

New City Hall

The Business Case



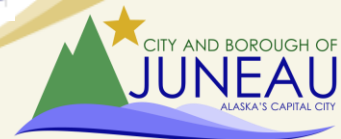
The Problem

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

The Proposed Solution

- Add two floors of office space (46,000 sq ft) to the Downtown Transit Center Parking Garage
- \$26.7 million estimated project costs
- Accomplishes these goals
 - Consolidate downtown city operations for ease of use by the public
 - Vacate space that could be used for private purposes
 - Commercial & residential use of current spaces generates new tax revenues
 - Reduce long-term costs leased office space
 - Use of existing CBJ site reduces project cost
 - Assembly goal of downtown economic development

Preliminary Design Concept



Further Options

- An additional level of parking (60 spaces) could be added to the transit center in addition to two floors of office space for ~\$3.3 million
- A small street-level office at the base of the garage could be considered for routine CBJ services and transactions
- Parking spaces in the transit center could be dedicated to residents doing business at CBJ offices

Financial Options

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

How Do We Pay For It?

Estimated Total Project Cost \$26.7 million

	Option 1	Option 2	Option 3
Down Payment from Fund Balance	\$0	\$5 million	\$10 million
Amount Financed	\$24 million	\$19 million	\$14 million

Property Tax Increase to Mill Rate	0.15 mills	0.09 mill	No Increase Required
Property Tax Percentage Increase	1.4%	0.8%	
Annual Increase per \$100,000 Value	\$15.00	\$9.00	
Annual Increase per \$350,000 Home	\$52.50	\$31.50	

Long-term Benefits

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

Considering Alternatives

- Non-downtown location
 - Inconsistent with CBJ economic development plans
 - Separates CBJ from State and Federal partners
- Flat-land alternative in Willoughby District
 - Public Safety building site on Whittier
 - Cost estimate of ~\$28 million including parking
- Former Walmart building
 - Twice too big
 - Land purchase is assessed at \$11 million
 - Needs extensive/costly renovation
 - Would reduce property tax by ~\$116,000/year

Next Steps

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

Timeline?

- State Budget Uncertainty
 - Is this the right time?
 - Is there ever a right time?
 - Is there ever a wrong time?
 - The right time is when the public is ready to support the concept/project
- Currently not much construction work
 - Good bidding climate
 - Good local employment/economic effect

Additional Resources

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

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