec. 2.** AS 11.46.560(a) is amended to read:

(a) A person commits the crime of offering a false instrument for recording in the second degree if

(1) under AS 40.17, the person presents a lien to the recorder for registration, filing, or recording with reckless disregard that the lien is not

(A) provided for by a specific state or federal statute **or**  
**municipal ordinance**; or

(B) a lien imposed or authorized by a court recognized under state or federal law;

(2) under a law authorizing the receipt and filing of a document, the person presents a lien to a department or person having responsibility to accept a lien for filing with reckless disregard that the lien is not

(A) provided for by a specific state or federal statute **or**  
**municipal ordinance**; or

(B) a lien imposed or authorized by a court recognized under state or federal law; or

(3) the person presents to the recorder a notice of the pendency of an action affecting title to real property or the right to possession of real property with reckless disregard of the fact that the action specified does not concern the title to or right to possession of the real property referred to in the notice, or with reckless disregard of the fact that there is no pending action concerning the title to or right to possession of the real property referred to in the notice.

\* **Sec. 3.** AS 29.35.010 is amended to read:

**Sec. 29.35.010. General powers.** All municipalities have the following general powers, subject to other provisions of law:

(1) to establish and prescribe a salary for an elected or appointed municipal official or employee;

(2) to combine two or more appointive or administrative offices;

(3) to establish and prescribe the functions of a municipal department, office, or agency;

(4) to require periodic and special reports from a municipal department

1 to be submitted through the mayor;

2 (5) to investigate an affair of the municipality and make inquiries into  
3 the conduct of a municipal department;

4 (6) to levy a tax or special assessment, and impose a lien for its  
5 enforcement;

6 (7) to enforce an ordinance and to prescribe a penalty for violation of  
7 an ordinance;

8 (8) to acquire, manage, control, use, and dispose of real and personal  
9 property, whether the property is situated inside or outside the municipal boundaries;  
10 this power includes the power of a borough to expend, for any purpose authorized by  
11 law, money received from the disposal of land in a service area established under  
12 AS 29.35.450;

13 (9) to expend money for a community purpose, facility, or service for  
14 the good of the municipality to the extent the municipality is otherwise authorized by  
15 law to exercise the power necessary to accomplish the purpose or provide the facility  
16 or service;

17 (10) to regulate the operation and use of a municipal right-of-way,  
18 facility, or service;

19 (11) to borrow money and issue evidences of indebtedness;

20 (12) to acquire membership in an organization that promotes  
21 legislation for the good of the municipality;

22 (13) to enter into an agreement, including an agreement for  
23 cooperative or joint administration of any function or power with a municipality, the  
24 state, or the United States;

25 (14) to sue and be sued;

26 (15) to provide facilities or services for the confinement and care of  
27 prisoners and enter into agreements with the state, another municipality, or any person  
28 relating to the confinement and care of prisoners;

29 (16) to receive grants from and contract with the Department of Public  
30 Safety under AS 18.65.670;

31 **(17) to provide by ordinance for the creation, recording, and**

notice of a lien on real or personal property to secure payment of past due utility fees, costs incurred by the municipality in the abatement of an unsafe or dangerous building, and other fees and charges provided for by ordinance; except as otherwise provided by state law, when recorded, a municipal lien under this paragraph has priority over all other liens except

(A) liens for property taxes, special assessments, and sales and use taxes;

(B) liens that were perfected before the recording of the lien under this paragraph;

(C) liens that, under state law, are prior, paramount, and superior to all other liens; and

(D) mechanics' and materialmen's liens for which claims of lien under AS 34.35.070 or notices of right to lien under AS 34.35.064 have been recorded before the recording of the lien under this paragraph.

\* **Sec. 4.** AS 29.35.490 is amended by adding a new subsection to read:

(d) A second class borough may establish a service area for the provision of emergency services within a state highway corridor if no voters reside in the service area. A second class borough may provide emergency services in a service area established under this subsection by ordinance. Notwithstanding any other provision of law, a second class borough may not authorize or levy a property tax for the provision of emergency services in a service area established under this subsection. The boundaries of a service area established under this subsection may only include the highway corridor and publicly owned property adjacent to the highway corridor necessary to house emergency response equipment and personnel for the service area.

\* **Sec. 5.** AS 29.45.050(m) is amended to read:

(m) A municipality may by ordinance partially or totally exempt all or some types of economic development property from taxation for a designated period. Except as otherwise provided by an ordinance enacted by the municipality before January 1, 2017 [UP TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE EXEMPTION UNDER CONDITIONS ESTABLISHED IN THE ORDINANCE. HOWEVER, UNDER A RENEWAL], a municipality that is

a school district may only exempt all or a portion of the amount of taxes that exceeds the amount levied on other property for the school **district's required local contribution under AS 14.17.410(b)(2)** [DISTRICT]. A municipality may by ordinance permit deferral of payment of taxes on all or some types of economic development property for **a designated period. A municipality may not apply an exemption or deferral under this subsection to taxes levied for special services in a service area that is supervised by a board under AS 29.35.460** [UP TO FIVE YEARS. THE MUNICIPALITY MAY PROVIDE FOR RENEWAL OF THE DEFERRAL UNDER CONDITIONS ESTABLISHED IN THE ORDINANCE]. A municipality may adopt an ordinance under this subsection only if, before it is adopted, copies of the proposed ordinance made available at a public hearing on it contain written notice that the ordinance, if adopted, may be repealed by the voters through referendum. An ordinance adopted under this subsection must include specific eligibility requirements and require a written application for each exemption or deferral. In this subsection, "economic development property" means real or personal property, including developed property conveyed under 43 U.S.C. 1601 et seq. (Alaska Native Claims Settlement Act), [THAT]

(1) **to which one or more of the following apply:**

(A) **the property** has not previously been taxed as real or personal property by the municipality;

(B) **the property** [(2)] is used in a trade or business in a way that

(i) [(A)] creates employment in the municipality;

(ii) [(B)] generates sales outside of the municipality of goods or services produced in the municipality; or

(iii) [(C)] materially reduces the importation of goods or services from outside the municipality;

(C) **an exemption or deferral on the property enables a significant capital investment in physical infrastructure that**

(i) **expands the tax base of the municipality; and**

(ii) **will generate property tax revenue after the**

**exemption expires; or**

**(2) that** [AND (3)] has not been used in the same trade or business in another municipality for at least six months before the application for deferral or exemption is filed; this paragraph does not apply if the property was used in the same trade or business in an area that has been annexed to the municipality within six months before the application for deferral or exemption is filed; this paragraph does not apply to inventories.

\* **Sec. 6.** AS 29.45.050 is amended by adding a new subsection to read:

(y) A municipality may by ordinance exempt from taxation up to two percent of the assessed value of a structure if the structure contains a fire protection system that is approved under AS 18.70.081, in operating condition, and incorporated as a fixture or part of the structure. An exemption under this subsection is limited to an amount that does not exceed two percent of the value of the structure based on the assessment

(1) for 1981, if the fire protection system was a fixture of the structure on January 1, 1981; or

(2) as of January 1 of the year immediately following the installation of the fire protection system, if the fire protection system became a fixture of the structure after January 1, 1981.

\* **Sec. 7.** AS 34.35.950(d)(2) is amended to read:

(2) "nonconsensual common law lien" means a lien on real or personal property that

(A) is not provided for by a specific state or federal statute **or**  
**municipal ordinance**;

(B) does not depend on the consent of the owner of the property affected for its existence; and

(C) is not an equitable, constructive, or other lien imposed by a court recognized under state or federal law;

\* **Sec. 8.** AS 29.45.030(*l*) is repealed.

\* **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).



City and Borough of Juneau  
City & Borough Manager's Office  
155 South Seward Street  
Juneau, Alaska 99801  
Telephone: 586-5240 | Facsimile: 586-5385

DATE: April 29, 2018

TO: Maria Gladziszewski, Chair, Assembly Committee of the Whole

FROM: Mila Cosgrove, Deputy City Manager

RE: Sleep Off Transition Update

**High Level Overview:**

CBJ currently expends in excess of \$900,000 per year running a sleep off program housed at BRH. The use of the program has greatly diminished since the opening of housing first. However; the need for the service remains on a reduced scale. BRH does not want to house a non-medical program on campus and they would like to convert the current space to provide for a higher need service – detox and medically assisted substance abuse recovery services which are both needed in the community.

At the same time, CCFR has experienced increased call volumes, partially due to an excess of non-emergent calls. This phenomenon is not unique to Juneau and is a trend seen nation-wide. In addition, CCFR has a need to increase readiness for firefighting – a small but critical portion of their work. This can be accomplished through refocusing on volunteer recruitment, engagement, and retention and it can also be strengthened by adding additional paid staff.

Sleep off services – field evaluation and transportation of inebriated individuals to a safe space where they can sober up – is a natural expansion of CCFR's current line of work provided that expansion comes with the staff to cover the additional work load.

The combination of all these factors presents an opportunity to transition sleep off services to a new model CCFR has branded the Community Assistance Response and Emergency Services (CARES) program. The CARES program will continue to operate sleep off services to meet the existing need while using excess staff capacity to help reduce non-emergent 911 calls creating the precursor of a community paramedicine framework which is described in more detail below.

The purpose of the CARES program is to connect patrons with services. The Sleep Off facility will be colocated with the Navigator program housed at St. Vincent DePaul facility in the valley. Patrons will have immediate access to the navigators as well as access to bathing, laundry and clothing resources. Glacier Station is close by in case of a medical emergency.

In addition, the CARES staff will begin to develop a community paramedicine model. They will be responsible for reviewing records related to frequent callers and determining if there is another level of service that can assist the individual proactively. Other communities have reported positive outcomes of such services helping to reduce non-emergent call volumes from two perspectives. Individuals experiencing true medical issues are connected with proactively and encouraged to adhere to their established care plans. Individuals who are using 911 as a social services intervention will also be pointed to more appropriate services. While this may not seem like EMS work on the surface, the truth is, EMS staff are already doing this on a cursory level when responding to 911 calls.

Finally, it is possible that as the CAREs program matures, there will be changes made to the staffing and structure.



April 29, 2019  
 Assembly Committee of the Whole  
 Sleep Off Transition Update

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### **Hours of Operation:**

95% of the current use occurs between the hours of 8:00 pm and 8:00 am. CARES program staff members will primarily work between the hours of 8:00 pm and 8:00 am with the program manager working between the hours of 8:00 am and 5:00 pm. There will be a 3 hour gap in service that can be covered by hold over or call back when needed. Staffing in this manner will be a more efficient use of resources – the night staff can cover the majority of the patron interaction and sobering time while the day time program manager can work on connecting patrons with services.

### **Budget:**

BRH reports that in the last 12 months they incurred \$845,000 in personnel services costs to run the sleep off program. They do not track facility costs separately, but have estimated that the total cost of the program approaches \$900,000 annually.

CCFR estimates the ability to run the program, including startup costs, at \$703,000 in FY20 which includes the purchase of a new transport van. It is recommended that another \$97,000 be transitioned from the BRH budget to CCFR in FY20 to provide a cushion for unanticipated startup costs and to provide an additional offset against projected revenue losses. We believe that CCFR can use the historically provided program funding to provide the same core service and evolve the program to take steps toward a community paramedicine model. The ultimate goal of community paramedicine is to actively steer toward more positive medical service choices and to reduce the demand on 911 and emergency room services.

Once CCFR has a year of operational expense history, the budget can be revisited in the FY21/22 budget cycle. That should allow time to accurately assess staffing projections and make other adjustments as needed. It is anticipated that costs will go down after the initial startup costs are cared for. Additionally the extra \$97,000 could end up also being a buffer against under collection of revenue for ambulance billings for CCFR. Please see Attachment A for more detail.

### **How successful has RRC been in converting sleep off patrons to recovery patrons?**

At the April 8<sup>th</sup> COW meeting, a question arose about the desirability of collocating sleep off services with recovery and detox services as a mechanism to encourage patrons towards recovery. BRH reports that over the last five years they have had three patrons transition from sleep off directly into RRC services.

### **Why not lemon creek?**

Alaska Statute 47.37.170 describes the conditions that must exist before an intoxicated or incapacitated person may be taken to, and how long a person can stay at, a detention facility (i.e. Lemon Creek Correctional Center). A detention facility may only be used as a last resort when the person lacks a home and when there is no available space in a public or private treatment facility or an appropriate health facility. A person may not voluntarily come to a detention facility, but must be intoxicated or incapacitated by drugs or alcohol in a public place and in protective custody to be taken to a detention facility. The detention facility may only hold the person until (1) until a treatment facility or emergency medical service is made available, (2) until the person is no longer intoxicated or incapacitated by alcohol or drugs, or (3) for a maximum period of 12 hours, whichever occurs first. Thus, Lemon Creek Correctional Facility would not likely be eligible to take most intoxicated or incapacitated people in Juneau due to the general availability of other health and treatment facilities.

## CARES Program Overview FY20

### EXPENSES

Personnel Services	\$	504,800.00
Commodities and Services	\$	78,000.00
Capital Outlay	\$	120,000.00
Support to CCFR General Operations	\$	97,200.00
<b>Total Expenses</b>	<b>\$</b>	<b>800,000.00</b>

### FUNDING SOURCES

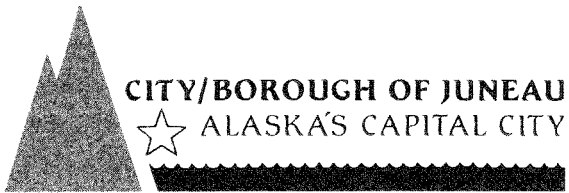
Liquor Tax	\$	800,000.00
<b>Total Funding Sources</b>	<b>\$</b>	<b>800,000.00</b>

### STAFFING

**6.0**

## CARES Program Budget Line Item Detail - FY20

XX.5110	Salaries	\$	275,000.00
XX.5111	Overtime	\$	39,700.00
XX.5120	Benefits	\$	190,100.00
XX.5201	Cell Phone	\$	600.00
XX.5330	Rents	\$	15,000.00
XX.5340	Vehicle Repair	\$	5,000.00
XX.5362	Fleet Replacement Reserve	\$	30,000.00
XX.5389	Fuel	\$	6,500.00
XX.5488	Uniforms	\$	5,100.00
XX.5490	Ambulance Materials & Commodities	\$	6,000.00
XX.5496	Minor Equipment	\$	9,800.00
	Capital Outlay - New Transport Van	\$	120,000.00
	<b>Total</b>	<b>\$</b>	<b>702,800.00</b>



**City and Borough of Juneau Assembly**

Telephone: (907) 586-5278; Facsimile: (907) 586-4552

[BoroughAssembly@juneau.org](mailto:BoroughAssembly@juneau.org)

April 19, 2019

Beth Weldon, Mayor  
155 S Seward St  
Juneau, AK 99801

Dear Mayor Weldon,

On November 5, 2018, you formed the Assembly Child Care Committee, to answer two charges:

- Should child care be part of the core municipal funded activities? And,
- To what extent, if any, should education be part of child care?

The committee held 11 public meetings and, after deliberation, answers both of these charges in the affirmative. The committee makes the following recommendations to the Assembly:

1. That the CBJ identify what, if any, public and school facilities may be used to provide child care.
2. That the CBJ establish a revolving loan fund for use in business start-up and on-going programs.
3. That in FY20, the CBJ fund existing child care and early education programs.
4. That the Best Starts model be funded with some structural changes to clearly delineate how the program would prioritize increasing capacity until child care demands are fulfilled (FY21).
5. That with the FY21 budget proposal to the Assembly, the CBJ Administration present an implementation plan for Recommendation #4.

Further detail on each of these recommendations follows in the full report, adopted by the Assembly Child Care Committee unanimously on April 19<sup>th</sup>, 2019.

I also wanted to express my thanks to my fellow committee members for their work and contributions towards this effort: Bridget Weiss, Vice Chair, Wade Bryson, Rob Edwardson, Eric Eriksen, Michelle Hale, Blue Shibler, and CBJ staff to the committee, Robert Barr.

Sincerely,

Assemblymember Loren Jones  
Chair of the Assembly Child Care Committee

## Assembly Child Care Committee

## Final Report

April 19, 2019

The Mayor has charged this committee with the following:

“The purpose of the committee shall be to accomplish the following tasks:

- a) Provide, to the Assembly, a framework of options for addressing the two key questions:
  - a. Should childcare be part of the core municipal funded activities? and
  - b. To what extent, if any, should education be part of child care?”

In addition the charge stated:

“If either or both of the questions in #1 above are recommended in the affirmative, the committee is requested to provide analysis and recommendation of alternative implementing approaches. The Best Starts proposal is one approach, the "do nothing option" is a second approach. The committee is requested to develop and consider other options with other financial costs.” As a result of many meetings since December 2018 the Committee has looked at the current issues in Juneau. Providers and the Best Starts group have given testimony, presentations, and panel discussions to aid the committee.

The committee, in the draft problem statement found:

Juneau’s child care issue is not a single problem. The problem covers a range of issues from capacity, to costs, to quality, and access to a sustainable level of funding. Traditionally in Juneau the role of setting standards and subsidies has been a State of Alaska responsibility and to some extent a Federal Government as employer issue.

Juneau currently has a true lack of affordable, high quality preschool and child care. We lack the capacity to meet the demand. This was recognized in the Juneau Economic Development Plan. Under the Initiative: “Attract and Prepare the Next Generation Workforce” was Objective 2. “Increase availability of child care year round, with an emphasis on Kindergarten readiness.”

There are approximately 2400 pre-K children in Juneau, 1300 of whom participate in a child care program. Approximately 486 do not receive child care services for pre-K children due to cost, quality, or availability issues<sup>1</sup>. Over 550 households report restricted employment opportunities due to inadequate access to child care services for pre-K children.<sup>2</sup>

The business model for childcare in Juneau appears to be unsustainable and/or insufficient (due to the significant unmet need) without direct (monetary) or indirect (typically building expenses) subsidies provided outside of revenues generated from

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<sup>1</sup> McDowell Group. [Alaska’s Early Care and Learning Dashboard](#) – accessed 15 April 2019

<sup>2</sup> McDowell Group. [Best Starts Economic Analysis](#) – 25 May 2017

fees<sup>3</sup>. Additionally, in Juneau, child care costs for infant, toddler, and pre-school aged children exceeded State subsidies for low income households<sup>4</sup>.

Early on in this process the committee discussed the issues of capacity and quality and how they relate to any recommendations brought forward. The committee adopted the following definition:

“Child care: the care of children age birth through 5 outside of their home in a setting that strongly supports the child’s learning and enables parents to go to work with peace of mind.”

The committee is in agreement that quality of child care is important and all recommendations should understand that quality care is the ultimate goal for any contribution by the City and Borough.

The committee has identified capacity (the number of licensed childcare slots) as the most immediate and pressing issue for working families. Our recommendations are made with the realization that capacity building efforts must also consider quality assurance in order to meet our definition of child care; which accounts for allowing parents to work with peace of mind that their children are in safe and healthy learning environments.

Based on our work the committee makes the following recommendations. The committee defines short term as within one year and long term as more than one year. The committee presents these recommendations as a set of recommendations that can be enacted individually or in whole, with no prioritization.

**Recommendation #1 – short term.** The CBJ needs to identify what, if any, public facilities might be used to provide child care.

Public facilities could be school facilities and any other suitable publically owned facility. We understand the Mayor has asked the Joint Assembly and School Board facilities committee to begin this review of school facilities. CBJ staff should additionally work to identify opportunities in public facilities that may exist outside of the school district.

The committee understands that each building needs to be evaluated on its current use and whether it or any portion of it may be made suitable for childcare for children of varying ages, including infants and toddlers.

Once facilities have been identified the CBJ needs to review and prioritize these facilities based on:

- Immediate use
- Appropriateness for age group of targeted children
- Overall capacity

Use of public facilities would allow for an operator to have low to no cost facility expenses.

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<sup>3</sup> Bright Horizons. [Child Care Center Cost Estimates](#) – January 2014

<sup>4</sup> State of Alaska, DHSS. [Alaska Child Care Market Price Survey Report](#) – 2017

Public facilities may also allow for large or magnet centers to develop that could take advantage of economies of scale and allow for central care for all age ranges.

The committee envisions a process (under guiding CBJ ordinances and regulations) to lease out these facilities or parts of the facilities to licensed childcare operators at below market value. The committee envisions a competitive bid process for these facility spaces.

**Capacity Impact:** Dependent on the facility identified. To optimize operational efficiencies, high capacity facilities should be prioritized before those which limit capacity.

**Cost:** A potentially lower cost option dependent on facility expenses and facility modifications necessary for licensing. This would also be dependent on the process used for below market leases and what cost would be borne by the CBJ.

**Evaluation:** Increased capacity in licensed slots. Dependent on the facility selected and RFP process.

**Recommendation #2 – short term.** Establish a revolving loan fund for use in start-up and on-going programs.

A major issue for expansion of the number of spaces available for child care is the initial cost of setting up a facility. This cost involves a potentially lengthy licensing process. Businesses need to ensure they can cover significant upfront costs well before the revenue generating activity of the business begins.

The committee also recommends that existing programs be permitted to apply for loans for needed modifications, major renovations and expansion. Dependent on level of funding and the size of the loan funds these loans to existing programs would be a lower priority than loans for start-up programs, unless the existing program(s) were demonstrating increasing capacity through their loans.

Both grants and loans were discussed. Loans were a preference to ensure accountability of the provider to work towards opening and to maintain sufficient income to repay the loans. Loans should be at non-competitive low to zero interest rates. The committee recommends that a process for loan forgiveness be considered that will assist in maintaining quality childcare.

**Capacity Impact:** Increased capacity in licensed slots by 30 – 75 slots per loan. Reduced the time for a program to open their doors. May directly incentivize business growth.

**Cost:** Dependent on Assembly appropriation. The committee recommends loans up to \$50,000, with initial capital investment equally to no less than loan amount multiplied by 4. Capital investment may be from either the owner/operator or in-kind from a facility sponsor. The committee recommends the initial CBJ contribution to the loan fund be \$150,000. Child care centers are currently eligible for start-up business loans through JEDC. The committee recommends the additional \$150,000 be added to JEDC's loan fund and that this additional money be loaned in accordance with committee recommendations regarding interest rates and terms. Given the forgiveness element of this recommendation, periodic re-capitalization of this fund would be necessary.

**Evaluation:** Number of loans secured, default rate. Number of new child care slots licensed in Juneau.

**Recommendation #3 – short term.** In FY20 the CBJ fund existing child care and early education programs.

The CBJ currently contributes resources for child care and early education programs. These include the Kinder Ready programs in the Juneau Schools and the Hearts initiative operated by AEYC. The committee does not want to diminish support to those programs despite the possible budget issues arising from the proposed State operating budget.

As part of that desire we should look to expand the Hearts Initiative. This initiative is clearly targeting workforce development issues such of training, retention and skill enhancement for those working in childcare programs in Juneau. This must be an ongoing process to assure that as capacity expands there is a qualified and stable workforce available to licensed operators.

A separate recommendation is that, in the FY20 budget process, the Assembly maintain the level of funding to the Juneau School District for PreK/Kinder Ready at the current level. The committee feels that making this part of the ongoing funding to the Juneau School District is important, should be maintained, and increased if funding is available.

**Capacity Impact:** Indirect via employee turnover rates. Child care business operators have cited staff turnover as their most significant challenge for maintaining the current capacities.

**Cost:** FY 19 = \$90,200 for Hearts. FY 20 Hearts proposal is \$180,000.

**Evaluation:**

- Turnover rate for Hearts Award Recipients (2014, 38%, 2015, 26%, 2016, 9%), with an annual target of 0 to 20%.
- Total Hearts Award Recipients (Dec 2018, 32, anticipated 19 additional in FY 20), which is indicative of building capacity in the workforce.
- Movement towards Tiers 2 and 3 in the award levels (in FY19: 9 @ Tier 1, 4 @ Tier 2, 8 @ Tier 3). More Hearts Award Recipients at Tiers 2 and 3 is indicative of higher wages.

**Recommendation #4 – long term.** The Best Starts model be funded with some structural changes to clearly delineate how the program would prioritize increasing capacity until child care demands are fulfilled. (FY21)

The delay in funding would allow the CBJ to do the inventory of public facilities and to manage renovations, changes and/or issuing RFP's for operators of the centers. It would also allow for the CBJ to understand the possible budget implications from the State for the school district and for other services that support the childcare programs. Funding provided under this recommendation is contingent on supporting the immediate goal of increasing capacity.

Modifications to the Best Starts model could consist of:

1. Per-child funding for all child care businesses that are enrolled in the Learn and Grow program with a commitment to continuous quality improvement. Graduated levels of funding based on quality measures will be designed by Best Starts prior to implementation.
2. Leading up to program implementation, determine the fiscal and policy agents. Potential agents include the Juneau School District, the CBJ, and/or AEYC/thread. Ensure AEYC/thread plays a collaborative role with the policy agent if it is not the policy agent itself. During FY19, the City Manager will need to determine the level and location of policy support needed for this program.
3. Determine levels of funding under Best Starts based on criteria established at the on-set of the program. Criteria such as increased capacity, licensure, involvement with Learn and Grow, assistance for in-home care providers as well as large childcare centers and how those might be apportioned, etc. (see notes under cost?)

**Capacity Impact:** Per-child funding to providers would increase capacity by providing a stable foundation upon which businesses can maintain quality child care environments and pay higher wages to improve employee retention rates.

**Cost:** The committee recommends that after identification of the fiscal policy and after evaluation of short-term recommendations the Assembly appropriate in FY21 \$800,000 for Year 1. This amount is the committee's best estimate based on the current available information and policy direction. The committee recommends that in implementing this program staff analyze the impact of funding all programs enrolled in Learn & Grow. This could result in scaling of per-child costs related to level of care within the Learn & Grow framework. The committee also recommends the Assembly commits to annual increases over a five year period if the capacity of quality child care is increased under the model developed.

**Evaluation:** Increase in number of quality licensed child care slots by 20% for ages 0-5 (current licensed capacity is approximately 412). Understanding that costs are higher, the committee desires that a focus on infants and toddler care be emphasized.

**Recommendation #5 – long term.** With the FY21 budget to the Assembly, the CBJ Administration present an implementation plan for Recommendation #4.

If the first three recommendations have been accomplished, then the committee recommends the CBJ look at the level of funding for Best Starts as in Recommendation #4. To that end the CBJ Administration would need to identify the level of funding and the actual program to be implemented.

In addition, policy support is required to identify the structure of that support and cost for that support. This should be included in the FY21 budget documents.

**Cost:** The committee recommends the Assembly direct the City Manager to make a budget request in FY20 to develop the FY21 implementation plan.



## Terminology and References

**SEA-AEYC** – Southeast Alaska Association for the Education of Young Children. Often referred to as “AEYC.” This association serves as an umbrella organization for educators, families, and community members interested in the association’s mission of, “promoting high-quality learning for all children, birth through age 8, by supporting all who care for, educate, and work on behalf of young children.” SEA-AEYC is part of the thread Network in Alaska. SEA-AEYC is an affiliate association of the National Association for the Education of Young Children (NAEYC).

**Hearts Initiative** – This is a program of SEA-AEYC that was initially funded by the CBJ Assembly in 2012 and annually thereafter. It seeks to build a stronger workforce in licensed child care programs through recruitment and retention of qualified early childhood educators. It does so primarily through financial awards to early childhood educators working in licensed child care programs on a tiered system based on their individual level of training and education.

**thread Network** – The thread Network is composed of three organizations, SEA-AEYC (for Southeast Alaska), Thrivalaska (for Fairbanks and the Northern Interior region) and thread (for all other regions and Statewide coordination). This network and these organizations provide referral services between families and child care providers. They partner with the State of Alaska’s Child Care Program Office to connect families who qualify with child care assistance benefits which are primarily funded by the federal child care and development block grant.

**Alaska’s Early Care and Learning Dashboard** – Footnote 1. A web-based resource authored by the McDowell group and sponsored by the thread Network. Includes statewide information by census / borough area on 1) supply and demand for early care and learning services, 2) cost of licensed early care and learning services, 3) school readiness. Data is based on children ages birth through six.

[https://public.tableau.com/profile/dan.lesh#!/vizhome/thread\\_1\\_2/AlaskasEarlyCareandLearningDataDashboard](https://public.tableau.com/profile/dan.lesh#!/vizhome/thread_1_2/AlaskasEarlyCareandLearningDataDashboard)

**Best Starts Economic Analysis** – Footnote 2. A memo authored by the McDowell Group and sponsored by the Best Starts group to provide a Juneau specific economic analysis of the broader economic impact of implementation of the Best Starts proposal. This analysis found that investment in early care and learning would, dependent on the size of the investment, show returns in annual disposable household income, additional family spending on early care and learning services, additional local jobs, and new labor income.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2017-05-25-Best-Starts-Economic-Analysis.pdf>

**Child Care Center Cost Estimates, Bright Horizons** – Footnote 3. A cost estimate presented to SEA-AEYC by Bright Horizons, a national child care provider in 2014.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2014-01-29-AEYC-Southeast-Alaska-Center-Cost-Estimate.pdf>

**Alaska Child Care Market Price Survey Report** – A report authored by the State of Alaska, Department of Health and Social Services, Child Care Program Office in 2017. This report collects current provider prices for child care to evaluate the child care assistance rates provided by the State, through the federal block grant funding. This report also assists in understanding the child care markets throughout the State. A 2019 update is in process.

<https://3tb2gc2mxpvu3uwt0l20tbhq-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/2017-Alaska-Child-Care-Market-Price-Survey-Report.pdf>

These and additional related resources are also available at:

<https://beta.juneau.org/assembly/assembly-childcare-committee>