

City and Borough of Juneau
Assembly Finance Committee Meeting
Wednesday, July 25, 2018, 5:30 p.m.
Assembly Chambers

- I. Call to Order**

- II. Roll Call**

- III. Approval of Minutes**
Wednesday, June 13, 2018 (pg. 2)

- IV. Ballot Proposition Regarding Best Starts' Proposal for Childcare & Pre-K Funding** (pg. 6)
 - A. **Resolution 2824** - A Resolution Calling for an Advisory Ballot Proposition on City and Borough Financial Support for Improving and Expanding Access for all Juneau Families to Affordable High Quality Child Care and Early Learning/Pre-school.

- V. Ballot Question Regarding Increasing Hotel-Motel Room Rental Tax by 2%** (pg. 11)
 - A. **Ordinance 2018-39** – An Ordinance Increasing the Hotel-Motel Room Rental Tax by Two Percent and Providing for a Ballot Question Ratifying the Increase.

- VI. Ballot Proposition Regarding Issuance of G.O. Bonds to Contribute to the Partial Cost of a New Arts & Cultural Center & to Advance Fund Renovation Costs for Centennial Hall** (pg. 16)
 - A. **Ordinance 2018-40** - An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed \$12,000,000 to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 2, 2018.

- VII. Information Item – FY19/20 Budget & Fund Balance Update** (Handout at meeting)

- VIII. Next Meeting Dates**
Wednesday, August 8, 2018
Wednesday, September 5, 2018

- IX. Adjournment**

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, June 13, 2018, 5:30 p.m.

I. Call to Order

The meeting was called to order at 5:30 PM by Jesse Kiehl, Chair.

II. Roll Call

Committee Members Present: Mary Becker, Jerry Nankervis, Maria Gladziszewski, Robert Edwardson, Jesse Kiehl; and Mayor Ken Koelsch.

Committee Members Participating Telephonically: Norton Gregory, Beth Weldon, and Loren Jones.

Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Carl Uchytel, Port Director, Docks & Harbors; Mike Vigue, Director, Engineering & Public Works; Rob Palmer, Assistant Attorney; Scott Ciambor, Chief Housing Officer; George Schaaf, Director of Parks and Recreation; Laurie Sica, City Clerk; Jill Maclean, CDD Director; Greg Chaney, Lands and Resources Manager; and Elisabeth Jensen, Budget Analyst.

Others Present: Scott Shapiro, Founder and Managing Director, Eagle Rock Ventures (ERV); Natalie Gualy, Project Manager, Eagle Rock Ventures (ERV); John Cooper, Commander, American Legion, Auke Bay Post 25; Bud Carpeneti, Partnership Board of Directors, The New JACC; John Clough, Partnership Board of Directors, The New JACC; Bob Banghart, Building Program Manager, The New JACC; Jill Ramiel, President; Downtown Business Association; and Liz Perry, President/CEO; Travel Juneau.

Clerk's Note: This was a heavily attended AFC meeting, with over fifty persons in the audience.

III. Approval of Minutes

The May 3, 2018, minutes were approved as presented.

The May 9, 2018, minutes were approved with two corrections identified prior to the meeting.

IV. Eagle Rock Ventures (ERV) Presentation – Update on Developing Housing at 2nd & Franklin

Scott Shapiro, Founder and Managing Director, Eagle Rock Ventures (ERV); and Natalie Gualy, Project Manager, Eagle Rock Ventures (ERV).

Minutes - Assembly Finance Committee Meeting Wednesday, June 13, 2018, 5:30 p.m.

Rorie Watt, City Manager, introduced the topic, noting limited housing development over last few decades in Juneau's downtown area. He discussed the municipal role and the three tools available to the Assembly regarding housing: Amending Land Use Code, Land Disposal, and Financial Incentives.

Scott Shapiro, discussed the history of Eagle Rock Ventures (ERV) and discussed six issues:
Why ERV has pursued this project
What ERV has done in other places.
What type of returns investors look for with these types of projects.
What ERV has done so far regarding this project.
Why the economics haven't worked out thus far for this project.
What incentives are in place in other places to make projects feasible.

Mr. Shapiro, Mr. Bartholomew and Mr. Watt responded to questions from the Assembly members.

The Assembly members indicated interest in looking at further options regarding financing and incentives, but not preparing an Ordinance at this point.

The meeting recessed at 6:37 PM.

The meeting reconvened at 6:51 PM.

V. Ordinance 2017-06(AX) – An Ordinance Appropriating to the Manager the Sum of \$250,000 as Supplemental Funding for Harbors' FY18 Operating Budget; Funding Provided by Harbors' Fund Balance.

Bob Bartholomew presented the Ordinance as provided on page 19 of the meeting packet.

Mary Becker, moved to refer Ordinance 2017-06(AX) to the full Assembly for approval. Without OBJECTION.

VI. Request to Expand Non-Profit Sales Tax Exemption to Include 501(c)(19) Organizations – American Legion (Auke Bay Post 25)

John Cooper, Commander, American Legion, Auke Bay Post 25

Bob Bartholomew discussed an administrative solution for the American Legion (Auke Bay Post 25) pertaining to their rental of Centennial Hall.

The most important issue to the American Legion is that every two years they rent Centennial Hall (CH) for an event. Due to a recent change in their non-profit classification from the IRS and the Sales Tax Code limitations, they are no longer eligible for non-profit status. This is a significant expense unless they receive a non-profit discount. They used to qualify for CH discount rate but currently do not.

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The Juneau Arts and Humanities Council (JAHC) is scheduled to begin managing Centennial Hall beginning July 1, 2018. The JAHC agreed to administratively change the policy to allow C-19 Organizations (two now) to receive a discounted fee.

Commander Cooper stated that the administrative fix described would be satisfactory to him as long as it was put in place by July 31, 2018.

Mr. Bartholomew said that the bigger issue pertains to determining whether to change/expand the Sales Tax code to allow C-3 and C-4 organizations non-profit tax benefits when they buy and/or sell items.

Mr. Bartholomew plans to bring back a non-profit sales tax analysis to the Assembly Finance Committee at a future AFC meeting.

VII. Development Update on New Juneau Arts and Culture Center (JACC) & Funding Request Bud Carpeneti, Partnership Board of Directors, The New JACC; John Clough, Partnership Board of Directors, The New JACC; and Bob Banghart, Building Program Manager, The New JACC.

Mr. Carpeneti, Mr. Clough and Mr. Banghart discussed the history, the current status of the New JACC project, and their request for bond funding.

Loren Jones, moved to direct staff to prepare the necessary Bond Issuance ordinance(s) to be brought forward for consideration by the Assembly in time to meet the appropriate deadlines for placement on the October, 2018 ballot.

Without OBJECTION.

Loren Jones, moved to direct staff to prepare necessary documentation to place the issue of an additional 2% Bed Tax, without expiration, on the ballot in the upcoming election.

Without OBJECTION.

VIII. Centennial Hall – PERS Termination Study

Mila Cosgrove, Deputy City Manager, presented the information found on page 45 of the meeting packet. She explained the two types of payments related to removing positions from Public Employment Retirement System (PERS) – a lump sum one-time termination fee and an ongoing indebtedness obligation payment, annually over approximately 20 years based on information from PERS. The actuarial study set the termination fee at \$84,479. Discussion is ongoing regarding the ongoing indebtedness is approximately \$50,000, but has not been finalized. The latter cost is already included in the FY19 Adopted Budget, so additional funds for ongoing indebtedness are not being requested at this point.

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Loren Jones asked what the 22% of the current eligible personnel costs if the employees were to remain CBJ employees. Ms. Cosgrove responded that it was approximately \$60,000, and if the fees were to remain the same, approximately savings would be roughly \$300,000.

Ms. Cosgrove and Mr. Watt responded to questions from the body.

Loren Jones, moved to direct staff to prepare a supplemental ordinance providing \$84,479 of additional funding from Hotel Tax Fund Balance to pay the one-time Centennial Hall PERS Termination Fee.

Roll call votes:

Ayes: Nankervis, Jones, Becker, Weldon, Gladyszewski, Edwardson, Gregory and Kiehl.

Nays: Mayor Koelsch.

Absent: None.

Motion PASSED 8-1.

IX. Information Item – Centennial Hall Management Agreement Overview

Mila Cosgrove, Deputy City Manager, provided a brief update pertaining to the information found on pages 46-47 of the meeting packet, and responded to questions from the body. She explained that the specific terms (in wording) regarding the management fee would be changing based on a new request from bond counsel.

X. Information Item – Draft Ordinance to change Sales Tax Code to Implement SB14 – Transportation Network Companies collecting and paying sales tax on behalf of their drivers

Bob Bartholomew, Finance Director, provided an informational update regarding pages 48 – 64 of the meeting packet. The proposed Ordinance will be introduced at the next Assembly meeting.

XI. Next Meeting Date

Wednesday, August 8, 2018

Clerk's Note: Shortly after the meeting on June 13, 2018, another AFC meeting was scheduled to take place on Wednesday, July 25, 2018.

XII. Adjournment

Meeting was adjourned at 8:19 PM.

Best Starts Child Care/Early Learning Plan In a Nutshell

Best Starts Overview for Affordable Available High Quality Child Care/Early Learning for all of Juneau's Kids

1. High Quality incentive: For every child in licensed care:
\$100/child/or infant/toddler per month @ **Quality level 2***
\$200/child & \$350/infant/toddler per month @ **Quality levels 3-5***
2. Incentive to serve low income families (in addition to the above):
\$150/child or infant/toddler/month - Low Income Family Incentive.
3. Sliding scale financial support for low income families. (Existing State program)
4. CBJ HEARTS funding increase - incentive for early learning training.
5. Connect kids and parents with services.
6. Management and Quality Control.
(*State of Alaska – “Learn and Grow” 5 Quality Levels)

Best Starts Strategy: Similar subsidy strategies have been implemented successfully in other cities including Seattle. In fact, subsidy is the only way to guarantee providers have the resources to raise quality.

- 1. High Quality incentive:** Provides a moderate subsidy per child to make up the difference between what parents can afford, and the cost of hiring qualified workers who can implement a high quality curriculum (as measured by the AK Dept of Education 5 quality level “Learn and Grow” standards). Infant/toddler care has the highest subsidy because it is the most expensive to provide due to high staff ratios. This strategy benefits every child in Juneau by raising overall consistency and quality, and makes it economically feasible existing providers to stay in business and new providers to open.
- 2. Incentive to serve low income families and allow parents to work:** In addition, provides a \$150 per low income child per month incentive for licensed providers that are quality level 3-5.
- 3. Sliding scale financial support for low income families:** Since the 1970's, the State has provided a partial subsidy on a sliding scale based on income, but it has not been enough to make child care affordable for all low income families.
- 4. CBJ HEARTS incentive for training:** For several years the CBJ has successfully provided an education award program that has proven effective in increasing the number of qualified child care teachers. Best Starts would increase the number of teachers with needed training (currently only 30% of Juneau child care teachers are trained).
- 5. Connect kids and parents with services:** Providers will be assisted in connecting kids and parents with family support and parenting services, health services, and other family oriented services to build stronger families and reduce the incidence and impact of ACES (Adverse Childhood Experiences).
- 6. Management and Quality Control:** The cost to administer and evaluate Best Starts is low because it largely uses existing measures and systems. The Assembly will appoint an Early Education Steering Committee to guide implementation & report to the public. Representatives: Assembly/CBJ, School District, Tlingit and Haida Central Council, other providers, Juneau Association for the Education of Young Children, United Way, Chamber of Commerce, League of Women Voters, parents, & interested citizens. The School District will be the fiscal agent and hire a Quality Coordinator to assist and maintain high quality for public and private participating providers.

Why is child care/early learning important to Juneau?

- We know that the first 5 years of life are the most critical for learning and developing successful character traits to become healthy successful adults. To illustrate the critical nature of early education, state assessments show that only one out of three Juneau kids are prepared to enter Kindergarten, AND, according to state tests, a large number of Juneau kids never achieve proficiency in language, science and math in K-12. A nationally recognized forty year study of children to adults show that **high quality** child care/early learning during ages 0-5 increases academic and lifetime success and reduces future government and societal costs far greater than the investment in early learning.
- Child care is difficult to find in Juneau, and expensive. It is a stress to families and employers. Available high quality care is a family stress reducer, and can decrease ACES impacts due to parental involvement, potential early identification of problems, and building resilience in children.
- An available, affordable, high quality child care/early learning system in Juneau is a key to our economic growth. Child care is a critical need for recruiting and retaining employees. Best Starts will make Juneau one of the most Business and Family Friendly cities in the nation.

What is the child care crises in Juneau?

- **Quantity** – Juneau has lost over 100 or 20% of its child care spaces in the 12 months. There are about half as many spaces as needed to serve Juneau families who want child care.
- **Quality** – The state “Learn and Grow” quality system gives ratings from 1 (lowest) to 5 (highest) based on qualifications of staff, curriculum, facilities, etc. Juneau currently has only two child care/early learning centers beyond a 1 rating.
- **Affordability for families** - The cost for child care in Juneau is an average of \$938 per month. The state “Child Care Assistance Program” helps families only with the first \$675 of cost paying a % of \$675 on a sliding scale based on family income, requiring low income families to pay 100% of amounts over \$675. This makes child care unaffordable to many lower income families.

What is the root cause of the child care crises in Juneau?

The root cause is: **most parents cannot afford to pay enough for child care to enable providers to operate a quality child care or preschool.** Currently, child care teachers in Juneau earn an average of approximately \$12.50/hour with few benefits. There is little financial future for child care workers, so few qualified teachers are hired and turnover is very high. Providers are also facing increased state pressure to raise quality standards and hire more qualified staff, but they do not have the revenue to do so, further worsening the problem.

Do Juneau’s Schools, Child Care and Pre-school system support Best Starts?

Yes, the public, private, and non-profit providers all support Best Starts and are partners.

Can Juneau Afford Best Starts for its kids? The cost of Best Starts ramps up over 5 years to a sustaining program of \$2.8 million per year adjusted annually for inflation. If growth exceeds the funding, the incentives can be scaled back instead of costing more. For reference: the entire proposed FY 19-20 CBJ budget is \$330 million; Total Sales and Property taxes \$89.6 million; the total cost of K-12 is \$85.7 million (Juneau’s local tax contribution to K-12 is \$27 million).

Go to www.juneaubeststarts.org or email info@juneaubeststarts.org or you may call Kevin Ritchie at 957-1599 if you want more information, have questions, comments, or wish to volunteer.

Presented by: The Manager
Introduced:
Drafted by: The Assembly

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2824

A Resolution Calling for an Advisory Ballot Proposition on City and Borough Financial Support for Improving and Expanding Access for all Juneau Families to Affordable High Quality Child Care and Early Learning/Pre-school.

WHEREAS, the Juneau Economic Development Final Plan – adopted by the Assembly by Ordinance No. 2015-10, survey results showed that approximately 75 percent of business/employer respondents found Juneau’s availability and cost of child care services a “very significant” or “somewhat significant” barrier to Juneau’s economic development. Adopted goals of the plan include: “Ease the Child Care Barrier: Increasing the capacity, quality, and affordability of child care,” and “Support Quality Pre K-12 Education”; and

WHEREAS, on May 9, 2017 the Juneau Board of Education unanimously approved Resolution 2017-02, “A Resolution Supporting High Quality Pre-K and to Improve Kindergarten Readiness and Student Success”; and

WHEREAS, there is great deal of scientific research indicating that ages 0-5 are the most important years for healthy brain development, learning preparation, and development of skills and personality traits that will have a major impact on becoming a successful adult; and

WHEREAS, more than 2 out of 3 of Juneau’s kids are “not ready” for Kindergarten according to Alaska Department of Education measures; and

WHEREAS, Alaska exceeds most other states in Adverse Childhood Experiences (ACES). Juneau exceeds the Alaska average in half the ACES categories including sexual and emotional abuse and household substance abuse; and

WHEREAS, high quality child care and preschool with a proven curriculum, trained teachers, and parental involvement can increase Kindergarten readiness and can reduce the incidence and impacts of ACES through parent involvement, early intervention, and building resilience in youth; and

WHEREAS, Juneau has a well-documented child care and early learning shortage. Juneau lost approximately 20 percent of its child care/early learning providers in the last 12 months. Juneau has less than half of the child care/early learning it is estimated to need for its families, and very few of the current providers have the resources from parent support

alone to provide appropriately qualified and trained teachers and high quality learning and care; and

WHEREAS, the Assembly has decided to call for an advisory vote on the City and Borough providing financial support for improving and expanding child care and early learning to be presented to the voters at the October 2, 2018 municipal election.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Submission of Proposition to Voters. A proposition as set forth in Section 2 of this resolution shall be submitted to the qualified voters of the City and Borough at the next regular election to be held on October 2, 2018. The City and Borough Clerk shall prepare the ballot proposition to be submitted to the qualified voters as provided by this resolution and shall perform all necessary steps in accordance with law to conduct the election and place this proposition before the qualified voters at said election.

Section 2. Proposition. The proposition to be submitted to the voters as required by Section 1 shall read substantially as follows:

Proposition No. ____
Advisory Proposition on Child Care and Early Learning/Preschool

Explanation of Proposition

Through this ballot measure, the Assembly asks for your advice on providing City and Borough financial support for improving and expanding access for all Juneau families to affordable high quality child care and early learning/pre-school. This is a non-binding measure.

The primary goals of this effort would be to increase the percentage of 5 year old children who are “prepared to learn” (by annual State assessment process) when entering kindergarten from 32 percent to at least 70 percent, and reducing the incidence and impact of “Adverse Childhood Experiences (ACES)” on Juneau’s children.

This effort is expected to cost up to \$2.8 million of CBJ funding in the third year when the program is fully implemented, thereafter adjusted for inflation annually. \$2.8 million is the equivalent of 0.58 mill of property tax in 2018.

PROPOSITION NO. ____

Do you support this effort to improve and expand access for all Juneau families to affordable high quality child care and early learning/pre-school?

- Yes
- No

Section 3. Effective Date. This resolution shall be effective immediately after its adoption.

Adopted this _____ day of _____, 2018.

Kendell D. Koelsch, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

**City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
July 25, 2018**

Increase Hotel Tax from 7% to 9%

Background:

The hotel tax rate was last increased in 1988 to 7% of the room rent. The tax revenue has been used to provide funding for the development and promotion of tourism, and the municipality's convention and community centers.

Current Status:

The CBJ is considering a proposed increase in the hotel tax rate to 9% from 7%. This is in addition to the 5% general sales tax charged on room rentals. So the total tax rate would increase to 14% from 12%. The proposed two percent increase would serve as an appropriate source of revenue to provide partial funding for the construction of capital improvements for the Juneau Arts & Culture Center and as funding for improvements to Centennial Hall, visitor information, marketing services, and other tourism and visitor services and facilities.

The question of the proposed extension would be submitted to the qualified voters at the upcoming municipal election on October 2, 2018. If adopted, the increase would take effect January 1, 2019.

Taxing Weekly Hotel Stays

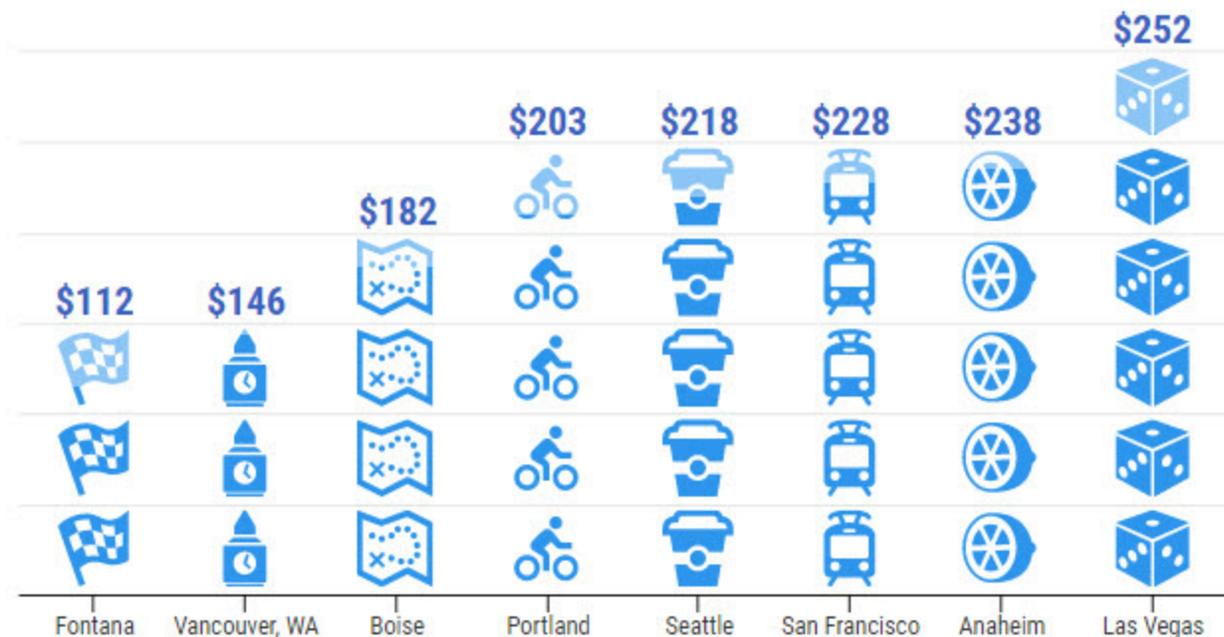
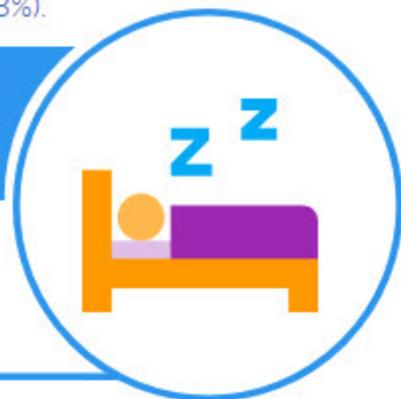
in a Sample of Cities in the Northwest

Cities usually tack their own lodging taxes on top of state taxes.

Fontana, California comes in with the lowest total hotel taxes of \$112 (or 8%). The highest? Las Vegas @ \$252 / week* (or 18%).

Tax cost based on a 7-night stay

In a \$200 per night hotel room



TAX RATE

8%

10.4%

13%

14.5%

15.6%

16.3%

17%

18%



12 → 14

The proposed CBJ Hotel Tax increase would change the total tax rate from 12% to 14%.

Presented by: The Manager
Introduced:
Drafted by: A. G. Mead

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2018-39

An Ordinance Increasing the Hotel-Motel Room Tax by Two Percent and Providing for a Ballot Question Ratifying the Increase.

WHEREAS, the City and Borough of Juneau has an existing hotel-motel room tax that provides funding for the development and promotion of tourism, and the municipality's convention and community centers; and

WHEREAS, the proposed two percent increase would serve as an appropriate source of revenue to further develop the visitor, arts, and convention industries in the City and Borough of Juneau.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. Section 2 of this ordinance, if approved by a majority of qualified voters voting on the question pursuant to Sections 3 and 4, shall be of a general and permanent nature and shall become a part of the City and Borough code. Sections 3 and 4 are noncode sections.

Section 2. Amendment of Section. CBJ 69.07.020 Imposition of hotel-motel room rental tax, is amended to read:

69.07.020 Imposition of hotel-motel room rental tax.

(a) The City and Borough hereby levies a tax on hotel-motel room rentals for transients equal to nine ~~seven~~ percent of the room rent. The tax shall be applicable to all room rentals for

1
2
3 transients unless the rental is specifically exempted from taxation by constitution or other
4 valid law.

5
6 ...

7 **Section 3. Submission to the Voters.** The question of whether to increase the rate
8 of the hotel-motel room tax from seven to nine percent beginning January 1, 2019, shall be
9 submitted to the qualified voters of the City and Borough at the next regular municipal
10 election. The Municipal Clerk shall prepare the ballot proposition as provided by this
11 ordinance and shall perform all necessary steps in accordance with law to place this proposition
12 before the voters.

13
14
15 **Section 4. Proposition.** The proposition to be submitted to the voters as required
16 by Section 3 shall read substantially as follows:

17 **Explanation**

18 Juneau currently levies a seven percent tax on hotel-motel room rentals. This
19 ballot proposition, if approved by the voters, would increase the hotel-motel room
rental tax from seven percent to nine percent beginning January 1, 2019.

20 It is the intent of the Assembly to use this increase in the hotel-motel room rental
21 tax to provide partial funding for the construction of capital improvements for the
22 Juneau Arts & Culture Center and as funding for improvements to Centennial
Hall, visitor information, marketing services, and other tourism and visitor
services and facilities.

23
24 **PROPOSITION NO. ____**

25 **Authorization to Increase the Hotel-Motel Room Tax from Seven to Nine
Percent Effective January 1, 2019.**

Shall the City and Borough of Juneau, Alaska, increase the tax on hotel-motel room
rentals from seven to nine percent?

Increase the tax on hotel-motel room rentals to nine percent YES []

1
2
3 Increase the tax on hotel-motel room rentals to nine percent NO []
4

5 **Section 5. Effective Dates.**

6 (a) The amendment of CBJ 69.07.020(a) set forth in Section 2 of this ordinance shall
7 become effective on January 1, 2019, if the proposition required by Sections 3 and 4 of this
8 ordinance is approved by a majority of the qualified voters of the City and Borough voting on
9 the proposition at the next regular municipal election.

10 (b) Sections 3 and 4 of this ordinance authorizing the submission of the ballot proposition to
11 the qualified voters of the City and Borough shall be effective 30 days after adoption of this
12 ordinance.
13

14 Adopted this _____ day of _____, 2018.

15
16 _____
17 Kendell D. Koelsch, Mayor

18 Attest:

19 _____
20 Elizabeth J. McEwen, Municipal Clerk
21
22
23
24
25

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
July 25, 2018

Request Voters to Authorize the Sale of \$12 million in General Obligation Bonds for Capital Projects.

Current Status:

This ordinance authorizes placing on the October 2, 2018 general election ballot the question of issuing \$12 million in fifteen year general obligation bond for the purpose of funding a variety of capital projects. The identified projects include:

- Renovations to Centennial Hall, including upgrading the HVAC system and expanding the lobby area,
- Construction and equipping of a portion of a new arts and culture center; and
- Construction of an enclosed and heated corridor between Centennial Hall and the new arts and culture center,

The temporary 1% sales approved by voters during the October 2017 general election will pay for \$4.5 million of the debt service over 7 years. As currently planned, the tax proceeds for the Centennial Hall renovations will not be collected until 2021 and 2022. The objective of the bond issuance to allow the project to be completed sooner..

Beginning in FY20 to pay off the remaining \$7.5 million of debt and interest would require .15 mills in property taxes for debt service payments for 15 years. This amount of debt service would require an annual property tax levy of approximately \$15 (.15 mills) per \$100,000 of assessed value or approximately \$59 for average single family home (estimated 2018 value \$393,000 per CBJ Assessor). The annual payment funded by property taxes would be about \$719,000.

The question of the proposed extension would be submitted to the qualified voters at the upcoming municipal election in October, 2018.

Capital Improvement Project (CIP) Info:

Centennial Hall Project - Renovations to Centennial Hall, including upgrading the HVAC system and expanding the lobby area.

In October 2017 the voters approved renewal of the 1% sales tax including allocation of \$4.5 million for Centennial Hall renovation. The attached list of upgrade needs totaled \$7.6 million. The renovations will be prioritized in final bid packet preparation once the timing of funding is determined. Voter approval of the GC bonds is not required for CH to receive \$4.5 million of renovation efforts. The bonds would allow the construction project to occur 3 years earlier than waiting for the collection of sales tax.

Arts and Culture Center and Corridor Project - Construction and equipping of a portion of a new arts and culture center; and Construction of an enclosed and heated corridor between Centennial Hall and the new arts and culture center.

The new arts and culture center will be owned by the City and Borough of Juneau and is intended to be managed by the Juneau Arts and Humanities Council (JAHC). Currently, the estimated cost to design and construct the Arts and Culture Center and Corridor Project is estimated to be \$32,000,000, \$7,500,000 of which will come from the general obligation bonds authorized herein, with the remaining \$24,500,000 to be raised from other sources. The issuance and contribution of the \$7,500,000 from the Bonds for the Arts and Culture Center and Corridor Project is conditioned on the receipt of the \$24,500,000 (or the funds in excess of \$7,500,000 that are required to complete the Arts and Culture Center and Corridor Project, whether greater or less than \$24,500,000) from the other sources. If such funds are not collected by JAHC by December 31, 2021, the \$7,500,000 portion of the Bonds authorized herein will not be issued or contributed by the City and Borough

**PRELIMINARY PROJECT BUDGET FOR
CENTENNIAL HALL RENOVATIONS**

ITEM	UNIT	AMOUNT	QUANTITY	SUBTOTAL	
HVAC & Controls	LS	\$1,500,000	1	1,500,000	Murry and Assoc. Estimate 11/15
Ballroom Curtain Replacement	LS	\$50,000	1	50,000	Rosebrand Estimate
Atrium Curtain Wall System- both lobbies	LS	\$265,000	1	265,000	945 sq ft each, \$140 pr sq ft 132K ea lobby
Courtyard Landscape and Hardscape	LS	\$105,000	1	105,000	Conceptual Estimate Courtyard 100'x85'=8500sq ft
Interior/Exterior Lighting	LS	\$225,000	1	225,000	Engineering Estimate
Sound System Entire Building	LS	\$500,000	1	500,000	The Greenbusch Group for JYL 8/29/13
Track Walls all three Ballrooms	LS	400,000		400,000	40 panels, 6k ea, 150K for hardware, track, roller. Conceptual Estimate may be higher
Track Walls- one for Davis Room, three for meeting rooms	LS	\$120,000	1	120,000	Dawson Estimate/30K ea
Tables and Chairs	LS	\$150,000	1	150,000	MityLite Tables \$360x100, Chairs \$110x1,000
Electrical Upgrades	LS	\$421,000	1	421,000	Based on average cost per sq ft of 4 CIP reno projects. \$42.13 pr sq ft x 30,000 sq ft hall = \$1.264 mil. Entire hall does not need new electrical; took 1/3 of this amount.
Tlingit Recognition in Courtyard	LS	\$10,000	1	10,000	Allowance for a Panel or Interpretation Display
Paint Exterior of Building	LS	\$195,000	1	195,000	Based on 2007 paint job E07- 162 plus inflation
Paint & Patch Interior of Building	LS	\$270,000	1	270,000	Engineering Estimate

PRELIMINARY PROJECT BUDGET FOR CENTENNIAL HALL RENOVATIONS

Electo-Magnetic Door Holder Doors	LS	\$44,000	1	44,000	3k single doors, 5k dbl doors, 4 BR exit dbl doors, 2 passthrough dbl, 1 storeroom dbl doors, 2 kitchen single, 1 maintenance rooms single
Exterior Emergency Exit Doors	LS	\$19,000	1	19,000	3k single, 5k double, 2 dbl doors Willoughby, 1 single Willoughby, 1 single roof access, 1 single parking lot exit
Wallpaper/wall covering	LS	\$165,000	1	165,000	Engineering Estimate
Carpet	LS	\$50,000	1	50,000	Engineering Estimate
Ballroom Door Refurbishing	LS	\$10,000	1	10,000	Replace Hardward, Refurbish, 2k per set, 5 sets
Pipe Grid and Catwalk Ballroom 1	LS	\$25,000	1	25,000	Allowance for planning purposes
Fire Alarm System	LS	\$90,000	1	90,000	Based on JDHS sprinkler work
Fiber Optic Cable from KTOO Building	LS	\$100,000	1	100,000	Based on Auke Bay school
Cent Hall Office Remodel-create reception desk area	LS	\$30,000	1	30,000	Engineering Estimate
Concrete Side Walks, Stairs and Ramps	LS	\$160,000	1	160,000	Aprox. 10K sq ft x \$16 pr sq ft
Interior Doors- Ballroom, Meeting Rooms, Hallway, Storage	LS	\$30,000	1	30,000	20 doors, \$1,500 ea
Kitchen Renovation- flooring, ice machine, dishwasher, walls, coffee brewer, vent hood	LS	\$375,000	1	375,000	Allowance of \$150 sq ft, \$300 pr sq ft for full gut job but not needed. 2,500 sq ft kitchen
Tent for Courtyard area	LS	\$468,000	1	468,000	\$55 sq ft for structural tent, base on Public Works Tent. Courtyard 100'x85'=8,500
				0	
				0	
SUBTOTAL CONSTRUCTION				5,777,000	
Consultant design services (3)	%		10.00%	577,700	
Consultant CA and inspection services (3)	%		3.00%	173,310	

PRELIMINARY PROJECT BUDGET FOR CENTENNIAL HALL RENOVATIONS

CBJ administration and management	%		3.00%	173,310
Permits and fees	LS	\$5,000	1	5,000
Printing, advertising, postage	LS	\$5,000	1	5,000
Project contingency	%		15.00%	866,550
SUBTOTAL INDIRECT COSTS				1,800,870
TOTAL PROJECT COST				\$7,577,870

Notes:

(1) Derived from estimate received by Ed Foster in 2013: \$300,000 for 120 ft. x 140 ft. fabric structure installed in Juneau.
 $\$300,000 / (120 \text{ ft.} \times 140 \text{ ft.}) = \$17.86/\text{sf.}$ X 1.09 (9% inflation to 2015) = $\$19.46/\text{sf.}$ Add \$50,000 for owner-provided labor and equipment = $\$2.98/\text{sf.}$ $\$19.46/\text{sf} + \$2.98/\text{sf} = \$23/\text{sf}$ (rounded).

(2) Derived from local quote of \$160 each for standard 2 ft. x 2 ft. x 4 ft. block installed. \$40/block added for contingency.

(3) Limit for Professional Term Contract is \$50,000.

Updated April 21, 2015 by CBJ Engineering

THE^{NEW}JACC

Inspired by nature. Driven to create.

June 8, 2018

Mr. Jesse Kiehl, Chair
Assembly Finance Committee
City and Borough of Juneau
155 S. Seward Street
Juneau, Alaska 99801

Dear Mr. Kiehl:

Re: Funding for the New Juneau Arts and Culture Center

As you know, the Partnership Board, on behalf of the Juneau Arts and Humanities Council, has been actively developing plans to replace the current arts and culture center with a new facility that is designed for that purpose and can better serve our community for generations to come. We are excited to propose a different means for the CBJ to participate in the project in the form of a public-private partnership in which the city would own the facility, contribute towards its construction and turn over management of the new facility to the arts council. For its part, the Partnership Board would continue raise the bulk of the funds needed for construction of the New JACC.

The Bond Proposition

We urge the Finance Committee to recommend to the Assembly that it place before voters on the October 2, 2018 ballot a General Obligation Bond measure relating to the combined facilities. The measure would authorize the issuance of bonds in the amount of \$12 million to accomplish three priorities: renovations to Centennial Hall (including the HVAC system and expansion of the lobby), construction of a portion of the New JACC, and an enclosed and heated connection between the two buildings.

Background

We are seeking substantial city financial participation in the project for two reasons: to help pay for a facility whose purpose is to serve the citizens of Juneau and to demonstrate to prospective major donors that the project has a significant level of support within the community. (“Show me that Juneau has skin in the game,” quipped one prospective donor).

Last year we approached the Finance Committee for sales tax or bed tax revenues to help finance some components of the New JACC. We withdrew this request after learning of concerns expressed by Travel Juneau representatives about the proposed funding mechanism and the then-current design. There were two specific shortcomings with that design that caused travel industry representatives concern: (1) the Community Hall was deemed too small, and (2) the New JACC lacked connectivity to Centennial Hall.¹

¹ Travel Juneau has also been explicit that the other major challenge to increased convention activity in Juneau is the need for additional quality hotel accommodations.

These concerns, and others expressed to us about Centennial Hall by other local groups and individuals, caused us to re-examine our design and to think more deeply about the relationship between Centennial Hall and the New JACC. One outcome has been our combined efforts to consolidate management of both facilities, now slated to begin July 1. The second outcome has been to revise the design plan to increase the size of the Community Hall by a third and to physically connect the New JACC to Centennial Hall with an enclosed corridor, linking them as two components of a larger complex intended to work in tandem.

Connecting the two structures makes it desirable to accelerate certain changes to Centennial Hall. The City has previously identified improvements to Centennial Hall included in the Engineering Department's 6-year departmental CIP Plan on April 20. These called for \$4.5 million for Phase II Remodel and Design and Replacement of a new HVAC system spread over two years, FY 20 and FY 21.

Our proposal would include these changes to Centennial Hall in the bond package.

To be clear: \$7.5 million would be directed to the New JACC and the connection to Centennial Hall, the remaining \$4.5 million would be for Centennial Hall itself. That \$4.5 million has already been approved from sales tax revenues, so there is only \$7.5 million of 'new money' in this bond issue. Linkage of the buildings will create additional need to eliminate the current bottleneck in the lobby area of Centennial Hall. The HVAC system could be designed to serve both buildings, creating operational efficiencies for both.

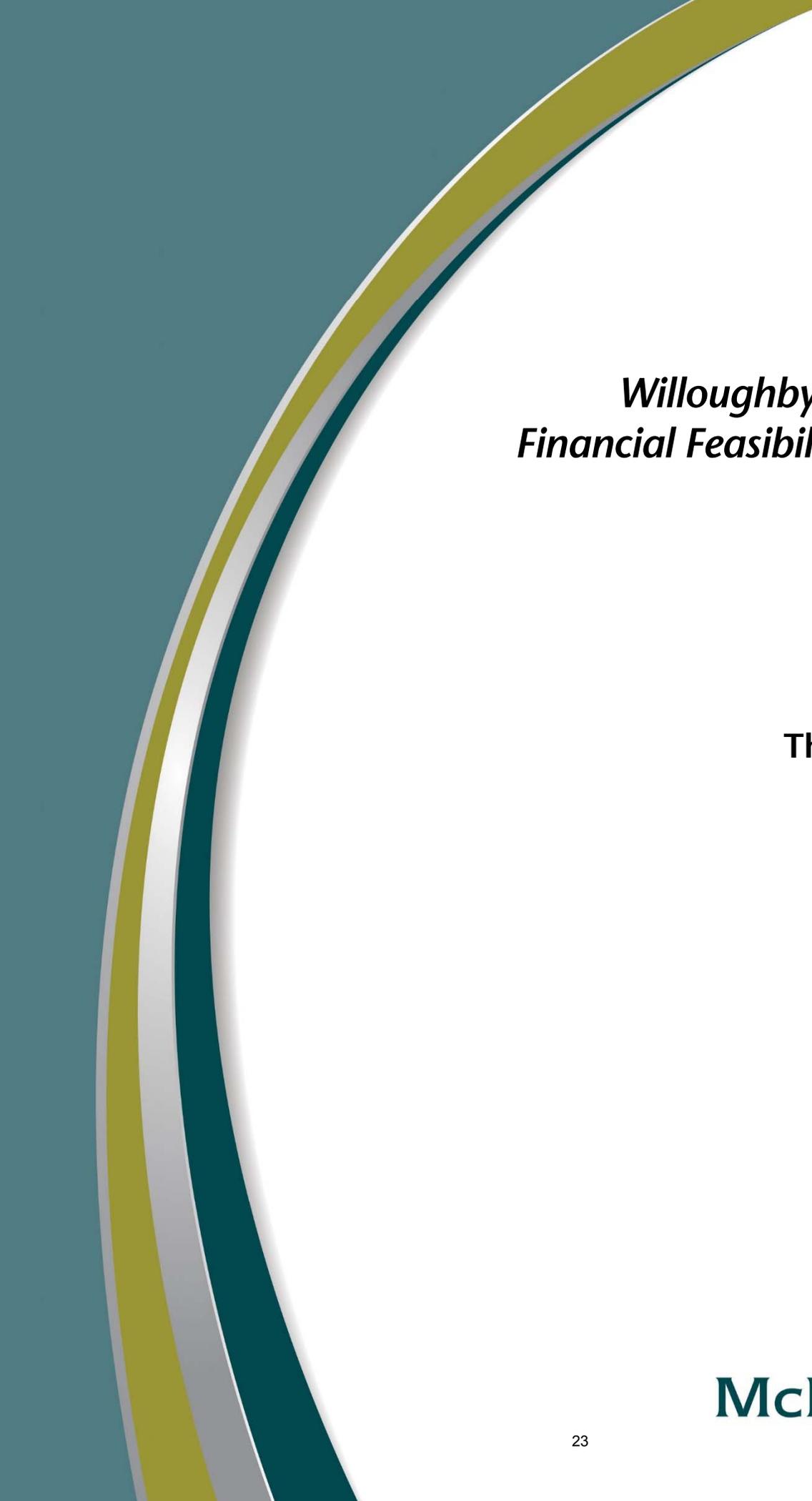
Initially, we considered a condominium approach to the New JACC so that the CBJ would own only a part of the structure, but have now concluded that full ownership is the best approach to achieve the funding objective of construction the New JACC, improving and upgrading Centennial Hall, and creating a connection between them.

Conclusion

The New JACC will serve as a major economic stimulus for Alaska's Capital City, both during the construction phase and in perpetuity through the expansion of Juneau's arts and culture business sector. It will increase the versatility of Centennial Hall and enhance Juneau's capacity to attract more and larger user groups. City investment in the building will be a critical enticement for prospective major funders to invest in the successful, timely completion of the entire project.

Peter Jurasz
Co-Chair

Bruce Botelho
Co-Chair



***Willoughby Arts Complex
Financial Feasibility Assessment***

Prepared for:
The pARTnership

November 2015

Willoughby Arts Complex Financial Feasibility Assessment

Prepared for:
The pARTnership

Prepared by:



Juneau • Anchorage

In association with:

MRV ARCHITECTS

McDowell Group Anchorage Office
1400 W. Benson Blvd., Suite 510
Anchorage, Alaska 99503

McDowell Group Juneau Office
9360 Glacier Highway, Suite 201
Juneau, Alaska 99801

Website: www.mcdowellgroup.net

November 2015

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Executive Summary

The pARTnership contracted with McDowell Group to assess the financial feasibility of the proposed Willoughby Arts Complex (WAC). The complex will incorporate and upgrade the existing Juneau Arts and Culture Center (JACC) and will include a community theatre with a maximum of 300 seats and an array of spaces that support the theater, enhance the experience for clientele, and augment revenue generation potential.

McDowell Group completed a Market Demand Assessment in August 2015 based on review of prior planning efforts and extensive interviews with user groups, facilities managers, and others involved in performing and visual arts. This Financial Feasibility Assessment builds on that initial analysis and includes estimated capital costs, revenues, operating costs, and strategies to enhance financial performance. MRV Architects (MRV) and cost estimators HMS, Inc. (HMS) developed construction cost estimates and contributed to facility operating expense estimates. Key findings are summarized below.

Facility Construction Costs

The arts complex is estimated to be approximately 35,000 sq. ft., which includes 24,000 sq. ft. of new construction and 10,900 sq. ft. of renovated space. Construction costs total \$18.8 million, including \$14 million in construction and renovation costs and \$4.8 million for indirect costs.

Estimated Facility Construction Costs

Area	Estimated Sq. Ft.	Estimated Construction Cost	Comments
Community theater components	9,595	\$4,900,000	Theater, green room, and dressing rooms
Lobby and central support	3,940	\$2,400,000	Lobby, reception, concessions, kitchen, café, small theater, dressing room, and scene shop
Meeting and program space	2,305	\$1,700,000	JACC, gallery, retail, offices, meeting rooms, and sound studio
Building support	3,493	\$3,000,000	Restrooms, janitorial, mechanical, electrical, and storage
Walls, shafts, misc. (6%)	1,160	\$470,000	
General circulation (18%)	3,480	\$1,500,000	
Subtotal New Construction Sq. Ft.	23,973	\$14,000,000	Cost Includes New Construction and Existing Space Renovation
Indirect costs (34% of estimated construction costs)		\$4,800,000	Design, permitting, furnishings, and contingency
Total Project Cost		\$18,800,000	

Source: MRV Architects and HMS. Figures have been rounded.

Construction estimates are based on comparable Alaska construction. Estimated costs are inflated slightly to account for construction in fall 2016. Slightly less than five million dollars is anticipated for indirect costs (34 percent of the construction budget), including design, administrative costs, project management, furnishings,

and contingency. The project is anticipated to be managed independent of the City and Borough of Juneau (CBJ). If this assumption changes, indirect costs will need to increase to reflect CBJ’s cost structure.

Total Capital Costs

It is not practical for the WAC to provide surface or constructed parking on the site. MRV worked with CBJ staff to determine parking requirements associated with new construction and displaced parking, as well as reductions associated with the downtown district location and evening usage. Per CBJ ordinance 49.40.210 (d), exemption (5), the one-time Fee-in-Lieu payment will be approximately \$725,000. As shown in the table below, total capital costs are estimated at slightly less than \$20 million, including parking.

Estimated Total Capital Costs

Area	Estimated Cost	Comments
Estimated facility construction	\$18,800,000	Includes JACC renovation
Fee-in-Lieu parking	\$725,000	One-time fee, per CBJ exemption
Total Estimated Cost	\$19,525,000	

Source: MRV Architects and HMS. Figures have been rounded.

Financial Projections

McDowell Group’s approach to feasibility studies is conservative on revenue generation and reflects reasonable expenses. This approach provides the pARTnership a realistic assessment for potential financial performance. Each revenue and expense category is examined in detail in the body of the report. Additionally, the Business Plan Considerations section includes strategies for the pARTnership to optimize facility usage and revenue.

One expense category that is unsettled is payroll for the executive director’s position. Currently the JACC is managed by the JAHC director, and payroll is funded by JAHC. The cash flow analysis presented in this document does not include payroll for an executive director. JAHC will need to carefully consider how that position will be funded. If director payroll is allocated to the WAC, then the cash flow projections presented below will need to be adjusted accordingly.

Annual Cash Flow

The WAC is anticipated to have a net operating loss of approximately \$120,000 in Year 1, a loss of \$87,000 in Year 2, and a loss of \$34,000 by Year 3.

As shown in the following table, estimated earned income by Year 3 is \$424,000. The two largest revenue components are community theater rental and rental of the renovated space at the JACC.

Annual operating expenses total \$458,000. The largest components are payroll and heat, at \$160,000 and \$105,000 respectively.

Cash Flow Estimate, Year 3 and Beyond

Year 3	
Earned Revenue	Estimate
Community theater rental	\$100,000
Ticketing	\$12,000
Facility rental	\$115,000
Rental equipment and services	\$28,000
Warming kitchen rental	\$16,000
Office leases	\$56,000
Retail space net	\$27,000
Gallery space net	\$5,000
Café lease	\$15,000
Concessions/alcohol sales net	\$15,000
Fundraising	\$40,000
Total Earned Revenue	\$424,000
Expenses	Estimate
Payroll/benefits	\$160,000
Heat	105,000
Electric	25,000
Sewer/water	4,000
Trash	9,000
Telephone	7,000
Shipping/postage	1,000
Supplies	20,000
Repairs/maintenance	18,000
Insurance	20,000
Equipment	12,000
Technicians	10,000
Janitorial	10,000
Marketing/advertising	10,000
Capital replacement	20,000
Miscellaneous	27,000
Total Estimated Expenses	\$458,000
Net Income/Loss	(\$34,000)

Five-Year Pro Forma Cash Flow Analysis

This analysis indicates that the WAC will transition from an initial deficit of approximately \$120,000 to a deficit of \$34,000 by the third year of operations. Assumptions factored into the cash flow analysis include:

- Year 1 revenues are projected to be 75 percent of fully normalized revenues; Year 2 at 85 percent, and fully normalized at 100 percent in Year 3.
- The only change in expenses is an increase in repairs and maintenance from \$10,000 in Year 1 to \$15,000 in Year 2 and to \$20,000 in Year 3.
- Projections do not include any loan or interest payments.
- Revenues and expenses are not adjusted for inflation.

Pro Forma Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Net profit/loss	(\$120,000)	(\$85,000)	(\$34,000)	(\$34,000)	(\$34,000)

Note: Estimates are rounded.

Even with McDowell Group’s conservative estimates, the financial outlook for the WAC is much stronger than the financial performance of community centers in other Alaska locations. Contributing factors include:

- Demonstrated experience by JAHc in running the JACC in an efficient manner.
- Anticipated operation of the facility by a private, non-profit entity, rather than a municipality (which typically has a higher cost structure for wages, benefits, and indirect expenses).
- Synergies between JAHc and other arts organizations are expected to result in frequent facility usage and revenue generation.
- The facility includes multiple revenue generating aspects and increased revenue is expected from the renovated JACC.
- New construction and efficient systems will help control utility costs.

Illustrating how these factors contribute to operating deficits in other Alaska community facilities, the table below shows annual operating deficits ranging from \$694,000 in Valdez to \$207,000 in Wrangell. These four facilities are the primary location for performing arts and community events in their respective communities; financial details are summarized in the appendices. For a local reference, Centennial Hall in Juneau had a \$600,000 operating deficit in 2014.

Annual Operating Deficits, 2014

	Deficit
Valdez Convention and Civic Center	\$694,000
Harrigan Hall, Sitka	\$414,000
Ted Ferry Civic Center, Ketchikan	\$314,000
Nolan Center, Wrangell	\$207,000

Source: Various city budget documents.

It is important to recognize these facilities also generate significant economic activity from meetings and conventions. Juneau attracted 31 meetings and \$2.7 million in economic impacts from meetings and

conventions in 2014. Ketchikan averaged \$1.5 million annually from meetings and conventions in the past decade.

Business Plan Considerations

There are a number of ways for the WAC to enhance operational efficiencies, facility use, financial performance, and the customer experience.

Facility Construction and Management

- Ensure that construction is managed by the pARTnership, rather than the CBJ engineering department, given the higher municipal overhead cost structure.
- Operate the WAC as a non-profit, rather than a municipal entity, for cost savings in employee salaries and benefits.
- Increase the facility operations team to include a facility manager, administrative assistant, janitor/maintenance, marketing/ticketing manager, and part-time events staff.

Facility Design

- The warming kitchen should be located with convenient access to both newly constructed and renovated aspects of the WAC.
- The black box theater space should be accessible by the public as well as back of the house functions.
- New gallery spaces should be dedicated for gallery use, have high ceilings, big off-white walls, and professional lighting.
- Considerable storage space will be needed for the theaters, as well as for tables, chairs, and other equipment needed for meetings and banquets.
- Rental office spaces can be located on an upper floor. They should be adjacent to the break room, meeting rooms, and other shared office functions. Offices should also be accessible from outside the building after hours.
- Café seating should be near windows and offer a waterfront view, if possible.

Financial Performance

There are a number of options available to the WAC to close the projected financial gap. Careful consideration is warranted as changes in the rate structure can affect the financial health of facility users, the JAHC, the pARTnership, and community patrons.

- The project team factored in a three-year period to achieve normalized revenues for the community theater. Achieving the high-case for community theater rental income immediately results in a \$43,000 improvement to net income in Year 1, a \$33,000 improvement in Year 2, and an \$18,000 increase in subsequent years.
- Community theater rental rates used in the feasibility study mirror high school auditorium rates. A 10 percent increase could yield another \$10,000 in rental income if demand remains strong.
- Rental income from the renovated JACC hall, black box theatre and other spaces is projected to be about \$115,000. A 10 percent rate increase could yield another \$11,500 in rental income.

- The JACC currently offers a 10 percent discount to non-profits and affiliated groups. Eliminating the discount would add \$11,500 in net income. Alternatively, the WAC could offer the discount on weeknight rentals only, ensuring the facility generates full rental rates for weekends and other premium dates.
- Using the high-rate scenario for office space and other leases results in another \$5,000 in earned income.
- The WAC could incorporate a surcharge on community theater tickets. A \$1 fee per ticket could add approximately \$11,000 to net income.
- Adjustments could also be made to retail and gallery consignment rates, or to rental rates for the warming kitchen, meeting rooms, and equipment.
- The WAC has several opportunities to reduce expenses, directly increasing net income. A 10 percent savings in heat and electric nets \$13,000; and a 10 percent savings in other expenses increases net income by \$33,000. Combined, these categories represent \$46,000 in potential savings.

Food and Beverage Considerations

Food and beverage priorities are upgrading the service kitchen and ensuring that facility users retain the option of serving alcoholic beverages.

- Policies and rates will need to be developed concerning non-professional use of the kitchen.
- The WAC will also need to purchase, and establish rates for, additional service wear such as tablecloths, chafing dishes, plates, cups, silverware, serving utensils, buffet carts, and mobile beverage carts.
- Kitchen and catering equipment rental can generate additional revenue, but also requires inventory management and equipment storage.
- The kitchen also provides an opportunity for rental income by entrepreneurs not associated with a WAC event, but seeking a kitchen approved for commercial use.

An onsite café is included in the construction cost estimates. It represents an additional amenity for WAC patrons, tenants, and performers, as well as some operational risk for the facility.

- Lease rates will need to reflect traffic and potential sales to attract a tenant.
- Allowing the café operator to have exclusive access (or an initial option) on alcohol or concession sales increases the viability of the café. At the same time, it also limits choices for facility renters.
- There will be a number of issues to negotiate such as lease length, buildout expense, operating hours, utilities, and other policies. The WAC will need to have detailed policies for how the café and outside caterers interact to avoid conflict.
- The pARTnership needs to consider the implications of a café tenant failing and the space sitting unoccupied for long periods of time.

The project team incorporated three small concession areas into construction cost estimates to accommodate sales of light snacks and beverages.

- Several alternatives are discussed in the body of the report including having this service operated by the WAC, by the café, or by caterers.

- While projections for net income to the WAC are similar, each approach presents very different implications in terms of facility management.

In summary, there are many variables that will affect the financial performance of the facility. JAHC has demonstrated its ability to maximize facility operations, and if managed properly, the WAC appears to be financially feasible.

Presented by: The Manager
Introduced: 07/23/2018
Drafted by: Bond Counsel

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2018-40

An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed \$12,000,000 to Finance Capital Improvements to the Facilities of the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 2, 2018.

WHEREAS, improvements to the facilities of the City and Borough of Juneau, Alaska (the “City and Borough”) are needed in order to meet the current and future needs of the City and Borough; and

WHEREAS, certain projects listed in Section 3 below (the “Projects”) have been identified and approved by the Finance Committee as necessary to meet the needs of the City and Borough; and

WHEREAS, in order to provide funds for paying part of the cost of acquiring, constructing and equipping the Projects, it is deemed necessary and advisable that the City and Borough issue and sell its unlimited tax levy general obligation bonds in the principal amount of not to exceed \$12,000,000 (the “Bonds”);

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Findings. The Assembly of the City and Borough hereby finds and declares that the acquisition, construction and equipping of the Projects identified in Section 3 hereof are necessary and are in the best interest of the inhabitants of the City and Borough.

Section 3. Purposes. The Assembly has determined that the City and Borough is in need of the following:

- A. Renovations to Centennial Hall, including upgrading the HVAC system and expanding the lobby area (the “Centennial Hall Project”), of which \$4,500,000 will be paid from the Bonds described in Section 3;

- B. Construction and equipping of a portion of a new arts and culture center; and

Construction of an enclosed and heated corridor between Centennial Hall and the new arts and culture center (the “Arts and Culture Center and Corridor Project”), of which \$7,500,000 will be paid from the proposed Bonds described in Section 3.

The Centennial Hall Project and the Arts and Culture Center and Corridor Project are herein referred to collectively as the “Projects.” The cost of all necessary architectural, engineering, design, and other consulting services, inspection and testing, administrative and relocation expenses, costs of issuance of the Bonds and other costs incurred in connection with the Projects that is approved by the electors shall be deemed capital improvement costs of the approved Projects. The approved Projects may be completed with all necessary furniture, equipment and appurtenances.

The new arts and culture center will be owned by the City and Borough of Juneau and is intended to be managed by the Juneau Arts and Humanities Council (JAHC). Currently, the estimated cost to design and construct the Arts and Culture Center and Corridor Project is estimated to be \$32,000,000, \$7,500,000 of which will come from the general obligation bonds authorized herein, with the remaining \$24,500,000 to be raised from other sources. The issuance and contribution of the \$7,500,000 from the Bonds for the Arts and Culture Center and Corridor Project is conditioned on the receipt of the \$24,500,000 (or the funds in excess of \$7,500,000 that are required to complete the Arts and Culture Center and Corridor Project, whether greater or less than \$24,500,000) from the other sources. If such funds are not collected by JAHC by December 31, 2021, the \$7,500,000 portion of the Bonds authorized herein will not be issued or contributed by the City and Borough to undertake the Arts and Culture Center and Corridor Project.

In addition to the foregoing conditions, if the City and Borough shall determine that it has become impractical to accomplish any portion of the approved Projects by reason of changed conditions or needs, incompatible development or costs substantially in excess of those estimated, the City and Borough shall not be required to accomplish such portions and shall apply Bond proceeds as set forth in this section.

Interest earnings on Bond proceeds may be used and applied by City and Borough, at the direction of the City Manager or his or her designee, for the Projects or for other capital improvements or for the retirement of the Bonds or other general obligation bonds of the City and Borough.

If the approved Projects have been completed in whole or in part, or their completion duly provided for, or their completion found to be impractical, the City and Borough may apply Bond proceeds or any portion thereof as provided in Section 10.10 of the Home Rule Charter.

In the event that the proceeds of sale of the Bonds, plus any other monies of the City and Borough legally available, are insufficient to accomplish the approved Projects as provided in

this ordinance, the City and Borough shall use the available funds for paying the cost of those portions of the approved Projects for which the Bonds were approved deemed by the Assembly most necessary and in the best interest of the City and Borough. No Bond proceeds shall be used for any purpose other than a capital improvement.

Section 4. Details of Bonds. The Assembly hereby authorizes the issuance of general obligation bonds in order to fund the portion of the costs of the Projects described in Section 3 (the “Bonds”). The Bonds shall be sold in such amounts and at such time or times as deemed necessary and advisable by the Assembly and as permitted by law and shall mature over a period of not to exceed 20 years of date of issue. The Bonds shall be issued in an aggregate principal amount of not to exceed \$12,000,000. The Bonds shall bear interest to be fixed at the time of sale or sales thereof. Both principal of and interest on the Bonds shall be payable from annual tax levies to be made upon all of the taxable property within the City and Borough, without limitation as to rate or amount and in amounts sufficient with other available funds, including sales tax levies, to pay such principal and interest as the same shall become due.

The full faith, credit, and resources of the City and Borough are hereby irrevocably pledged to the payment of both the principal and interest on such Bonds. The exact form, terms, conditions, contents, security, options of redemption, and such other matters relating to the issuance and sale of said Bonds as are deemed necessary and advisable by the Assembly shall be as hereinafter fixed by ordinance and resolution of the City and Borough.

Section 5. Submission of Question to Voters. The Assembly hereby submits to the qualified electors of the City and Borough the proposition of whether or not the City and Borough should issue the Bonds for the purpose of financing the costs of the approved Projects at the regular municipal election to be held on October 2, 2018.

The City and Borough clerk shall prepare the ballot proposition to be submitted to the voters as provided by this ordinance and shall perform all necessary steps in accordance with law to place these propositions before the voters at the regular election.

Section 6. Ballot Proposition. The proposition to be submitted to the qualified voters of the City and Borough as required by Section 5 above shall read substantially as follows:

Explanation

The proposition will authorize the issuance of \$12,000,000 in general obligation bond debt for paying the cost of renovations, construction, upgrades and capital improvements to the facilities of the City and Borough, including renovations to Centennial Hall, including the HVAC system and expansion of the lobby, construction of a portion of a new arts and culture center, and construction of an enclosed corridor between Centennial Hall and the new arts and culture center. Approximately \$4,500,000 of the general obligation bond debt will be for renovations to Centennial Hall, with the remaining \$7,500,000 of general obligation bond debt for the new arts and culture center and construction of the corridor between the new center and Centennial Hall. Currently, the estimated cost to design and construct the new arts and culture center and the

construction of the enclosed corridor between the new center and Centennial Hall will be \$32,000,000, \$7,500,000 of which will come from the general obligation bonds authorized herein, with the remaining \$24,500,000, or as much as is needed to complete that project, raised from other sources. The issuance and contribution of the \$7,500,000 to the arts and culture center and corridor from the City and Borough's general obligation bonds will be conditioned on the receipt of the \$24,500,000 (or the remaining costs of that project, whether greater or less than \$24,500,000) from the other sources. If such funds are not collected, the \$7,500,000 portion of City and Borough general obligation bonds will not be issued or contributed. The new arts and culture center will be owned by the City and Borough of Juneau and is intended to be managed by the Juneau Arts and Humanities Council (JAHC). The total annual debt service costs, assuming an interest rate of 4.0%, will be \$1,415,000 for years 1-7 and \$678,000 thereafter, with approximately \$643,000 in years 1-7 expected to be paid from the one percent temporary sales tax approved by voters in 2017, and the remaining balance to be paid from a property tax of approximately \$15 per \$100,000 of assessed value. This example of a property tax levy is provided for illustrative purposes only.

PROPOSITION NO. ____

GENERAL OBLIGATION BONDS

\$12,000,000

For the purpose of renovating Centennial Hall, including upgrading the HVAC system and expanding the lobby, constructing a portion of a new arts and culture center, and constructing an enclosed, heated corridor between Centennial Hall and the new arts and culture center within the City and Borough, shall the City and Borough of Juneau, Alaska, issue and sell its general obligation bonds, maturing within 20 years of their date of issue, in the aggregate principal amount of not to exceed \$12,000,000?

BONDS, YES

BONDS, NO

After voter approval of the proposition and in anticipation of the issuance of the Bonds, the City and Borough may issue short term obligations, under such date and in such amount, form, terms, maturity, and bearing such rate or rates of interest, all as may hereafter be fixed by ordinance of the City and Borough, consistent with limitations imposed by State law and by the Home Rule Charter and Code of the City and Borough.

Section 7. Notice of Election. The Assembly shall cause a notice of election to be published once a week for three consecutive weeks in a newspaper for general circulation in the City and Borough. The first notice shall be published not later than September 12, 2018, which is 20 days prior to the regular municipal election. The notice shall contain the information required by Section 10.5 of the Home Rule Charter of the City and Borough.

Section 8. Effective Dates.

(a) The authority to issue general obligation bonds proposed in Section 6 of this ordinance shall become effective on the day following the date the election results are certified for the regular municipal election held on October 2, 2018, if a majority of the qualified voters voting on the proposition set forth in Section 6 votes for the proposition.

(b) Section 6 of this ordinance authorizing the submission of the ballot proposition to the qualified voters of the City and Borough shall become effective thirty days after adoption of this ordinance.

ADOPTED this 13th day of August, 2018.

Kendell D. Koelsch, Mayor

ATTEST:

Elizabeth J. McEwen, City Clerk