

CBJ DOCKS AND HARBORS BOARD
SPECIAL MEETING AGENDA
For Tuesday, August 29th, 2017

- I. Call to Order** (5:00 p.m. in CBJ Chambers)
- II. Roll** (Weston Eiler, Don Etheridge, Bob Janes, David Lowell, Robert Mosher, Mark Ridgway, David Seng, Budd Simpson, and Tom Donek)
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED.
- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total time).
- V. Work Session**
 - 1. Marine Park to Taku Dock Urban Design Plan
Presentation by the Port Engineer
- VI. Adjournment**

DRAFT Rain Coast Data Research Memo

May 17, 2017

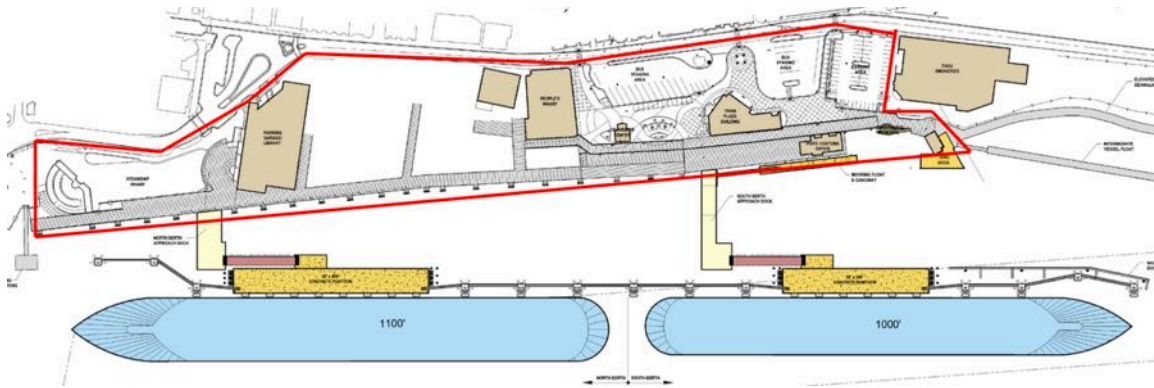
Downtown Juneau Waterfront Lot Economic Analysis: Marine Park to Taku Dock project

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Project Description:

The Marine Park to Taku Dock project will create an urban design plan to provide direction for future uses and development of public and privately owned tidelands and uplands within the study area. The general study area is bound by the new cruise ship berths on Gastineau Channel side; South Franklin Street on the uplands side; Marine Park to the northwest; and Taku Dock to the southeast.





Zoning

The site is zoned Waterfront Commercial (WC), meaning it is a mixed-use development zone that permits retail, residential, and other compatible uses. The Waterfront Commercial district has a height limit of 35 feet. The properties are located within the Downtown Fee In Lieu of Parking District, which means that additional parking development is not required for new buildings. The properties are also located in the Special Waterfront Area. A portion of the property is located within the Downtown Historic District and are subject to the standards and guidelines in the Downtown Historic District Design Standards and Guidelines and the Downtown Historic District. A portion of the lots are located in Flood zone VE. A portion of the properties may be located in a mapped hazard area so special permits and construction standards may apply.

Best Economic Use for the Area

There are many ways to examine the best economic use for the area, including the following:

- What project will directly return the most revenue to the City and Borough of Juneau
- What project will earn the most revenues per square foot of buildable space
- What project will create a more attractive downtown Juneau waterfront area and grow the larger visitor industry of the community.

Project planners also wanted to be conative of trends in the visitor industry. What elements of the visitor industry are growing, which are stagnant or shrinking, and what will be the dominant trends 20 years from now.

Summary

1. **Retail/Jewelry Stores:** The top return in terms of dollars per square foot is jewelry stores. However, the visitor retail sector shows the least amount of growth in the community. Despite a 14% growth in visitors over the past 5 years, jewelry stores in Juneau have reduced staff by 19%. Overall, visitor retail has been flat. Also, survey data suggests retail is not Juneau's strength.

Growth in Juneau's Visitor Industry: 2010 to 2015

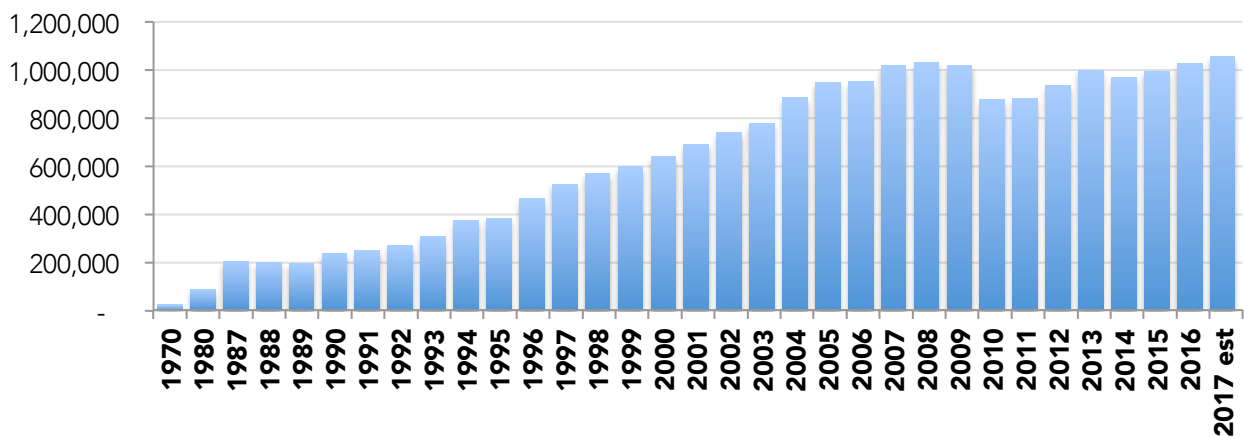
Category	Number of Businesses	Total Wages	Annual Avg Employment	Average Annual Wage per Employee
Food/Drink	7%	45%	30%	12%
Arts/Recreation	16%	43%	7%	33%
Hotel	24%	13%	6%	6%
Transportation	27%	7%	5%	1%
Retail	11%	8%	0%	8%

2. **Hotel Rooms:** The highest visitor industry need is new hotel rooms in downtown Juneau. Likely 100 new rooms will be needed in the next ten years. A hotel would also provide the highest benefit to the CBJ in terms of direct revenue.
3. **Food and Drink Industry:** The "hottest" visitor industry trend in Juneau is food and drink establishments. Employment in food and drink related businesses increased by 30% over the past five years (6% annual growth), by far the fastest growing segment of the Juneau visitor economy.
4. **Mixed-use:** While more housing units in Juneau are needed, "mixed use" housing above retail stores tend to be held for summer employees, and do not provide the same level of community housing benefits that other types of house create. In order for Juneau to have an economy capable of growth, there needs to be a higher level of housing abundance – defined by at least a 5% vacancy rate. In order to meet this rate, 620 housing units are currently needed. A mixed-use project would need a substantial number of units to be responsive to current housing needs.
5. **Kids:** Despite the fact that nearly 10% of all cruise visitors are children (100,000 kid cruise ship passengers expected in 2017) there are almost no elements of the downtown tourism industry that are directed towards kids.
6. **Park Space Supports the Larger Tourism Sector:** Because downtown Juneau supports a \$212 million per year summer tourism season, and because the area is already so built up, it follows that the highest and best use of the space would be to develop it in a way that makes the entire corridor more attractive to visitors and easier to move through. While it is difficult to put exact dollars onto this, any use that congests the space to make a location specific dollar, but detracts from the overall downtown visitor experience would have a lower net economic value to the community as a whole.

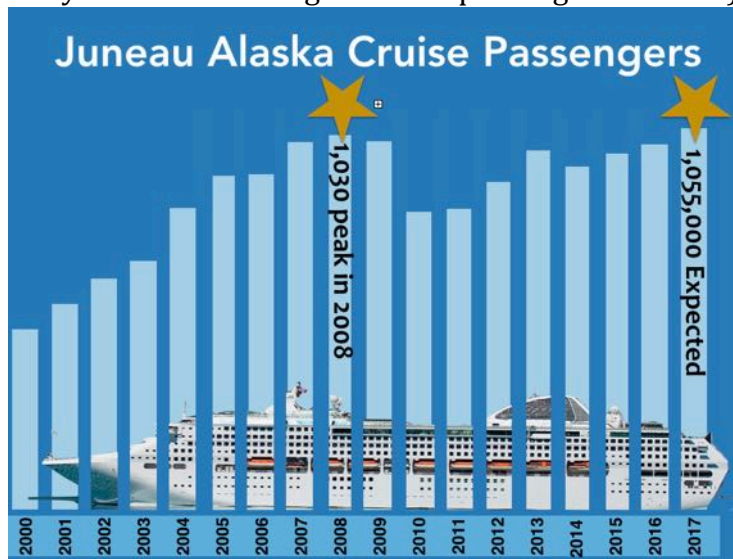
Overall Visitor Trends

More tourists visit Juneau than other any community in the state. Juneau hosted 1.1 million tourists last summer, including an estimated 77,000 independent travelers. Because 93% of Juneau’s summer out of state visitors arrive by cruise ship, the best way to track Juneau’s tourism numbers are to track cruise ship passenger visitors.¹ Since 1990, cruise ship passengers have increased at an average annual rate of 6.5%. Since 2010, the average annual growth rate has been 2.7%.

Cruise Ship Passengers to Juneau 1970 to 2016

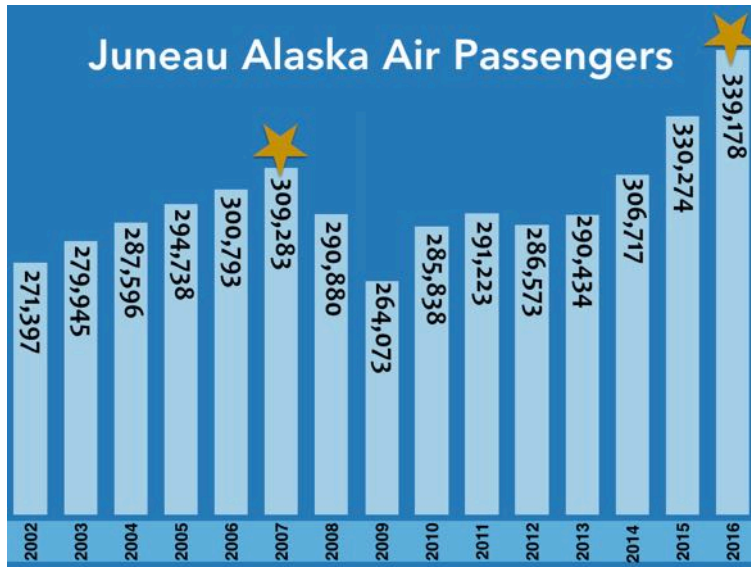


Visitor numbers peaked in 2008, but are expected to surpass that record with 1.055 million passengers expected in the summer of 2017. The passenger dip in 2010 and 2011 was associated with global recession that saw decreased travelers worldwide. (The cruise industry was also reacting to a state passenger head tax.)



¹ AVSP 7

In 2016, Juneau experienced a new record number of air passenger arrivals into the community. Juneau’s airplane passengers have increased at an annual average rate of 1.7% since 2002, and by 3.7% annually since 2010. Approximately 20% of all arriving air passengers in 2016 were considered to be “tourists”.



Tourism spending is big business in Juneau. In 2016, visitors spent an estimated \$212 million in Juneau, providing 21% of all sales tax revenue to the community last year (assuming all spending was taxed at a 5% rate).

Tourist Spending 2016

1 cruise passenger = \$186
 1 ferry passenger = \$359
 1 air passenger = \$565

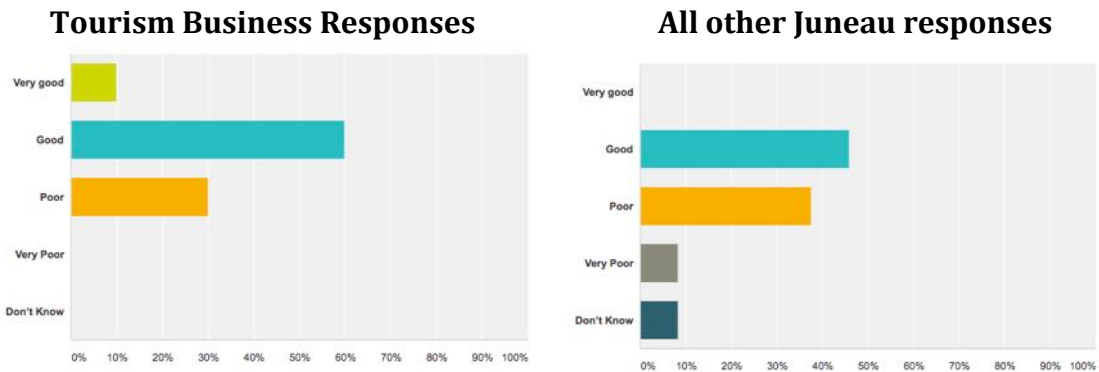
\$212 Million
 providing 21% of all CBJ sales tax
 revenue in 2016

Juneau Business Owners and Operators are Concerned About the Economy, but not those in the Visitor Industry

Generally there is a great deal of concern regarding the Juneau economy moving forward. State government jobs are down steeply, and Juneau’s 2016 population

drop was the 3rd largest in Juneau’s history. However, when asked about the economic health of the community, owners of Juneau tourism businesses are much more bullish about the economy than other business owners in other Juneau industries. In the spring of 2017, 71% of tourism business owners called the Juneau economy “good” or “very good” compared to just 48% of those operating other businesses; and 50% of tourism business owners said that they thought the economy could get “better” or “much better” compared to just 26% of those operating other local businesses.²

**2017 Business Climate Survey Juneau Business Owners and Operators
Responses: How do you view the overall business climate right now?**



Tourism business owners are right to have a positive outlook. While the cruise industry only make passenger projections one year in advance, new ships, increased ship sailings, and larger ships with more passengers are scheduled to expand the Juneau visitor base in upcoming years. Windstar Cruises will sail to Juneau in 2018, with 212-passenger Star Legend offer three itineraries. The Norwegian Cruise Line’s latest ship, the 4,000-passenger Norwegian Bliss, is being custom-built to sail in Southeast Alaska (a cruise industry first); and in 2019, Viking Ocean Cruises will send the 930-passenger Viking Spirit to Juneau for the line’s first Alaska season.

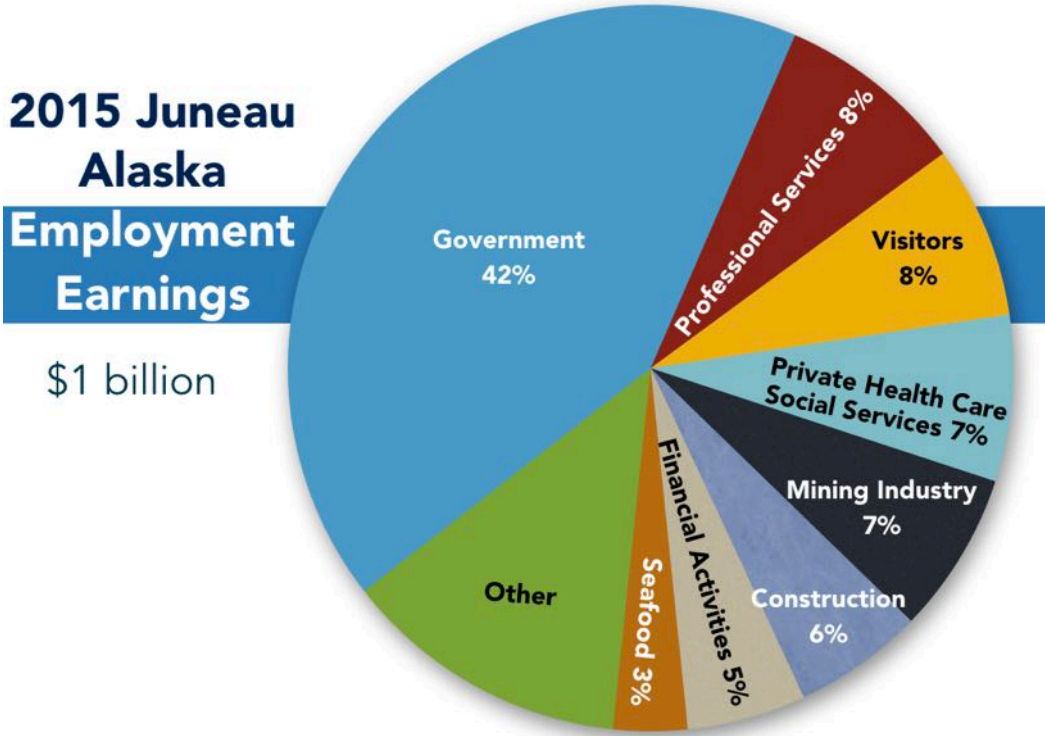
Tracking the Components of the Juneau Visitor Industry

Unsurprisingly, visitor industry related earnings and employment have also been increasing. In 2015 there were 3,077 annual average workers in the various sectors that make up the visitor industry in Juneau, with an associated direct payroll of \$76 million. Between 2010 and 2015, jobs in the visitor industry were up by nearly 15%, and wages were up by 21%.

² Business Climate Survey analysis. Rain Coast Data.

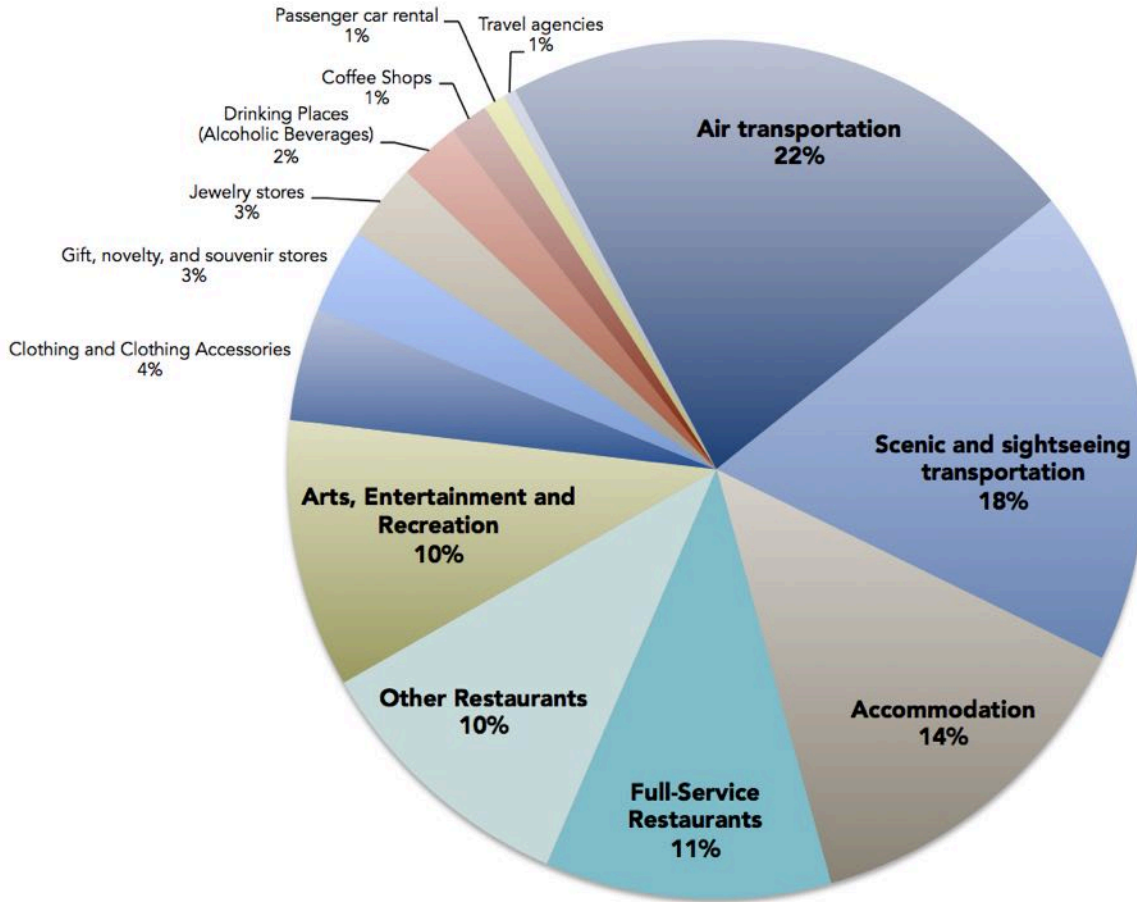


In terms of total payroll, the visitor industry pays out nearly 8% of all wages annually in Juneau. Due to the reliance of other sectors on government, it is also one of the few growing sectors in Juneau at the moment.



In order to understand which components of the visitor industry are most valuable to the community, it is important to look at them within a comparable context

Total 2015 wages of businesses connected to Juneau's visitor industry



Air transportation businesses pay the most in visitor industry wages overall. Of course this includes all visitors, not only tourists, as well travel by residents. Restaurants comprise the next largest category at 21% (in the chart above they have been broken into two categories) followed by scenic and sightseeing transportation at 18% of all visitor industry wages, and accommodation at 14%. Retail that has a strong visitor industry component represents 10% of all wages (however year round businesses that cater to residents in these categories are not extracted from these figures).

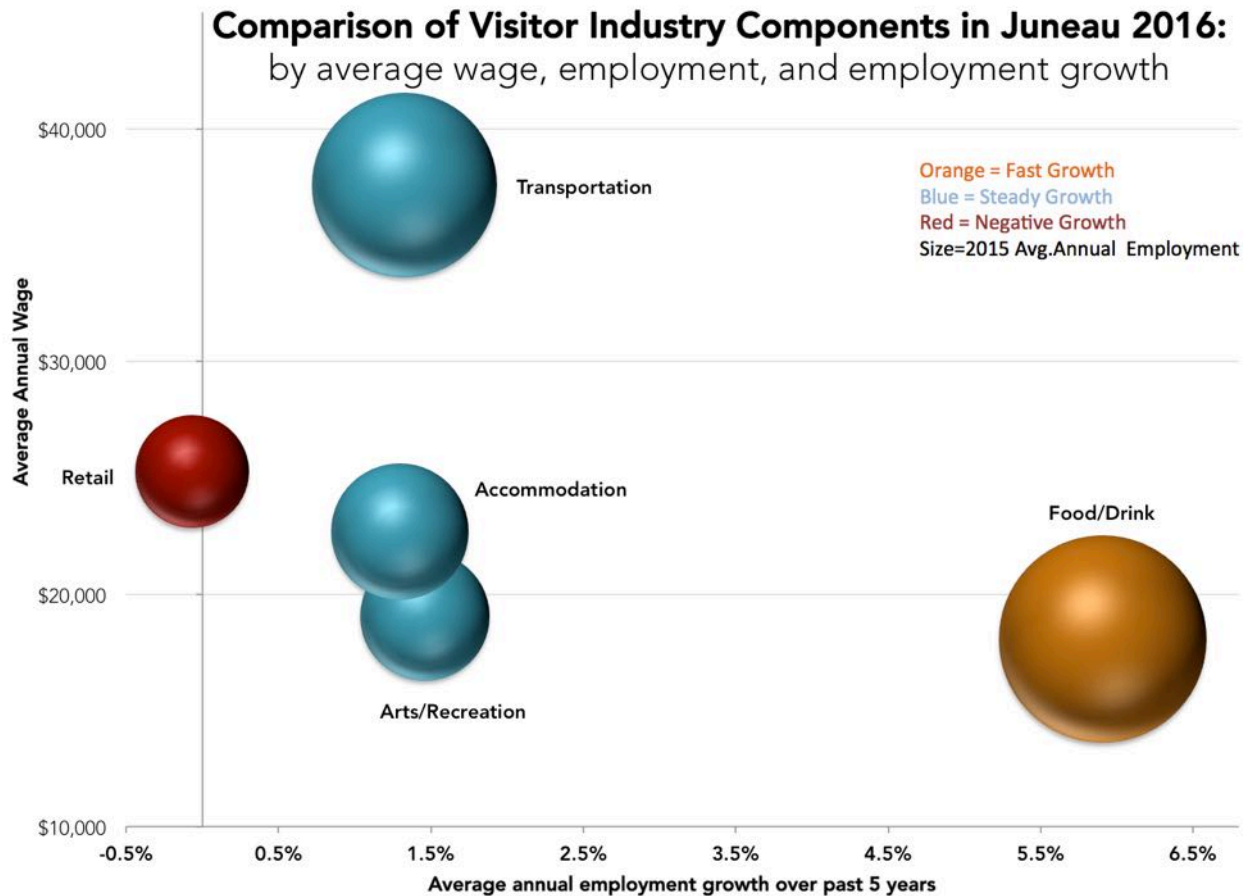
In addition to measuring total wages, it is also useful to compare total employees, the average number of jobs per businesses, and average annual wages, to understand which businesses provide the highest level of economic return for the community.

Comparison of sector elements of the Juneau visitor industry 2015

Industry	Number of Businesses	Total Wages	Total Sales (Gross Business Sales)	Avg. Annual Sales per business est.	Annual Avg. Employment	Average Annual Wage per Employee	Annual Wages per Business	Avg. Employees per business	5 yr employment growth	Sales per square feet annually
Air transportation	10	\$15,282,128	\$24.5 million	\$2.45 million	361	\$42,333	\$1,528,213	36	-8%	Location not suitable
Scenic and sightseeing transportation	24	\$12,473,299	na	na	370	\$33,712	\$519,721	15	+20%	na
Accommodation	21	\$9,325,930	\$33.4 million	\$1.5 million	411	\$22,691	\$444,092	20	+6%	\$125 (if restaurant)
Full-Service Restaurants	24	\$7,470,261	Both categories \$61.3 million	Both categories	357	\$20,925	\$311,261	15	+19%	\$363
Other Eateries	28	\$7,118,130		\$1.2 million	415	\$17,152	\$254,219	15	+27%	\$315
Arts, Entertainment and Recreation	37	\$7,011,977	na	na	368	\$19,054	\$189,513	10	+7%	na
Drinking Places (Alcoholic Beverages)	10	\$1,600,777	\$10.3 million	\$1 million	101	\$15,849	\$160,078	10	+36%	\$292
Passenger car rental	4	\$589,313	\$5.6 million	\$1.4 million	23	\$25,622	\$147,328	6	+35%	na
Jewelry stores	15	\$2,036,071	na	na	54	\$37,705	\$135,738	4	-19%	\$748
Gift, novelty, and souvenir stores	18	\$2,206,825	\$16.7 million	\$0.9 million	126	\$17,514	\$122,601	7	+19%	\$267
Coffee Shops	10	\$995,128	na	na	79	\$12,597	\$99,513	8	+132%	\$377
Clothing and Clothing Accessories	30	\$2,933,530	na	na	104	\$28,207	\$97,784	3	-7%	\$229
Food Truck	14	NA	na	na	na	\$11,381	\$28,452	2.5	na	na

The best way to easily see the differing trends by industry sector is in the form of a bubble chart. By comparing average annual wage, average employment growth over the past 5 years, and employment size in 2015, two things immediately become apparent: 1) the food and drink sector is outpacing the other key industries – it has high employment, high growth,

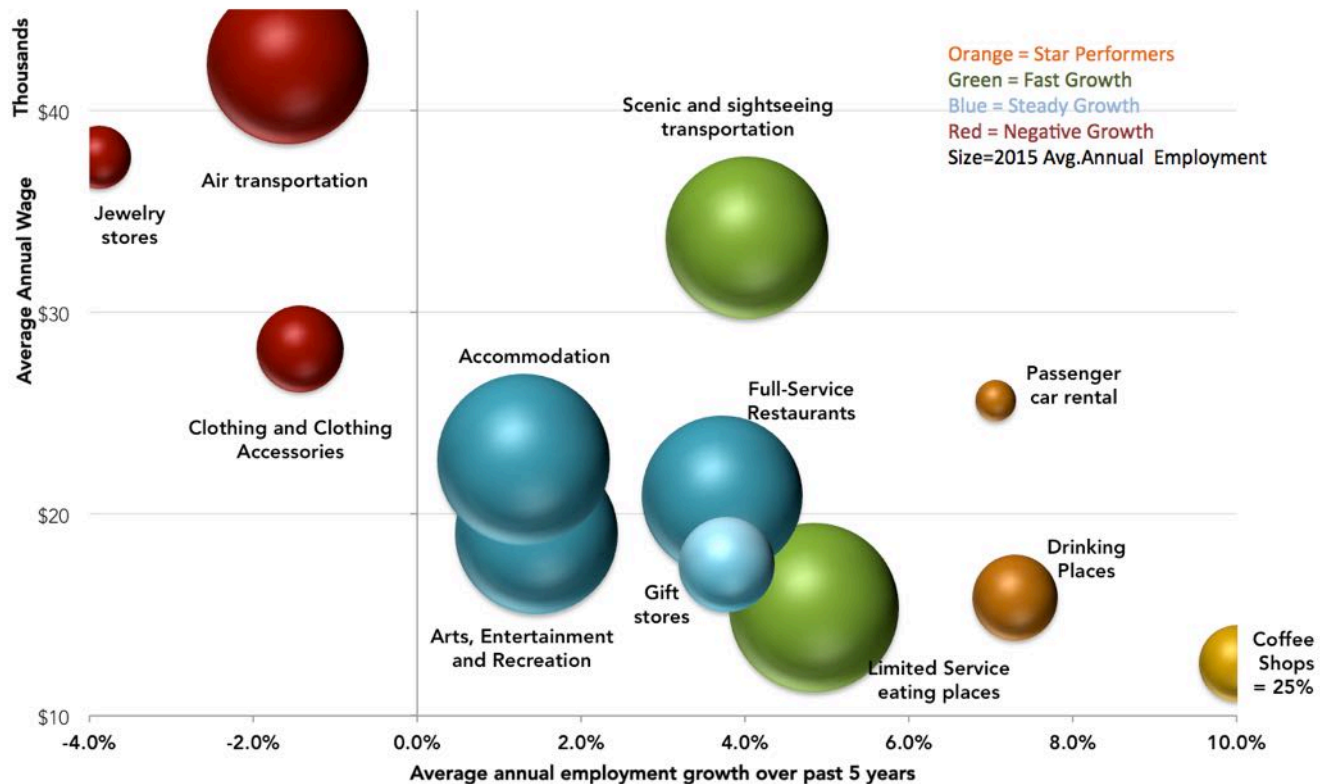
but a slightly lower average annual wage; and 2) retail is not a growth sector. Despite 14% growth in Juneau tourism over the past five years, total retail employment has actually contracted in terms of total employment.



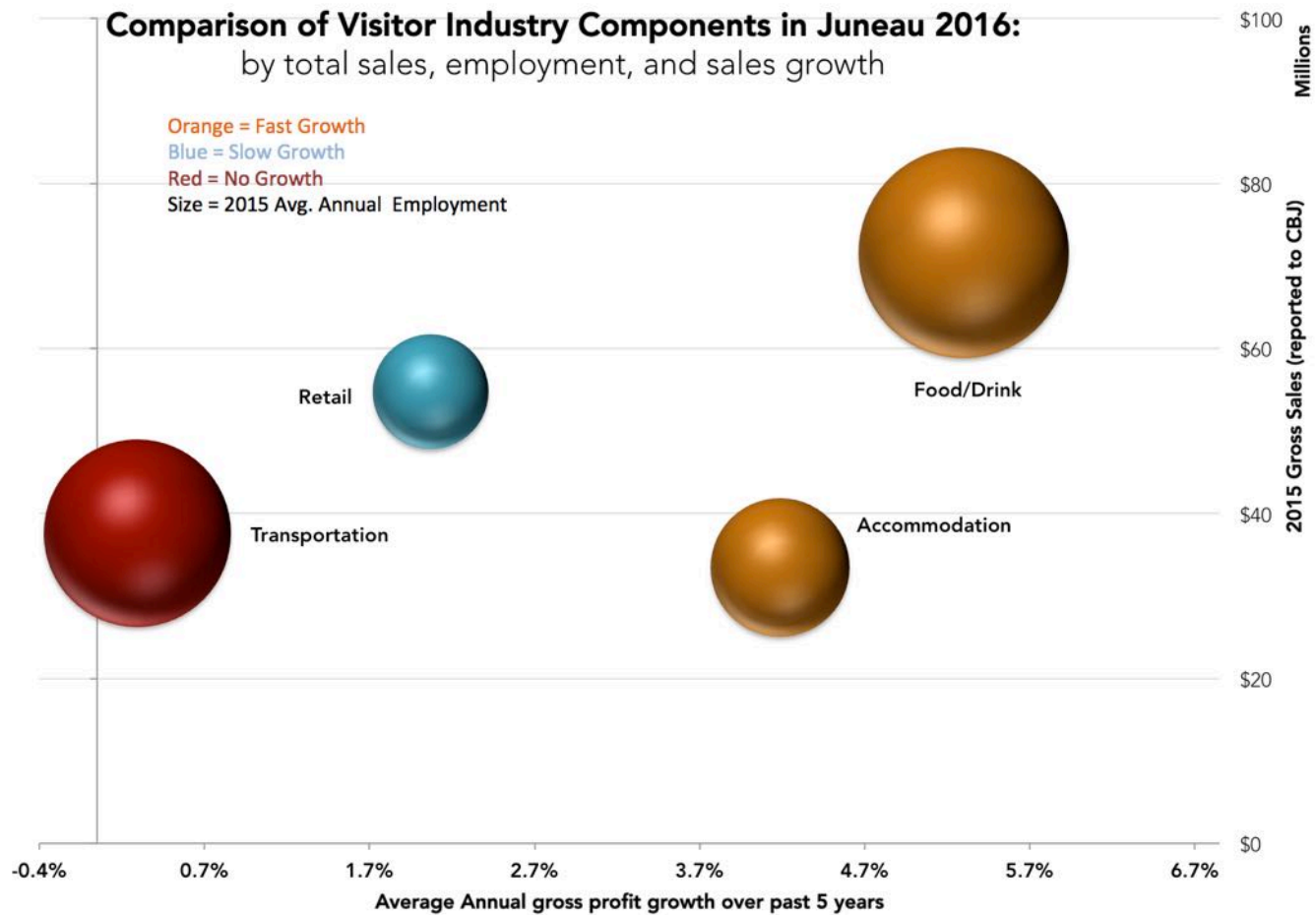
Employment in food and drink related businesses increased by 30% over the past five years (6% annual growth), by far the fastest growing segment of the Juneau visitor economy. While the arts/recreation sector saw fewer new employees (7% growth since 2010), the total value of each job grew by 33%, meaning that wages in this sector are increasing at a strong rate. Hotel employment grew by 6%. In order to better understand the nuances of these trends, we also provided a more detailed

version of the above graphic. Here we can see the individual growth of the food and drink industry, all of which has been significant, although coffee shop growth has been off the charts. Bars and car rental businesses have also been doing very well. We also see that in retail it is clothing and jewelry stores that are performing poorly. Gift stores are still experiencing moderate growth, but with small total employment and a lower average annual wage. Air transportation employment is down, but its wages are the highest in the industry. Scenic and sightseeing transportation has strong growth.

Comparison of Visitor Industry Components in Juneau 2016:
by average wage, employment, and employment growth



Because these chart only compare three indicators at a time, we developed a second chart to look at total sales and annual average sales growth. The growth areas in the Juneau visitor economy are clearly food, drink and accommodation, while retail and transportation are falling behind in terms of competitive growth.



Best value per square foot

Retail businesses in the project area report annual sales of \$300 to \$1,000 per square foot. In terms of comparable sales, it is not mystery which types of stores sell the most per square foot of retail space. Jewelry stores are so prevalent in Juneau precisely because they can earn nearly 3 times the revenue per square foot as a typical gift store. Office and apartment space garner the fewest value per square foot to business owners.

General Sales Per Square Foot Annually (not Juneau specific)



Juneau Rent Per Square Foot Based on location



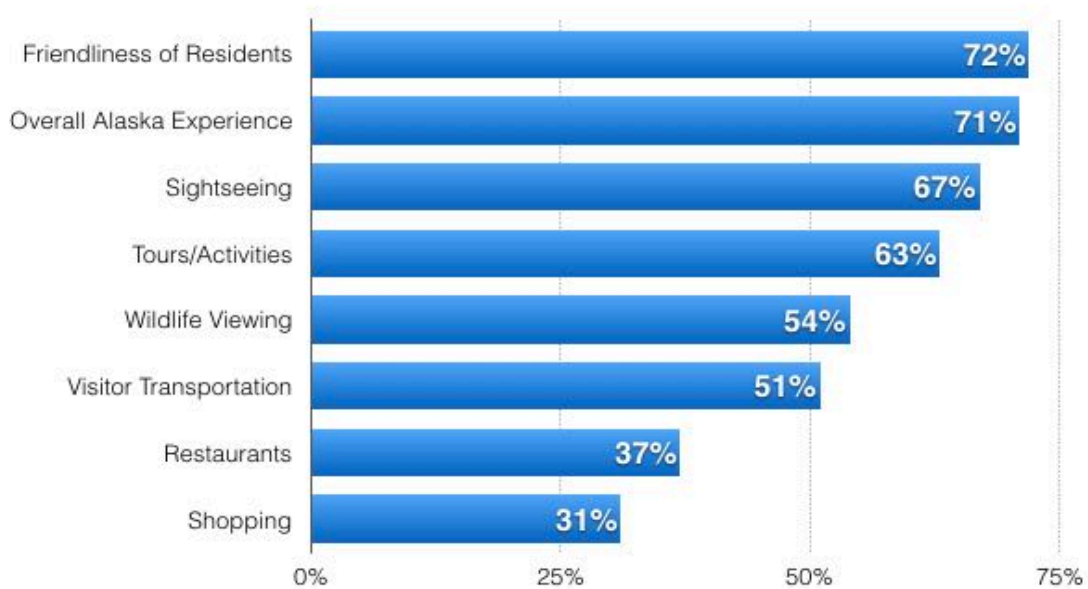
Retail rental rates in Juneau also differ based on location. For example, rent on Front Street is approximately \$2.00 per square foot on average, while rent for a location at the tram would be approximately \$7.50 per square foot. In these leases, the tenant pays rent, utilities, maintenance, and taxes. Based on the location of the project area that could most logically be developed, rent would be expected to be between \$5.75 and \$3.50 per square foot of lease space.

Retail Satisfaction by Juneau Visitors

Despite high per square foot value for downtown gift shops, there is increasing evidence that the shopping experience had by Juneau’s visitors comprise the least satisfactory element of their Juneau trip. According to a recent US News and World Report article on Juneau “And now, the citizens of Juneau brandish cheap souvenirs rather than hunting equipment. But don’t take the bait.”

When Juneau cruise ship visitors are asked about their satisfaction with shopping on their trip, only 31% said they were satisfied, while 63% said they were satisfied with their tours, and 67% said they were satisfied with sightseeing. The retail experience for Juneau’s visitors ranks in last place. Clearly retail is either not their purpose in coming to Juneau, or the retail experience that exists currently is falling far short of the shopping experience that visitors are looking for.³ Note that is a 2011 analysis. The 2016 update of this report did not include this question.

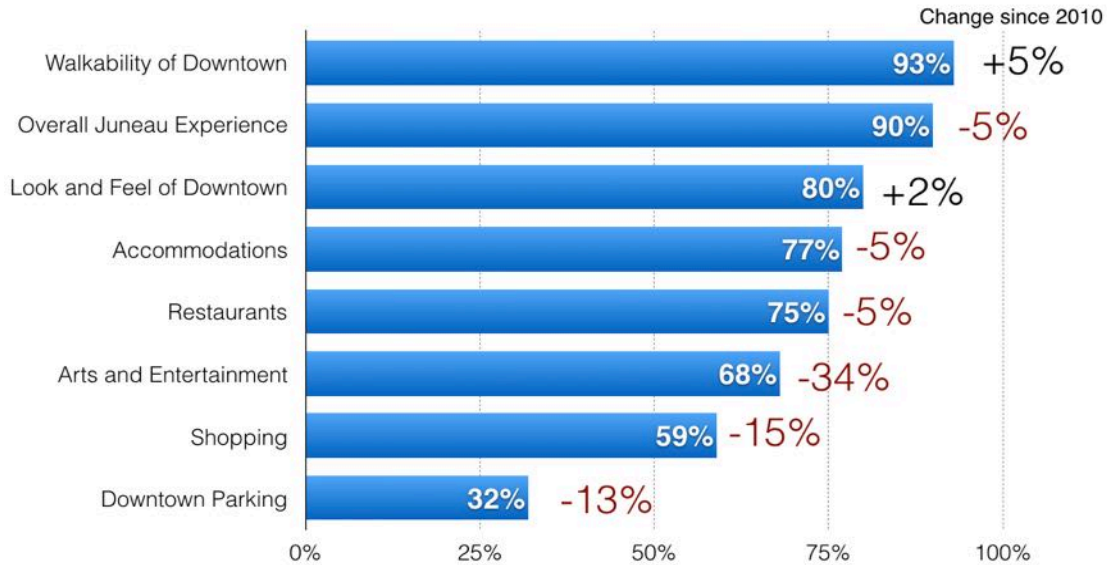
Juneau Visitor’s Reporting they are “Satisfied” or “Very Satisfied” with Element



³ AVSP 6

Visitors to Juneau during legislative session rated Juneau’s shopping experience twice as “satisfactory” as cruise ship tourists, but were 15% less satisfied than they were five years ago, and still only rated it higher than the downtown parking experience.⁴

Juneau Visitor’s Reporting they are “Satisfied” or “Very Satisfied” with Element During Legislative Session 2015



What does Juneau do well?

The same winter/spring visitor satisfaction study noted that the “walkability of downtown” Juneau was the best thing Juneau has to offer, receiving a 93% satisfaction rating that had increased by 5% over the past five years. Both surveys rank the “overall experience” of coming to Juneau very high.

What else is Juneau known for among visitors? Here are some recent things we have become “known for” in the last several years, which can be summed up by excellent **recreation, art, and food**:

- **#12 in Best Adventure Vacations in the USA** according to The U.S. News & World Report 2017
- **#8 most “arts vibrant” small community in the USA** (with a population under 100,000) according to the National Center for Arts Research Arts Vibrancy Index 2017

⁴ JEDC

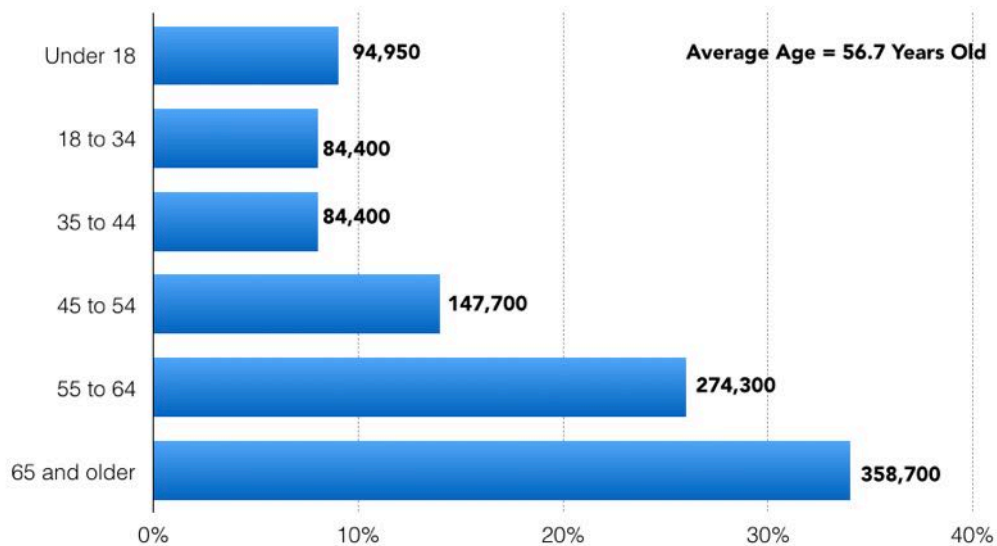
- **#4 for small cities with world-class food scenes** according to Thrillist 2017. See also New York Times article *For Cruise Visitors, an On-Shore Taste of Alaska's Bounty*; and Vogue's *Southeast Alaska Might Be America's Most Interesting Food Scene*.
- **#4 Medium sized U.S. City for Green Transportation** according to saveonenergy.com 2017, a website that bills itself as an online marketplace connecting people with energy and natural gas suppliers.
- **#11 Best Places to Live in America** based on quality of life, including affluence, education, commuting time, easy access to recreation and other factors MSNBC
- **#5 Best City in the US to Raise an Outdoor Kid** according to Backpacker Magazine.
- **#1 healthiest community in Alaska** according to the University of Wisconsin 2017.

Each of these rankings comes with an extensive data analysis backing up these claims.

Visitor Demographics

The average age of the Juneau cruise ship visitor is 56.7 years old, with the majority of travelers being 55 and older. Nearly 10% of all arriving visitors are kids.

Age of Cruise Ship Passengers to Juneau 2016 Estimated



Component Analysis

Rain Coast Data conducted an analysis on each of many potential developments that have been discussed for the project area.

	Improved Pedestrian Flow	Increased Visitor Experience	Increased Sales Tax	Year Round Draw	Growing Sector	Juneau does this well	Proven Local Need	Quality of life
Community Park with playground	Yes	Yes	No	Yes	Yes	Mixed	Yes	Yes
Drinking Place	No	Yes	Yes	Yes	Yes	Yes	No	Yes
Hotel	No	Yes	Yes	Yes	Yes	No	Yes	Mixed
Food Trucks	No	Yes	Yes	No	Yes	Yes	No	Yes
Housing Only	No	No	No	Yes	Yes	No	Yes	Yes
Space for increased staging	Yes	Mixed	No	No	Yes	Mixed	Yes	No
Mixed Retail/Housing	No	No	Yes	Mixed	Yes	Yes	No	No
Jewelry Store	No	No	Yes	No	No	No	No	No
No Action	No	No	No	No	No	No	No	No



Community Park Analysis:

Because visitors are coming to Juneau for the beauty, recreation, and experience, the highest and best use of the undeveloped downtown lots would improve the look and feel of downtown, along with walkability and retaining waterfront views.

Downtown is already saturated with retail options and space that could provide additional retail options, should they be desired. The undeveloped Archipelago lots could be developed to create an attractive walkable area to increase the attractiveness and pedestrian flow, thereby strengthening the \$212 million industry as a whole, rather than a specific component.

Playground Analysis

Of the expected 1.055 million cruise passengers expected in Juneau this summer, the average age will be 57 years old, and three-fifths will be 55 and older. Somewhat less thought about is the fact that approximately 100,000

will be children, or 9% of all cruise ship passengers. Because Juneau as a visitor destination has catered towards the majority age customer, children have fewer destinations and retail that are geared toward them. This is particularly true in the Juneau downtown corridor. Development of a play area, or micro play area, would improve the experience of parents, children, and families.

Mixed Retail/Housing Analysis:

The analysis below examines demand and the economic impact of a mixed-use building with housing units located on the upper floors on the proposed site.

1. Retail on lower level, 10-12 units above.
2. Building cost = \$2.5 million
3. Three floors. First floor retail and 2 floors residential.
4. \$2,000 monthly rent per unit = \$288,000 annual rent
5. 5,000 square foot commercial rent @ \$5/square foot = \$300,000 annual rent
6. Total economic annual value = approximately \$588,000 annually

Total Value of Mixed-Use Retail/Residential building on location

Category	Value to Juneau Annually
Total Staff for retail (year round equivalent)	14
Total Wages for retail	\$245,196
Total Gross Business Sales for retail⁵	\$1,855,555
Additional increased sales tax	\$92,778
Building manager profit (rent)	Approximately \$588,000
Payment in Lieu of Parking	\$60,000?
Annual lease paid to CBJ	Unknown (\$500,000?)
Total Annual CBJ Benefit	\$152,778 + annual lease

Methodology: Staff assumes two gift shops with an average staff of 7 each. Wages estimate applies annual average wage. Average gross business sales per business were applied and two stores were assumed.

In order for Juneau to have an economy capable of growth, there needs to be a higher level of housing abundance – defined by at least a 5% vacancy rate. In order to meet this rate, 620 housing units are currently needed. A mixed-use project would need a substantial number of units to be responsive to current housing needs.

Housing Only Analysis:

Currently, Eagle Rock has proposed taking the same footprint for the building discussed above, and turning it into a 6 story 100 to 130-unit, shared facilities housing unit with micro units. A similar model could be place on this site, using approximately half of number of units:

⁵ <http://www.juneau.org/financeftp/cafr2016/documents/17-StatisticalSection.pdf>

Total Value of 50-unit efficiency apartment building

Category	Value to Juneau Annually
Total Staff for retail (year round equivalent)	minimal
Building manager profit (rent)	Approximately \$600,000
Payment in Lieu of Parking	\$60,000?
Annual lease paid to CBJ	Unknown (\$500,000?)
Total Annual CBJ Benefit	\$60,000 + annual lease

The benefit of a housing only model it is could help absorb the increased employment and housing needs that community has each year. In 2016, a total of 2,260 more workers were employed in the peak month of the Juneau visitor season (July), compared to the lowest employment month during the "off" season (January). Peak visitor industry employment in Juneau was 4,158 workers last year. The analysis below describes these changes.

Juneau Summer Visitor Industry Employment Analysis, 2016

	Employers	Average Annual Employment	Total Earnings	Average Annual Wage	Max monthly employment	Min Monthly Employment	Increased Summer Employment
Tourism Retail	47	293	\$8,548,651	\$29,160	571	113	458
Jewelry stores and Gift, novelty, and souvenir stores	15	180	\$4,974,607	\$27,637	362	62	300
Clothing and Clothing Accessories	32	118	\$3,574,044	\$30,267	227	51	176
Tourism Transportation	37	783	\$32,351,653	\$41,344	1,280	391	889
Air transportation	9	364	\$15,954,662	\$43,811	476	272	204
Scenic and sightseeing transportation	23	378	\$14,846,337	\$39,233	755	76	679
Other	5	40	\$1,550,654	\$38,847	54	29	25
Accommodation	20	309	\$7,352,918	\$23,809	365	271	94
Food/Drink Services Total	77	1,051	\$20,538,737	\$19,548	1,248	866	382
Full-Service Restaurants	25	392	\$8,757,859	\$22,341	494	289	205
Limited-service restaurants	21	316	\$5,476,906	\$17,314	347	280	67
Drinking Places (Alcoholic Beverages)	9	101	\$1,600,777	\$15,849			
Coffee Shops	8	79	\$995,128	\$12,597			
Mobile Food Services	10						
Arts, Entertainment and Recreation	35	385	\$7,638,208	\$19,852	516	283	233
Other	19	57	\$1,107,891	\$19,408			
Total Juneau Visitor Sector	235	2,877	\$77,538,058	\$26,951	4,158	1,898	2,260

Source: Department of Labor and Workforce Development Research & Analysis Section. Analysis by Rain Coast Data.

Note: Peak and lowest employment months change depending on the sector, but are generally January or February for the lowest employment month, and July or August for peak employment month. Blanks mean that the data is confidential.

However, waterfront property in the heart of the downtown visitor district is not the best place to develop such a structure.

Hotel Analysis:

Permitted Use: Hotels, motels and other types of transient lodging which are designed to take advantage of the shoreline amenity and which will result in increased visual or physical public access to the shoreline.

Total value to Juneau based on a new 50 room downtown hotel (in 2016 dollars)

Category	Value to Juneau
Annual Bed Tax	\$75,000
Total Staff (year round equivalent)	20
Total Wages	\$450,000
Total Gross Business Sales ⁶	\$1.8 million
Estimated increase in visitor spending ⁷	\$4.3 million
Additional increased sales tax	\$217,300
Annual lease paid to CBJ	Unknown (\$500,000?)
Payment in Lieu of Parking	\$60,000?
Total Annual CBJ Tax Benefit	\$643,483 + annual lease

Methodology: Juneau has approximately 1,000 hotel rooms.⁸ 5% of the current bed tax and gross business sales were used for these projections. A hotel would likely be higher end than the current “Juneau average” and thus be higher. Also – if guests stay for more than 30 days, the bed tax does not apply. In Juneau, hotel rooms often double as short-term (or even long term) housing. Staff and wages were based on an estimate average staff of Juneau’s downtown hotels. Estimated increased visitor spending is based on the percentage of total spending visitors to Juneau pay for lodging in the winter months as to exclude cruise ship visitor spending. Summer spending per visitor is significantly higher.

The analysis below examines demand and the economic impact of a new hotel on the proposed site.

Downtown Hotel	Assessed Value	Total Units	Land Area	Building square foot
Sheraton	\$8,838,000	104	38,786	50,610
Juneau Hotel	\$6,515,600	72	24,497	23,558
Prospector	\$3,359,900	62	31,847	43,210
Baranof	\$7,234,000	195	32,687	115,844
Driftwood	\$3,154,900	62	4,492	4,962
Average	\$5,820,480	100	26,462	47,637

In the United States, the average hotel has 115 rooms and is approximately 48,000 square feet, and employs 36 people. In downtown Juneau hotels average 100 rooms, and are 47,637 square feet, meaning that the Juneau downtown hotels mirror national trends in terms of size. The US average nightly occupancy rate is 64.4%⁹

⁶ <http://www.juneau.org/financeftp/cafr2016/documents/17-StatisticalSection.pdf>

⁷ http://www.alaskawild.org/wp-content/uploads/2014/10/mcdowell_report_final.pdf

⁸ <http://www.jedc.org/forms/JuneauHousingNeedsAssessment.pdf>

⁹ https://www.ahla.com/sites/default/files/Lodging_Industry_Trends_2015.pdf

Downtown Juneau hotels also have an annual 64% annual nightly room occupancy rate.¹⁰

There are 9 significant hotels in Juneau with a total of 836 hotel rooms that cater to the tourism market. Of these, 5 are located downtown with 495 rooms and a calculated total of 180,675 room nights annually. There are 12 additional hotels, motels and inns that are smaller or are not considered competitive. There are also 27 “non-employer” accommodation establishments, mostly independently run bed and breakfasts. Excluding smaller bed and breakfasts, there are approximately 1,000 hotel rooms in Juneau. The focus of this analysis will be the 6 primary downtown hotels.

Hotel information taken from the Juneau Assessors Database, and hotel website information.¹¹

Juneau levies a 7% “bed tax” on hotels and motels. In 2016, CBJ collected \$1.49 million in bed tax. This amount has increased by an average of 9% annually over the past five years. According to the CBJ, gross business sales by hotel and motels were an estimated \$37 million in 2016. Taking inflation into account so that increased demand can be measured, total accommodation business demand increased by 3.2% annually since 2010. According to the 2008 Juneau hotel market analysis, historical growth in rooms demand has averaged 3.5 percent demand growth annually.

Juneau Hotel Room Bed Tax Paid and Gross Business Sales 2007 - 2016

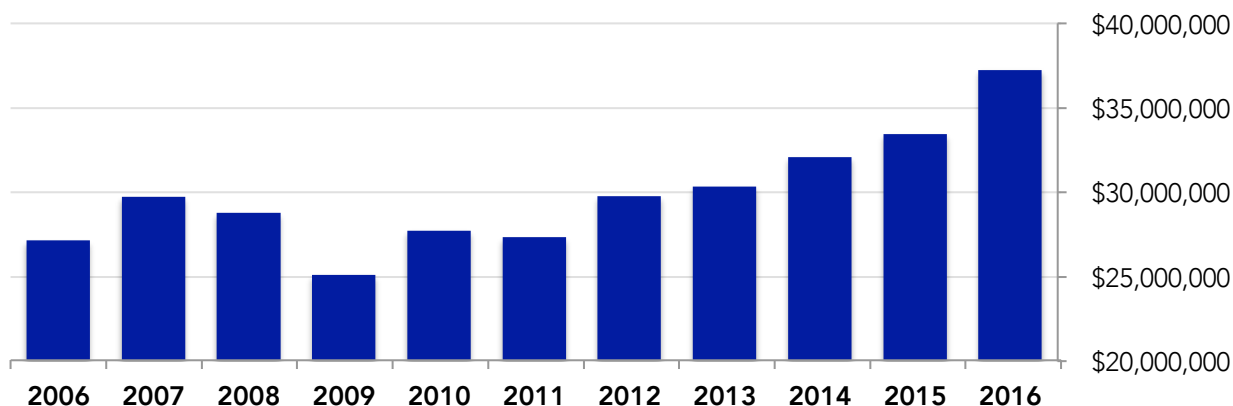
Year	Bed Taxes Paid	Gross Business Sales	Annual Increase in Business Sales
2016	1,489,743	\$37,243,575	11%
2015	1,378,365	\$33,439,000	4%
2014	1,303,919	\$32,071,000	6%
2013	1,159,296	\$30,327,000	2%
2012	1,069,179	\$29,749,000	9%
2011	1,074,891	\$27,296,000	-1%
2010	1,029,604	\$27,706,000	11%
2009	1,066,795	\$25,073,000	-13%
2008	1,283,970	\$28,750,000	-3%
2007	1,184,151	\$29,719,000	10 YR AVG = 2.8%
Increase 2010 to 2016 (Nominal)	45%	34%	
Increase when	30%	22%	

¹⁰ <http://www.aidea.org/Portals/0/Financials/Juneau2008hotelmarketanalysis.pdf>

¹¹ <http://www.juneau.org/assessordata/sqlassessor.php>

inflation proofed		
2011-2016	7%	3.2%
Average Growth (Real)		

Gross Accomodation Business Sales Juneau 2006-2016



According to the 2008 Hotel Market Analysis, demand for the downtown Juneau market is expected to grow by 2,000 room nights annually – or a growth of 5.5 rooms each year.¹² This growth has gone unfilled since the projection year of 2012, meaning that if the same rate of growth continues, there will be demand for a new 100-room hotel in downtown Juneau by 2030. If, on the other hand, demand continues at 3.2% annually, the average increased demand shown over the past six years, then another 100 downtown hotel rooms would already be needed by 2023. **Depending on which projection is used, 100+ new hotel rooms will be needed in downtown Juneau in the next 7 to 13 years.**

New Hotel Room Demand Projections in Downtown Juneau over Current Inventory

Year	New Hotel Room Demand at 3.2% Growth Annually	New Hotel Room Demand at 1000 new room nights annually over 2012 levels
2018	16	39
2019	32	44
2020	48	50
2021	65	55
2022	83	61
2023	101	66
2024	120	72
2025	139	77
2026	159	83

¹² <http://www.aidea.org/Portals/0/Financials/Juneau2008hotelmarketanalysis.pdf>

2027	179	88
2028	201	94
2029	222	99
2030	245	105

Despite the clear need for new downtown hotel rooms, there has been a reluctance of investors who are concerned about the long-term stability of the hotel sector. Leisure demand comprises 36% of Juneau’s downtown hotel room demand (the largest segment, commercial, consists mostly of government workers and independent business travelers). Because of the significant portion of room nights that are used by non-tourists and the frequent efforts put forth to move the capitol away from Juneau, investors have reduced confidence in the ability to create long term lodging projections for the community.

Juneau’s Current Visitor Accommodations¹³

<u>Name</u>	<u>Number of employees</u>
Westmark Baranof-Juneau	100-249
Sheraton	20-49
Prospector Hotel	20-49
Breakwater Inn	10-19
Driftwood Lodge	10-19
Juneau Hotel	10-19
Travelodge-Juneau	50-99
Best Western	20-49
Alaskan Hotel & Bar	10-19
Aspen Suites Hotel	10-19
Bergmann Hotel	10-19
Extended Stay America	10-19
Frontier Suites Airport Hotel	10-19
Grandma's Restaurant & Suites	10-19
Greatland Hotel	10-19
Guesthouse Inn & Suites	10-19
Highlands Bed & Breakfast	10-19
Hotel Express Co Inc	10-19
Imperial Hotel	10-19
Super 8-JUNEAU	10-19
Taku Glacier Lodge Inc	10-19
Best Western	5-9

¹³ <http://live.laborstats.alaska.gov/employers/index.cfm>

Hotel Leasing Options

It is unknown if a major hotel chain would be interested in leasing the area to build a hotel, as the risk might be too high. Standard information regarding hotel leases is below:

A lease is an interest in the land and the tenant takes over the property for a certain term. As such, under a lease structure, the hotel company holds the entire financial burden. The hotel company in this case is a tenant and assumes all operating responsibilities together with all the financial obligations; therefore, it enjoys the benefits if the property is successful but suffers all of the losses if the property does not perform adequately. The hotel company receives all of the profits, after rents have been paid. Rental structures can vary depending on the amount of risk that the investor is ready to take. Some of the possible options are:

- **Fixed fee:** this is a fixed rent with indexed growth. This form of lease structure has a guaranteed return, which bears the least risks for the property owner;
- **Share of Revenue:** in this variable lease scenario, the rent is calculated on the amount of sales generated. In this case, the property owner shares some of the risks linked to the level of performance of the hotel. They do, however, have the opportunity to assess the performance of the hotel against market data;
- **Share of Net Operating Income (NOI):** in this variable lease scenario, the rent is linked to the NOI after all the operating expenses have been deducted. This scenario carries the highest risk to the owner, as it also include the operating risk of running the hotel and offers little transparency as to likely income.
- **Hybrid Lease:** Both the revenue-based and NOI-based rents can include a base rent, which is a guaranteed return to the owner. A hybrid lease might also include some clauses that can be found in management agreements, such as an obligation to maintain brand standards.

Food and Drink Analysis:

The “hottest” visitor industry trend in Juneau is food and drink establishments. Employment in food and drink related businesses increased by 30% over the past five years (6% annual growth), by far the fastest growing segment of the Juneau visitor economy. Juneau has the most restaurants per capita for any city in the US.

Industry	Total Wages	Total Sales (Gross Business Sales)	Avg. Annual Sales per business est.	Annual Avg. Employment	Annual Wages per Business	Avg. Employees per business	5 yr employment growth	Sales per square feet annually
Full-Service Restaurants	\$7,470,261	Both categories	Both categories	357	\$311,261	15	+19%	\$363
Other Eateries	\$7,118,130	\$61.3 million	\$1.2 million	415	\$254,219	15	+27%	\$315
Drinking Places (Alcoholic Beverages)	\$1,600,777	\$10.3 million	\$1 million	101	\$160,078	10	+36%	\$292
Coffee Shops	\$995,128	na	na	79	\$99,513	8	+132%	\$377
Food Truck	NA	na	na	na	\$28,452	2.5	na	na

In 2015, restaurants and bars earned \$71.6 million in total gross revenue. All food and drink establishments had more than 1,000 average annual workers, with 1,250 workers at the peak of summer.

An “average” restaurant earns an estimated \$1.2 million last year, and paid out a more than \$300,000 in wages.

Juneau is becoming noted for its “food scene” with food tours developing that sample both Juneau’s eateries and drinking establishments. While this sector is booming, it is unclear how much more room for growth this sector has—as Juneau already leads the US in terms of total market saturation.

Total value to Juneau of a new restaurant

Category	Value to Juneau
Total Staff (year round equivalent)	15
Total Wages	\$300,000
Total Gross Business Sales¹⁴	\$1.2 million
Additional increased sales tax	\$60,000
Annual lease paid to CBJ	Unknown (\$500,000?)
Payment in Lieu of Parking	\$60,000?
Total Annual CBJ Tax Benefit	\$60,000 + annual lease

¹⁴ <http://www.juneau.org/financeftp/cafr2016/documents/17-StatisticalSection.pdf>

Food Truck

The current primary use of the lot today is for food trucks. The food trucks are poorly laid out, making for poor pedestrian circulation in the lot, but it does appear to be a good food business incubator, allowing businesses to try out new concepts and specialty products.

According to national food truck analysis:

“Food trucks are all the rage these days. Go-To tools for urban designers, aspiring restaurateurs and festival planners, they are seen as a relatively quick and easy way to activate spaces, test new businesses and market the potential of a street, block or neighborhood. Culturally they have been embraced by young professionals as a cheap, fun alternative to sit-down restaurants and bland corporate cafes. Gastronomically, they have evolved to showcase the best creations today's aspiring chefs have to offer.”¹⁵

In order for a food truck to be successful, they need to have the following components:

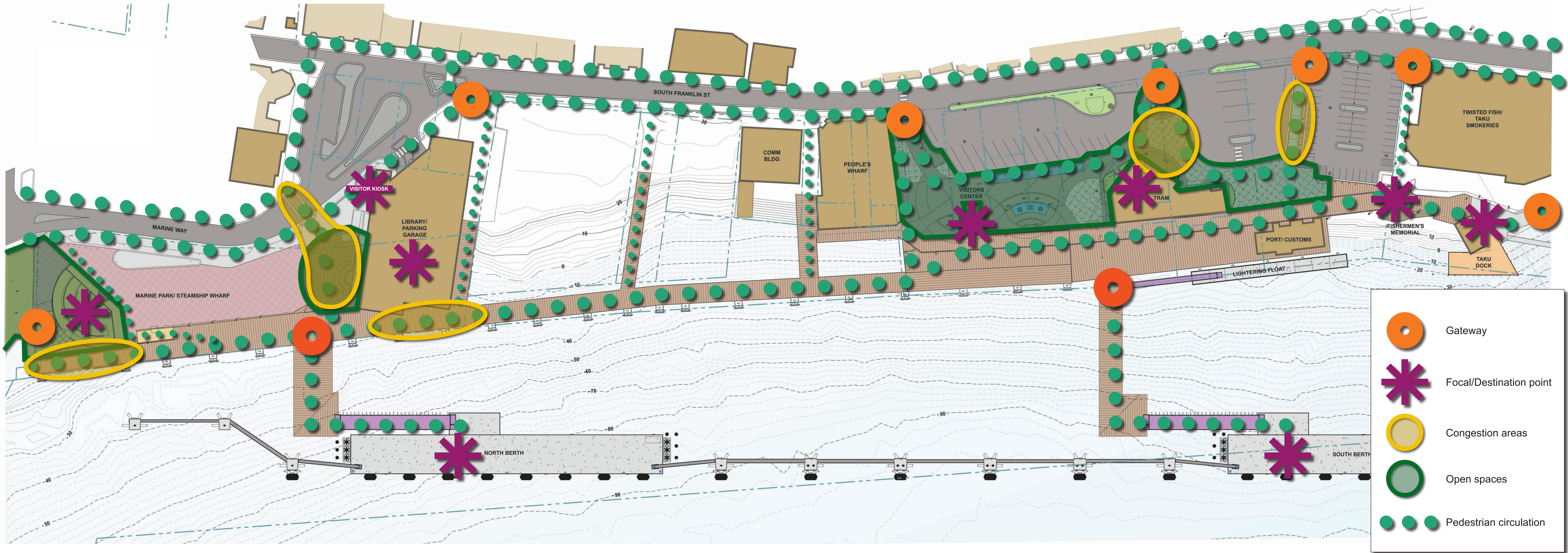
1. PEDESTRIAN COMFORT: A walking oriented environment, not dominated by vehicle traffic.
2. A PLACE TO HANG OUT: Places to sit, eat and socialize close to the food truck.
3. SYMBIOTIC USES: Other food trucks, civic uses, pubs or shops around it.

Clearly these elements exist in this location, and with proper land use planning, can be better situated on the property to develop a higher and better use for these businesses and the larger visitor industry.

¹⁵ <http://www.smartcitiesdive.com/ex/sustainablecitiescollective/economic-stimulus-great-public-spaces/157311/>

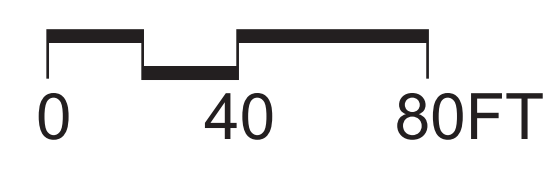
MARINE PARK TO TAKU DOCK URBAN DESIGN PLAN

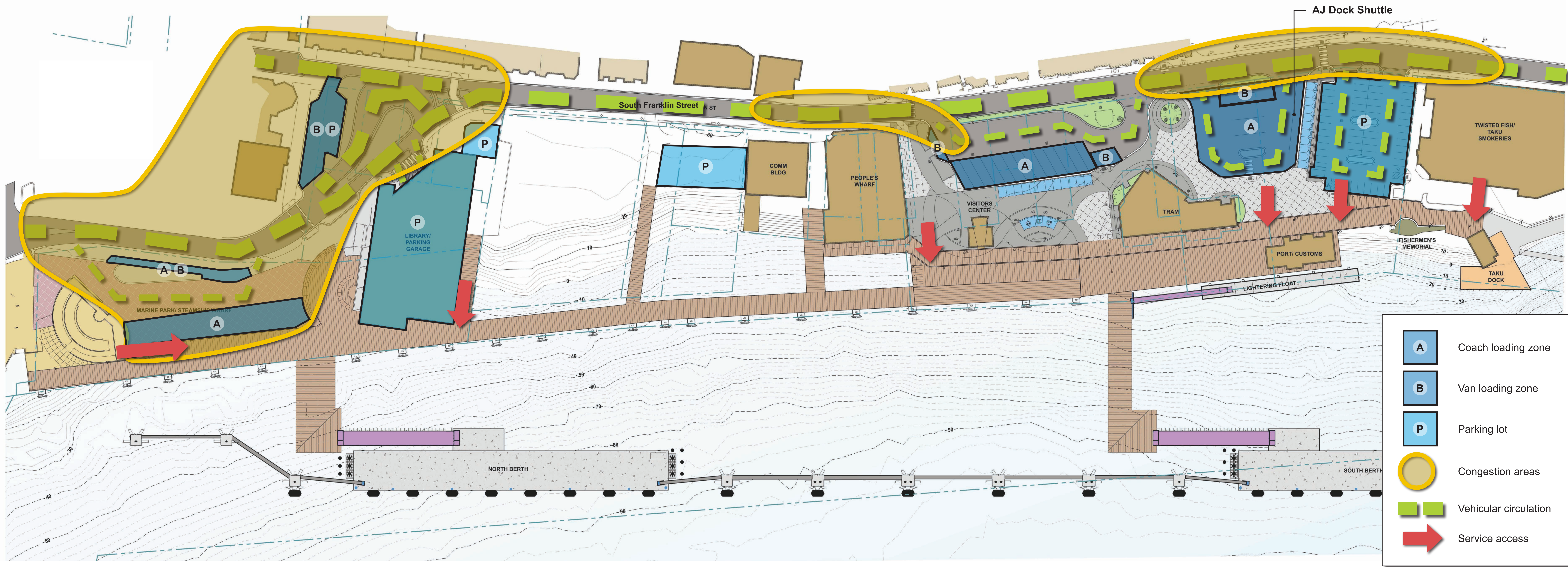
- Planning Consultant: Corvus Design – Chris Mertl
- Sub-Consultants: Rain Coast Data - Meilani Schijvens
NorthWind Architects – James Bibb
PND Engineers – Dick Somerville
- May 21, 2017 Planning Team met with CBJ Docks and Harbors staff to discuss issues, constraints, opportunities, vision and goals from D&H perspective.
- May 25, 2017 Docks and Harbors Board is introduced to the project and planning team. Minutes of the meeting can be found at: <http://www.juneau.org/harbors/minutes/20170613030450-m.pdf>
- June 8, 2017 Received Site Conditions Maps for Staff Review
- June 15, 2017 Received draft Economic Analysis for Staff Review
- June 15, 2017 Meeting with Transportation Providers (Holland America-Princess, Alaska Coaches, Juneau Tours, Cruise Line Agencies). Providers say they could use additional A Zone staging at Alaska Steamship Wharf if space available – noted that if B Zone were provided with 12 to 15 spaces at Archipelago Lot the A Zone spaces could be accommodated at the BrickYard.
- June 22, 2017 Updated Docks and Harbors Board on tentative planning schedule:
- August 29 – Board Workshop
 - September 6 – Public Presentation
 - September 7 – Open Studio
 - September 28 – Presentation to Board of Plan Concepts
 - October 26 – Presentation to Board of modified Plan Concepts
 - November 30 – Final Approval by Board



Taku Smokeries to Marine Park Master Plan

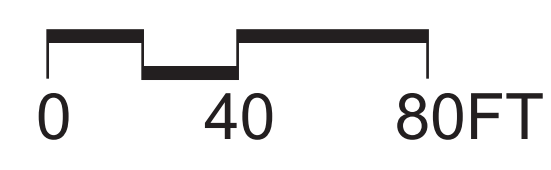
Pedestrian Circulation

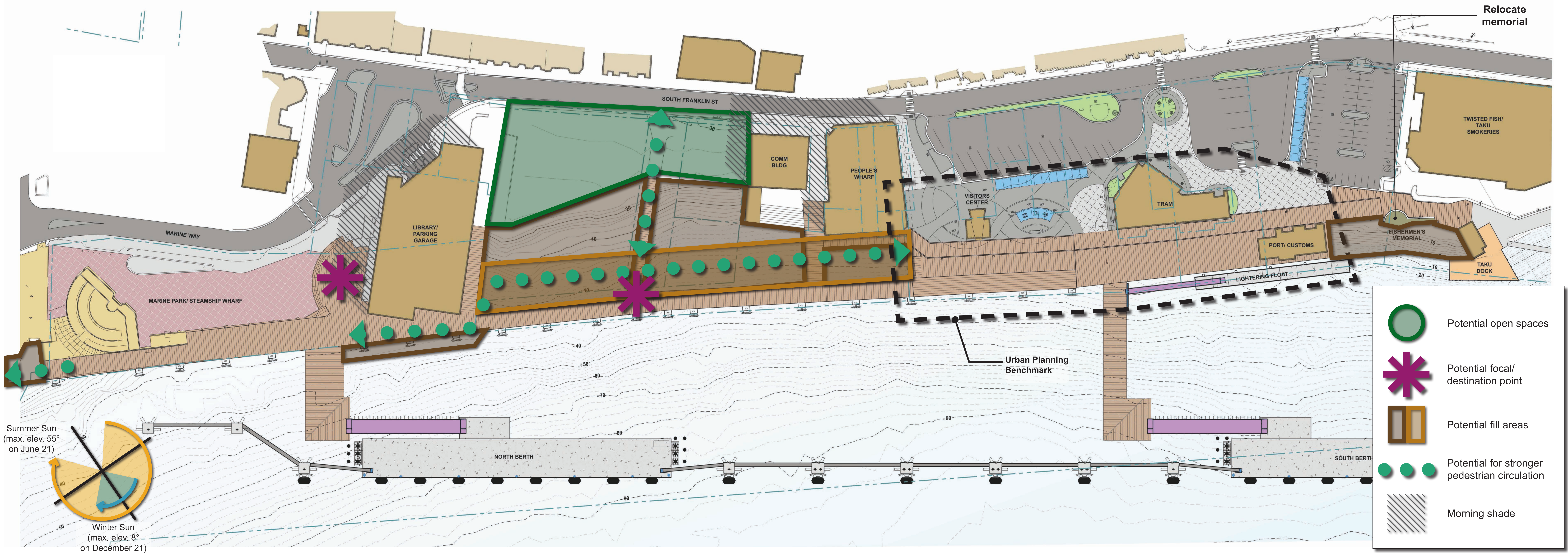




Taku Smokerie to Marine Park Master Plan

Vehicular Circulation





Taku Smokeries to Marine Park Master Plan

Potential Opportunities and Constraints

