New City Hall

The Business Case
The Problem

• 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

- 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
  - Reduce long-term costs leased office space
  - Use of existing CBJ site reduces project cost
  - Assembly goal of downtown economic development
Preliminary Design Concept
Further Options

- An additional level of parking (60 spaces) could be added to the transit center in addition to two floors of office space for ~$3.3 million.

- A small street-level office at the base of the garage could be considered for routine CBJ services and transactions.

- Parking spaces in the transit center could be dedicated to residents doing business at CBJ offices.
Financial Options

• 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
## How Do We Pay For It?

### Estimated Total Project Cost

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Down Payment from Fund Balance</td>
<td>$0</td>
<td>$5 million</td>
<td>$10 million</td>
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<tr>
<td>Amount Financed</td>
<td>$24 million</td>
<td>$19 million</td>
<td>$14 million</td>
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<thead>
<tr>
<th></th>
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<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Increase to Mill Rate</td>
<td>0.15 mills</td>
<td>0.09 mill</td>
<td>No Increase Required</td>
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<tr>
<td>Property Tax Percentage Increase</td>
<td>1.4%</td>
<td>0.8%</td>
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<tr>
<td>Annual Increase per $100,000 Value</td>
<td>$15.00</td>
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<td>Annual Increase per $350,000 Home</td>
<td>$52.50</td>
<td>$31.50</td>
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Estimated Total Project Cost: $26.7 million
Long-term Benefits

- 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
Considering Alternatives

- Non-downtown location
  - Inconsistent with CBJ economic development plans
  - Separates CBJ from State and Federal partners

- Flat-land alternative in Willoughby District
  - Public Safety building site on Whittier
  - Cost estimate of ~$28 million including parking

- Former Walmart building
  - Twice too big
  - Land purchase is assessed at $11 million
  - Needs extensive/costly renovation
  - Would reduce property tax by ~$116,000/year
Next Steps

• 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
Timeline?

• State Budget Uncertainty
  • Is this the right time?
  • Is there ever a right time?
  • Is there ever a wrong time?
  • The right time is when the public is ready to support the concept/project

• Currently not much construction work
  • Good bidding climate
  • Good local employment/economic effect
Additional Resources

• 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