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MEMORANDUM - August 2023

Subject: Situational Changes and Impacts to March 2022 New Juneau City Hall Economic Analysis

The attached economic analysis and corresponding modeling tool was prepared and published by Rain Coast Data for Northwind Architects and the City and Borough of Juneau in March 2022. Since that time, several of the key data points utilized in the study, ranging from CBJ lease agreements to the total cost of a new city hall, have changed due to economic, operational and market forces. While these changes over the last 18 months make the findings of the original analysis outdated as published, the analysis approach remains sound.

The purpose of this memo is two-fold: 1) to outline the major changes and how they impact the results of this analysis, 2) to present the updated findings from the provided economic modeling tool (p.6 of March 2022 report) using the latest available data.

Key changes since March 2022:

- Two of CBJ's four currently leased office spaces will no longer be viable in the near future due to building acquisitions and conditions. CBJ will need nearly 30,000 sq ft of office space for the 80+ employees from these spaces regardless of whether it maintains the existing City Hall. Any new leased office space will have a higher cost per sq foot and annual rate increases estimated 3-4% (industry average).
- The availability of quality commercial office space is considerably less than when the study was originally published in March 2022. According to a May 2023 report¹, there are no existing properties available for purchase in the Borough that would reasonably meet the city's space and operational needs. There is also less than 20,000 sq ft of vacant commercial office space available for lease in downtown Juneau.²
- The current City Hall building continues to degrade, extenuating functional challenges as well as potential health and safety concerns for CBJ employees. The building now requires over \$14M in known repairs and maintenance of interior and exterior mechanical, electrical, and plumbing system repairs to bring the building up to code and to extend its usable life.
- The total estimated costs for development and construction of a new city hall at 450 Whittier Street increased to \$43.3 million due to 5% inflation. The Downtown Transit Center is no longer being considered as a location option for a new city hall to cost and community preference.
- To pay for the construction and development of a new city hall, the CBJ Assembly appropriated \$16.3 million in general funds and proposes a \$27 million bond for voter consideration on the October 2023 ballot. The proposition specifies that CBJ's total annual debt service payment, assuming an interest rate of 4.77%, will be approximately \$1,870,000³ until the bond reaches maturity at 25 years. This amount is within the current debt service levy rate capacity of the City and Borough, and as such, property taxes are not currently expected to increase with the issuance of this bond. Even with this increase, a significant amount of debt capacity remains for other public infrastructure projects that the Assembly and public may propose without increasing property taxes.⁴

1 Ricker Real Estate Report, "New City Hall Site Selection – Review of Existing Facilities for Acquisition," May 3, 2023. <https://juneau.org/wp-content/uploads/2023/06/ITEM-Attachment-001-d2eb30c7f48a4a6aa22e528d221a94db.pdf>.

2 Carlton Smith's Commercial Real Estate Newsletter <https://thecarltonsmithcompany.com/winter-spring-2023/>.

3 Ordinance of the CBJ, Serial No. 2023-31, https://juneau.org/wp-content/uploads/2023/07/CBJ-Ordinance-2023-31_-27000-bond-for-New-City-Hall.pdf.

4 Source: Memo, Jeff Rogers, CBJ Finance Director to CBJ Assembly Finance Committee re: General Obligation Bond Capacity, June 7, 2023.

<https://mccmeetingspublic.blob.core.usgovcloudapi.net/juneauak-meet-f15a80dc74474cd2a0a38c4f59ad6734/ITEM-Attachment-001-c084262c29ad4a72aa788445015366d3.pdf>

Summary of Updated Findings:

With these updated inputs, the economic analysis model shows that a new city hall as proposed at 450 Whittier Street would result in immediate operational cost savings as soon as the 25-year bond is paid off. When combined with the sales and property tax benefits of the previously leased office space, these cumulative savings would pay for the entire cost - or reach the “break-even” point - of the \$43.3 million project after approximately 32 years and result in over \$225 million in net benefits over 70 years.

New Juneau City Hall Economic Analysis

Developed for
NorthWind Architects and the
City and Borough of Juneau



March 7, 2022

Prepared by



Juneau City Hall Economic Analysis Summary

Current Juneau City Hall Situation



- 164 staff divided among 5 buildings
- Annual rent = **\$819,005**
- Annual operations = **\$265,570**
- Deferred maintenance = **\$12.67 million**

Construction Estimates for New City Hall Concept

Downtown Transit Center

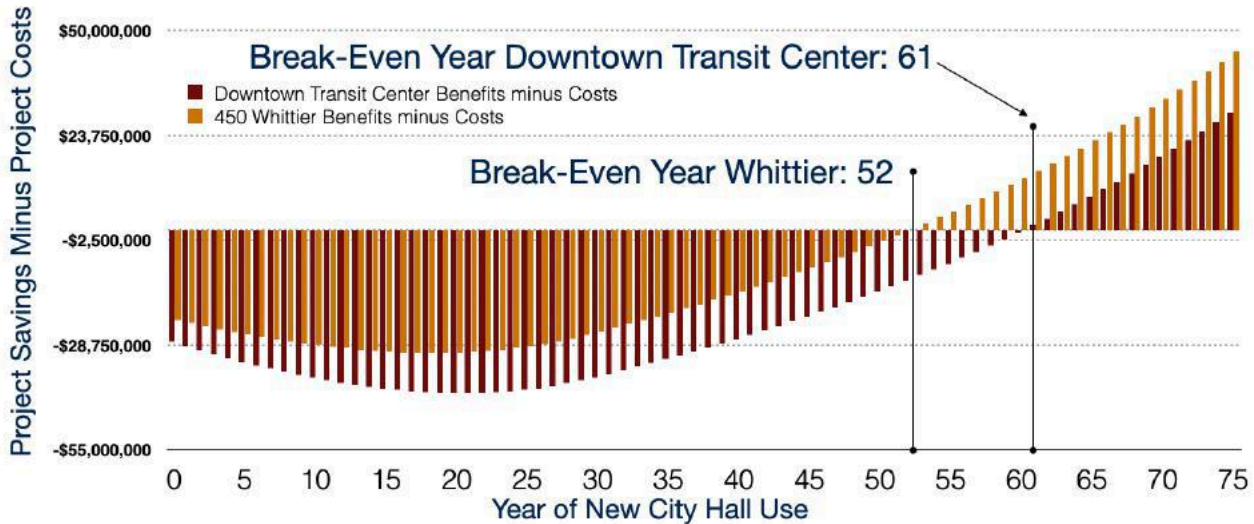
\$43.3 million

450 Whittier City Hall

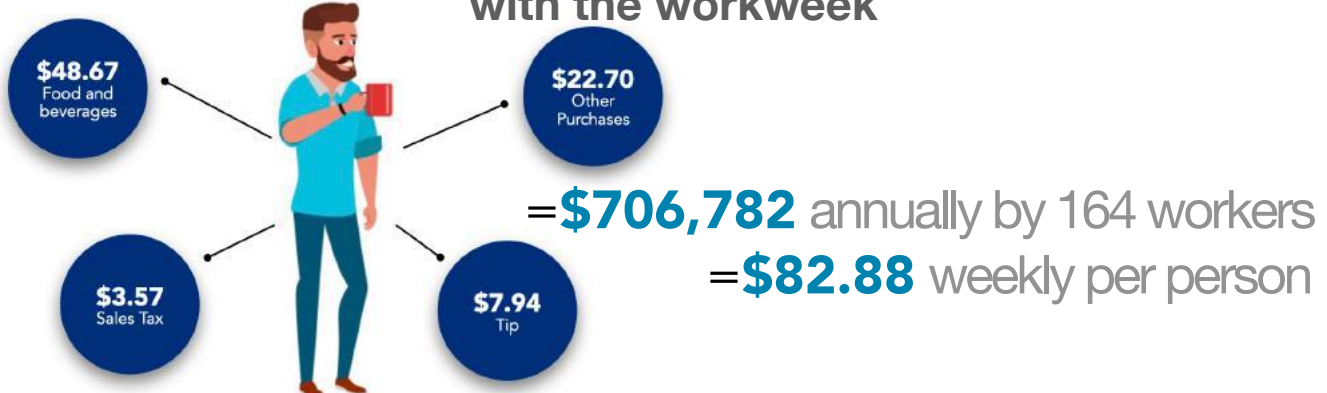
\$38.2 million

National increase in the construction cost of new office buildings 2018-2022 = **+30%**

Cost Benefit Analysis of 2 New Juneau City Hall Concepts



Average CBJ employee downtown spending associated with the workweek



March 7, 2022

New Juneau City Hall Economic Analysis

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Summary of New Juneau City Hall Analysis

The City and Borough of Juneau (CBJ) lacks a unified city hall location to house city employees and provide public services. Consolidating office space and municipal staff has long been the top internal priority for CBJ management. A recent survey also shows strong public support for the idea. CBJ staff selected two potential building locations to be analyzed for further consideration. These include the Downtown Transit Center and 450 Whittier Street. Both locations are in downtown Juneau, and both are currently owned by the CBJ. This memo presents an analysis of the expected public benefits and costs associated with the development of a new city hall.

Current City Hall Structure

Juneau’s city hall workers and services are currently dispersed among five downtown locations that provide 49,936 square feet of space for 164 CBJ staff. Four of these locations are rented by the city at a cost of \$819,005 annually. These include Sealaska Plaza, the Municipal Way Building, the Seadrome Building, and the Marine View Building. The primary city hall location is at 155 South Seward Street.



The publicly owned 16,312 square foot South Seward building, built in 1951, provides space for 65 staff but has significant deferred maintenance needs. Annual operation costs for the building are just over a quarter of a million annually, including utilities, maintenance, janitorial, etc. An estimated \$12.67 million in deferred maintenance will need to be invested by 2034 to keep the building functional.

Building a new city hall would aggregate CBJ staff in a single location and allow for the sale of the older city hall. Moving the property to private ownership would provide long-term property tax revenue for the community. The move would also theoretically allow for CBJ to collect sales tax on the vacated leases, depending on subsequent use. Since some of the space leased by the city was converted from housing



to office space, there is hope that a new city hall could result in additional housing stock development in downtown Juneau.

The Downtown Transit Center



The proposed Downtown Transit Center (DTC) City Hall development would be a 45,970 square foot building built on top of the existing downtown parking garage on Main Street. The original parking

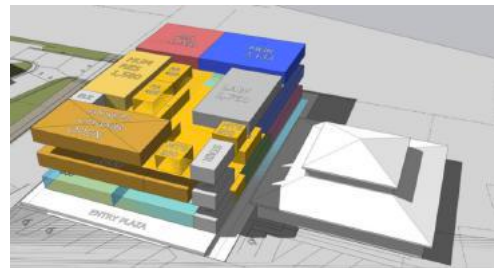


Downtown Transit Center
\$43.3
million

structure was constructed and designed to accommodate up to three additional levels of additional parking or office space. The building would hold 165 workers and offer consolidated public access to city hall services. The construction project cost is estimated at \$32.2 million. This estimate includes a markup for building in a challenging location. Additional development costs would raise the fully-loaded cost of this project to \$43.3 million. The design would allow for an additional level of parking to be added to the project for 60 spaces at an estimated additional cost of \$5 million.

450 Whittier Street

The second option is the 450 Whittier City Hall concept. This project would create a 46,200 square foot building in the Aak'w Village District. In 2019, the CBJ took over ownership of the 450 Whittier site from the Mental Health Land Trust. The existing Public Safety Building was razed, and the area converted into surface parking. The construction project costs are estimated at \$28.4 million. Additional project and development costs



450 Whittier City Hall
\$38.2
million



would raise the fully-loaded cost of this project to \$38.2 million. To provide sufficient parking for the structure, underground parking for 36 spots has been proposed at an additional cost of \$3.55 million.

The Downtown Transit Center and the 450 Whittier location area are a quarter of a mile

apart. Design, permitting, and construction of the city hall are estimated to take 24 to 28 months.

Complicating the cost benefit analysis is the rising price of construction costs and estimates. Between January 2018 and January 2022, the cost of new office building construction nationally increased by 30%.

The full cost of construction for a new Juneau city hall is projected to be \$38.2 million to \$43.3 million, with an additional \$23.8 to \$28.6 million in financing costs. The benefits consist of a combination of savings and revenues related to vacating current CBJ offices. To understand the time it will take for the city to recover this investment, the following benefits were quantified:

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

Additional concepts are discussed in this memo, but not fully quantified:

- The value of increased housing availability
- Juneau commercial real estate market
- Parking economics
- A consolidated work environment
- Construction multiplier impacts.

Finally, the results of the City and Borough of Juneau employee survey are presented. The survey was developed to provide more understanding of how downtown worker spending might change if the location of city hall were moved away from pedestrian access to restaurants, goods, and services.

Analysis Approach

The cost-benefit analysis for this project was prepared by Rain Coast Data. The analysis considers all reasonable project costs and monetizable benefits over a 70-year horizon. Once construction is completed, it will take 52 to 61 years for the project to become a cost benefit to the CBJ, depending on which site is ultimately selected.¹ The project will eventually result in a savings to the municipality compared to the status quo as a result of savings and new revenues associated with vacating leased office space.

Table 1 summarizes the cumulative costs and benefits (revenues and savings) over 70 years. Savings over that period include \$126.1 million in saved rent; \$6.3 million in potential sales tax earning; \$13.5 million for the sale of the current city hall and property tax revenue earned on that building after the sale; \$28.4 million in saved renewal and replacement budgeting; and \$40.9 million in saved operation and maintenance costs on the current city hall. Costs include construction-related costs for a new city hall; associated financing costs; dedicated renewal and replacement accounting; and additional ownership costs, including utilities, custodial, and maintenance.

Table 1. Cost Benefit Summary for New CBJ City Hall, 70 Years

Measure	450 Whittier	Downtown Transit Center
Total Costs of New City Hall Over 70 Years	(\$182,248,653)	(\$196,924,018)
Construction Project Costs for new City Hall	(\$38,202,201)	(\$43,297,751)
Financing Costs for new City Hall	(\$23,807,457)	(\$28,559,352)
New City Hall Renewal and Replacement Account	(\$39,219,660)	(\$44,450,922)
New City Hall Operation and Maintenance Costs	(\$81,019,336)	(\$80,615,993)
Total Savings of New City Hall Over 70 Years	\$215,209,537	
Rent for CBJ Leased Offices	\$126,108,268	
Potential Sales Tax CBJ would receive if these properties were rented by a non CBJ tenant	\$6,305,413	
Property Tax CBJ would receive if current City Hall were privately owned, plus sales value of current City Hall	\$13,458,089	
Current City Hall Renewal and Replacement Account	\$28,445,970	
Current City Hall Operation and Maintenance Costs	\$40,891,797	
Total Savings after 70 Years	\$33 million	\$18 million
Break-even Year	52	61

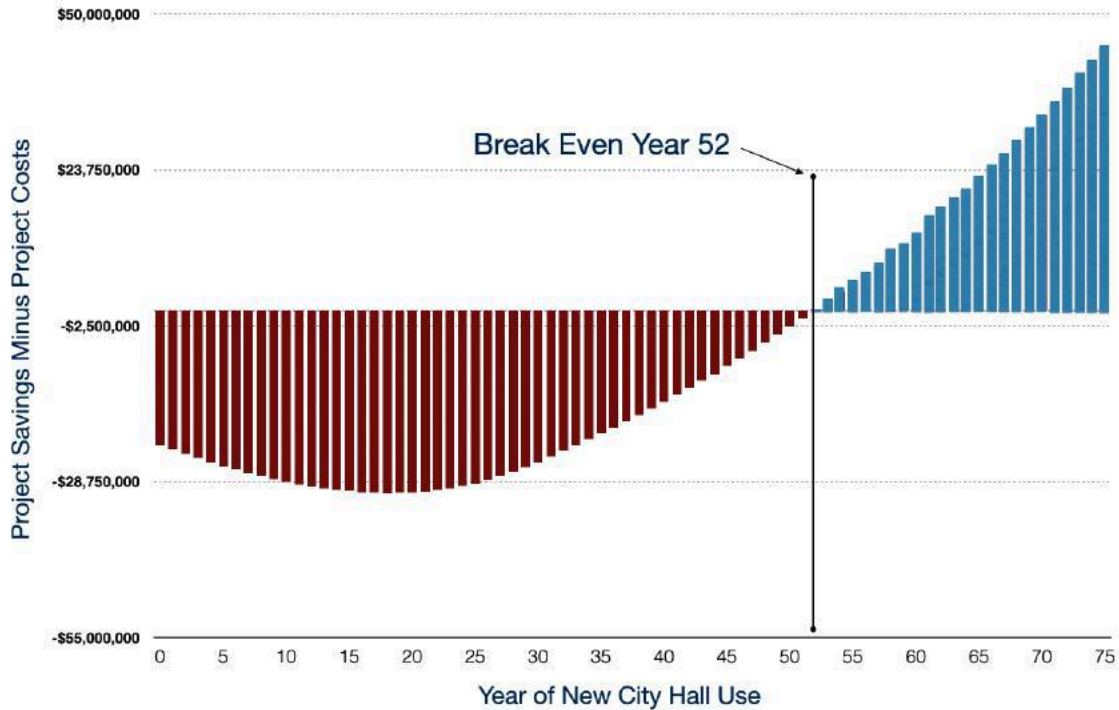
Note: Several million in development costs are likely to be paid to the CBJ itself for purposes of management and cost overhead. Because this also represents an opportunity cost to the CBJ (if staff are managing this project, they will not be able to manage other projects) the amount was left in the analysis.

If a new city hall is built, the city is projected to save a net aggregate of \$33 million after 70 years for the 450 Whittier project. The Downtown Transit Center concept is projected to save the CBJ \$18 million by year 70.

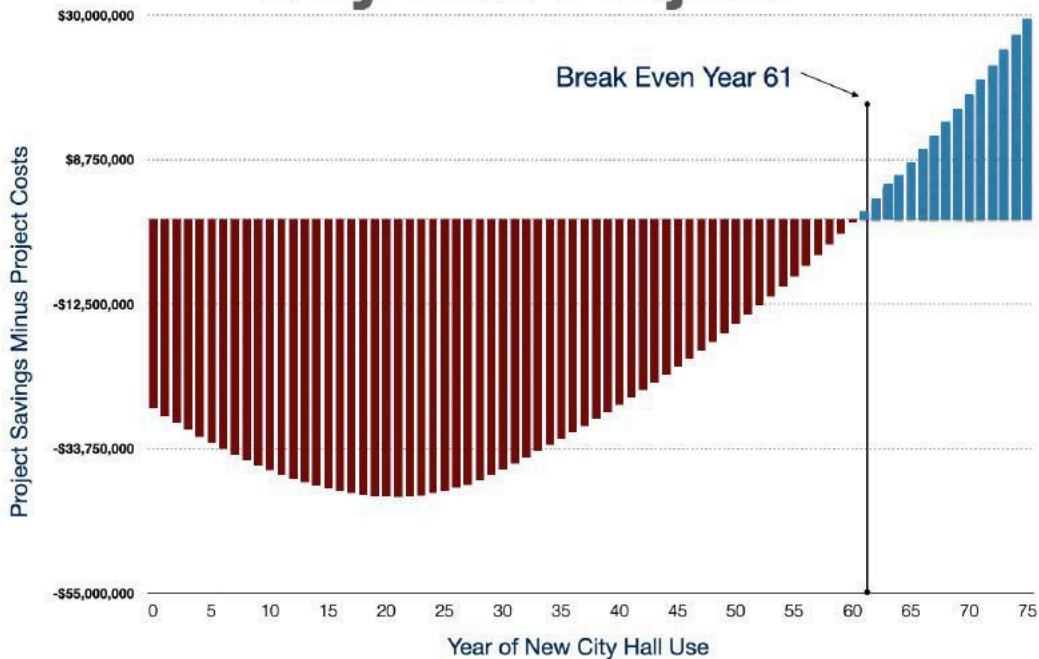
¹ Note that different assumptions result in different total years until a breakeven point.

Cost of New Juneau City Hall Versus Benefits by Year

450 Whittier City Hall Project



Downtown Transit Center City Hall Project



Dynamic Excel-Based Economic Modeling Tool

The development of a new city hall building includes a significant level of variables and choices, which could result in different return on investment outcomes.

To allow the CBJ to understand the economic outcomes of different options, this analysis includes a dynamic excel-based tool in which variables can be changed such as financing principle, interest rates, capital costs, operations costs, escalations fees, projected fuel oil use, and new return on investment calculations.

This economic tool allows the CBJ to see how the break-even year will change based on differing input selections. Should the CBJ want to consider what the cost-benefit analysis would look like with different values, these can be entered using the Excel tool. Any of the light blue boxes can be altered.

An example of the one of the tabs from the economic modeling tool is presented below.

DTC Option - Private Loan					Whittier Option - Private Loan				
Assume 30 Years at 5%		Principal	\$30,824,751		Assume 30 Years at 5%		Principal	\$25,929,201	
		Interest Rate	3%				Interest Rate	5%	
		# cents	305				# cents	509	
Monthly Payment: \$164,820.25					Monthly Payment: \$137,046.37				

Date	Beginning Principal	Principal	Interest	Remaining Principal
1/1/25	\$30,824,751	\$36,797.55	\$127,603	\$30,587,953.54
2/1/25	\$30,587,953.54	\$36,930.48	\$127,450	\$30,551,023.06
3/1/25	\$30,551,023.06	\$37,064.44	\$127,296	\$30,514,958.62
4/1/25	\$30,514,958.62	\$37,200.04	\$127,142	\$30,478,758.58
5/1/25	\$30,478,758.58	\$37,337.28	\$126,986	\$30,442,421.30
6/1/25	\$30,442,421.30	\$37,476.18	\$126,830	\$30,405,945.12
7/1/25	\$30,405,945.12	\$37,616.72	\$126,674	\$30,369,328.40
8/1/25	\$30,369,328.40	\$37,758.92	\$126,518	\$30,332,569.48
9/1/25	\$30,332,569.48	\$37,902.77	\$126,362	\$30,295,666.71
10/1/25	\$30,295,666.71	\$38,048.28	\$126,206	\$30,258,618.43
11/1/25	\$30,258,618.43	\$38,195.44	\$126,051	\$30,221,422.99
12/1/25	\$30,221,422.99	\$38,344.27	\$125,895	\$30,184,079.72
1/1/26	\$30,184,079.72	\$38,494.77	\$125,741	\$30,146,584.95
2/1/26	\$30,146,584.95	\$38,646.93	\$125,588	\$30,108,938.02
3/1/26	\$30,108,938.02	\$38,800.77	\$125,436	\$30,071,137.25
4/1/26	\$30,071,137.25	\$38,956.30	\$125,285	\$30,033,181.95
5/1/26	\$30,033,181.95	\$39,113.53	\$125,135	\$29,995,071.42
6/1/26	\$29,995,071.42	\$39,272.57	\$124,986	\$29,956,798.85
7/1/26	\$29,956,798.85	\$39,433.42	\$124,838	\$29,918,365.43
8/1/26	\$29,918,365.43	\$39,596.08	\$124,691	\$29,879,771.35
9/1/26	\$29,879,771.35	\$39,760.56	\$124,546	\$29,841,016.79
10/1/26	\$29,841,016.79	\$39,926.87	\$124,402	\$29,802,090.92
11/1/26	\$29,802,090.92	\$40,095.01	\$124,260	\$29,762,995.91
12/1/26	\$29,762,995.91	\$40,265.00	\$124,120	\$29,723,730.91
1/1/27	\$29,723,730.91	\$40,436.85	\$123,981	\$29,684,294.06
2/1/27	\$29,684,294.06	\$40,610.57	\$123,844	\$29,644,683.49
3/1/27	\$29,644,683.49	\$40,786.17	\$123,709	\$29,604,907.32
4/1/27	\$29,604,907.32	\$40,963.66	\$123,576	\$29,564,965.66
5/1/27	\$29,564,965.66	\$41,143.05	\$123,445	\$29,524,858.61
6/1/27	\$29,524,858.61	\$41,324.35	\$123,316	\$29,484,584.26
7/1/27	\$29,484,584.26	\$41,507.57	\$123,189	\$29,444,141.69
8/1/27	\$29,444,141.69	\$41,692.72	\$123,064	\$29,403,538.97
9/1/27	\$29,403,538.97	\$41,879.81	\$122,941	\$29,362,769.16
10/1/27	\$29,362,769.16	\$42,068.85	\$122,820	\$29,321,830.31
11/1/27	\$29,321,830.31	\$42,260.86	\$122,701	\$29,280,731.45
12/1/27	\$29,280,731.45	\$42,454.85	\$122,584	\$29,239,476.60

Cost of Developing a New City Hall

The base cost of building a new city hall is similar for both the Downtown Transit Center (DTC) and 450 Whittier Street, \$19.9 million and \$18.7 million, respectively. Additional project costs and escalation factors bring estimated construction costs to \$32.2 million for the DTC and \$28.4 million for the 450 Whittier location. This includes a 6.5% markup on the DTC project to take into account the difficulty of staging a construction project on top of the existing parking garage. Once the project costs are included, the fully-loaded cost of building a new city hall are estimated to be \$43.3 million for the Downtown Transit Center location and \$38.2 million for the 450 Whittier site.

Table 2. Cost of Building a New City Hall²

Description	Downtown Transit Center	450 Whittier
Gross Area in Square Feet	45,970	46,200
Estimated Construction Costs	\$19,939,403	\$18,736,342
General Requirements 12%	\$2,392,728	\$2,248,361
Taxes, Permits, Bond and Insurance 3.5%	\$697,879	\$655,772
Fee 7%	\$1,395,758	\$1,311,544
Contingency 15%	\$2,990,910	\$2,810,451
Escalation (5% X 2 years)	\$2,810,210	\$2,640,653
General Conditions Costs	\$10,287,486	\$9,666,781
Sub Total	\$30,226,889	\$28,403,123
Extra Cost of DTC Staging 6.5%	\$1,964,748	\$0
Total	\$32,191,637	\$28,403,123
Developmental Costs (listed below)	\$11,106,115	\$9,799,078
Owner costs (project management by the CBJ, procurement process, contracting, insurance) 9% (8-10%)	\$2,897,247	\$2,556,281
Design team costs (design, bidding assistance, construction administration special inspections) 13.5% (12-15%)	\$4,345,871	\$3,834,422
Building Permitting 1%	\$321,916	\$284,031
Owners bidding contingency 11% (10-12%)	\$3,541,080	\$3,124,344
Total Project Costs	\$43,297,751	\$38,202,201
Projected Break-Even Year	2086	2077

Source: Construction costs were developed by NorthWind Architects' sub-contractor Estimations, Inc.

Based on the assumptions used to develop the economic analysis for the Downtown Transit Center City Hall, the project will become revenue positive in 61 years, while the 450 Whittier City Hall project will break even after 52 years.³

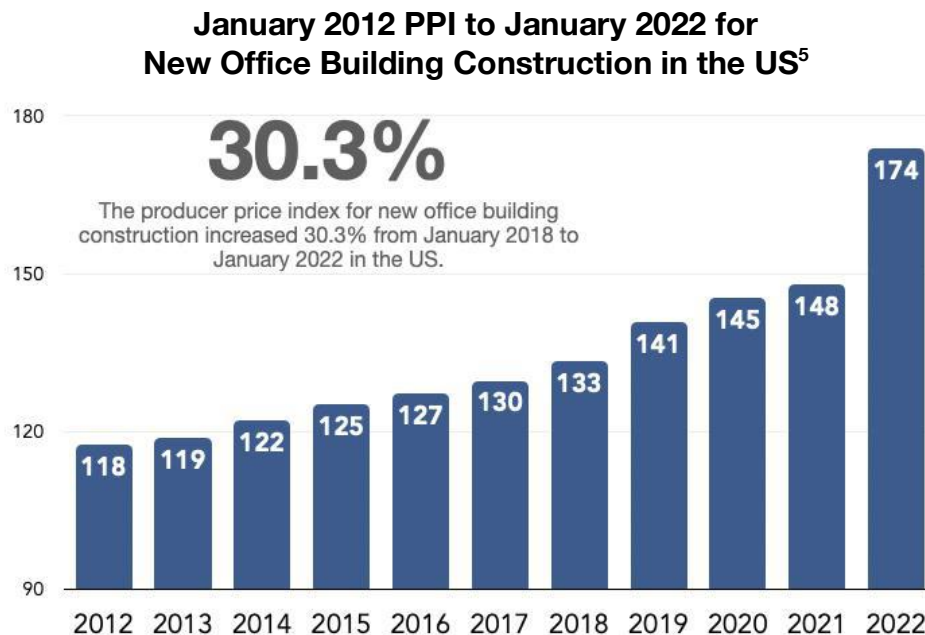
² All construction and general conditions costs estimates were provided by Estimations, Inc. Developmental cost percentage estimates were provided by NorthWind Architects.

³ The most dramatic changes to the cost benefit outcomes can be seen when making changes to the construction cost estimates in the dynamic excel-based economic modeling tool. Removing both sets of contingency fees, for example, would result in a break-even project 16 years earlier.

Increased Construction Costs

A similar analysis to estimate the cost of a new city hall was conducted in 2018, with a lower overall cost estimate. However, construction costs have changed dramatically since that time and are projected to continue to rise through the development period of this conceptual project. The national construction sector is experiencing significant increases in materials costs, supply-chain disruptions, and an increasingly tight labor market. Construction materials such as steel and lumber are up considerably over two years ago. While material costs rose during the last two years, pandemic-related challenges and standing contracts prevented many construction contractors from fully passing on added costs in 2021, leading to an additional increase in bid prices in 2022.⁴

A useful index to track this type of construction cost is the Producer Price Index (PPI) for new office building construction. According to this data, prices have increased by 30.3% from January 2018 to January 2022.



To accommodate the volatility in the construction sector, estimators are including higher escalation costs than in previous years. In the case of the new city hall estimate,

⁴ Source: Associated General Contractors of America February 2022 Construction Inflation Alert.

⁵ The Bureau of Labor Statistics (BLS) posts producer price indexes (PPI) based on the prices that sellers say they charged for a specific item on the 11th day of the preceding month. BLS aggregates these prices into index numbers that cover an entire category of products, such as the mix of goods and services purchased for construction. The index indicates the amount of price increase or decrease that has occurred. The PPI for inputs to new office building construction is a weighted average of the goods and services purchased. It does not include a contractor's own labor costs, equipment purchases, or direct imports.

the escalation is assumed to be 18.5%, or 5% annually over 3.5 years, the time between developing the estimate and the start of construction.

Current City Hall Configuration

Currently, CBJ City Hall staff and services are divided among five buildings: the Sealaska Plaza, the Municipal Way Building, the Marine View Building, the Seadrome Building, and the current city hall on South Seward Street. These five structures provide 49,936 square feet of space for 164 municipal employees at a total cost of \$1,084,575 per year. This includes \$819,005 in rent for the four leased spaces, with the balance consisting of ownership costs for the current city hall building on South Seward Street⁶ (see following page).

In 2023, the CBJ will spend over \$1 million on CBJ offices, as presented in the tables below.






Table 3. Cost Summary for Current CBJ City Hall Offices

Measure	2023 Costs to CBJ
Rent for CBJ Leased Offices	\$819,005
Current City Hall Ownership and Maintenance Costs	\$265,570
Total 2023 Estimated Costs	\$1,084,575



⁶ The rental agreements include all utilities, maintenance, and janitorial costs.

Table 4: Current Juneau City Hall Configuration and Annual Costs

Current Office Space	Employees	Square Footage	2023 Yearly Costs
Sealaska Plaza 	10	2,600 Lease agreement until 2023	\$85,488.72
Municipal Way Building 	33	12,125 Lease agreement until 2023	\$301,560
Seadrome Building 	6	1,809 Month-to-month lease	\$56,101.08
Marine View Building 	50	17,090 Lease agreements until 2024	\$375,854.88
Rental Areas Sub Total	99 staff	33,624 sq. ft.	\$819,005
Existing City Hall 	65	16,312 CBI owns building	Operation costs: \$265,570 (includes utilities, maintenance, janitorial, public restrooms)
Total Current	164 staff	49,936 sq. ft.	\$1,084,575

Economic Benefits and Costs

Value of Lease Payments Saved

The city's four leases cost \$819,005. The leases are expected to increase at a rate of 2% annually.⁷

Table 5: Projected CBJ Office Rent

Year City Hall is Completed	Value of Rent Saved
0	\$819,005
1	\$835,385
2	\$852,092
3	\$869,134
4	\$886,517
5	\$904,247
6	\$922,332
7	\$940,779
8	\$959,595
9	\$978,786
10	\$1,018,329
:	:
60	\$2,687,180
61	\$2,740,923
62	\$2,795,742
63	\$2,851,656
64	\$2,908,690
65	\$2,966,863
66	\$3,026,201
67	\$3,086,725
68	\$3,148,459
69	\$3,211,428
70	\$3,275,657
Cumulative Savings After 70 Years	\$126.1 million

The model projects that a new city hall will break even after 61 years of use for the DCT concept and 52 years for the 450 Whittier concept. After 70 years \$126.1 million in rent will have been saved.⁸ As an example of how using the dynamic database can impact the estimates, if the assumption is changed to a 5% annual rate increase — in place of a 2% increase — the dynamic model projects a 35-year break-even point for the Whittier concept.

⁷ Source: Personal Communication, Katie Koester, Engineering & Public Works Director, based on long-term lease rates for the CBJ. A lease with a 2% annual increase means landlords are likely not passing along all of the building renewal, replacement, and maintenance costs along to the CBJ, resulting in an advantage for the municipality.

⁸ The analysis does not take into account a potential period of time in which the CBJ will continue to pay rent after completion of a new city hall.

Sales Tax Collection Potential

Once CBJ vacates its leased spaces, the city will potentially receive a sales tax benefit currently unrealized on these properties since the city does not collect sales tax for properties it uses.⁹ Commercial leases are subject to the city's 5% sales tax.

Table 6: Projected Sales Tax Rent Advantage: 70 years

Year City Hall is Completed	Sales Tax on Commercial Rental Income
0	\$40,950.23
1	\$41,769.24
2	\$42,604.62
3	\$43,456.72
4	\$44,325.85
5	\$45,212.37
6	\$46,116.61
7	\$47,038.95
8	\$47,979.73
9	\$48,939.32
10	\$49,918.11
:	:
:	:
60	\$134,358.98
61	\$137,046.16
62	\$139,787.08
63	\$142,582.82
64	\$145,434.48
65	\$148,343.17
66	\$151,310.03
67	\$154,336.23
68	\$157,422.96
69	\$160,571.42
70	\$163,782.85
Cumulative Sales Tax Revenue Potential After 70 Years	\$6.3 million

After 70 years of vacating these leases the CBJ would expect to collect \$6.3 million in sales tax dollars on these properties – assuming the properties would be leased commercially at similar inflation-adjusted rates.¹⁰

⁹ As an alternative analysis, if it was assumed that the leased space in the Marine View Building would be converted to apartment units and rented as housing, this rent (currently \$375,855) would be exempt from sales tax and thus will not result in direct sales tax revenue for the CBJ. If this amount were to be excluded from the sales tax revenue estimate, the break-even point would move forward by a year and a half.

¹⁰ For the purpose of this analysis, it is assumed that the units would have a 0% vacancy rate. If the opposite assumption was made – a 100% vacancy rate or no sales tax collected on the commercial rent of these properties for other reasons, the breakeven year would move forward by about three years.

Potential Sale of 155 South Seward Building

The CBJ owns the current City Hall at 155 South Seward Street. This analysis assumes the building will be sold and that the proceeds would accrue back to the CBJ. Because the property is municipally owned, there has been no assessment to determine its value. The structure is currently insured for \$3,824,749. In lieu of a building valuation, this figure is used as a potential sales estimate. The building, constructed in 1951, is 16,321 square feet and sits on a 0.25-acre lot.

A sales valuation is needed to determine the correct value. There are six similarly-sized buildings on South Franklin that are assessed at an average of \$3.3 million. However, no official comparisons between these properties have been developed.



The current City Hall sits directly across the street from the Marine Park waterfront. The location of the property could attract a prospective buyer from the tourism industry. Norwegian Cruise Lines purchased a nearby 3-acre waterfront lot in downtown Juneau for \$20 million, and while this was predominantly due to potential dock development, significant variability on pricing estimates could be warranted.

Property Tax Collection Potential

If 155 South Seward is sold, in addition to generating \$3.8 million to defray costs of a new building, CBJ would be able to collect property tax on this location. Property tax is not currently collected because the building is municipally owned. Applying the current CBJ mill rate of 10.56 and assuming the \$3.8 million will be the assessed taxable value, in 70 years CBJ will potentially collect \$9.6 million in property tax if it sells the current city hall building.¹¹ Combined with the value of the building sale this results in a \$13.5 million value to the CBJ.

Table 7: Projected Property Tax Rent Advantage Over 70 Years

Year City Hall is Completed	Sales Proceeds and Annual Property Tax Revenues from 155 South Seward Property
0	\$3,865,138
1	\$41,601
2	\$42,849
3	\$44,135
4	\$45,459
5	\$46,822
6	\$48,227
7	\$49,674
8	\$51,164
9	\$52,699
10	\$54,280
:	:
:	:
60	\$237,958
61	\$245,097
62	\$252,450
63	\$260,023
64	\$267,824
65	\$275,859
66	\$284,134
67	\$292,658
68	\$301,438
69	\$310,481
70	\$319,796
Cumulative Property Tax Revenue Potential After 70 Years + Building Sale Revenue	\$13.5 million

¹¹ In order to calculate an increase in property tax over time, the tax assessment values for ten downtown Juneau properties were analyzed between 2001 and 2021. On average, the assessed value of these properties increased by 3.0% annually over this two-decade period.

Operation and Maintenance Costs

One of the arguments for constructing a new city hall building is that it will be more cost-effective to maintain, saving the CBJ over the long run. While on a square foot basis this is true when comparing the 16,312 square foot South Seward building to a new building, overall costs would rise. Currently, energy and ownership costs are *included* in the rent for CBJ's four leased office spaces. Because the nearly 50,000 square foot new building will be significantly larger than the current city hall building, costs will increase in every operations category. The table below examines the current costs per square foot of the existing city hall structure and compares them with the projected per square foot costs of energy, utilities, maintenance, and custodial costs.

**Table 8: Estimated Building Operation and Maintenance Costs:
Current City Hall Versus New City Hall**

Description	Current City Hall Costs	Current City Hall Costs per Square Foot	DTC City Hall Estimated Costs Year One	Whittier City Hall Estimated Costs Year One
Custodial	\$73,700	\$4.52	\$145,389	\$146,117
Fuel Oil	\$20,825	\$1.28	\$41,082	\$41,287
Electricity	\$26,970	\$1.65	\$68,405	\$68,748
Water	\$1,197	\$0.07	\$2,867	\$2,882
Sewer	\$4,522	\$0.28	\$10,832	\$10,886
Garbage	\$1,560	\$0.10	\$4,396	\$4,418
Maintenance	\$136,796	\$8.39	\$250,584	\$251,838
Annual Operating Cost	\$265,570	\$16.28	\$523,557	\$526,177

Increased Energy Costs

According to the estimates in the above table, the per square foot energy costs (fuel use plus electricity costs) are expected to decrease compared to the existing city hall. However, since the new building will be significantly larger, total energy costs will increase to \$109,487 for the DTC city hall concept, and \$110,035 for the Whittier concept in the first year of the project.

Increased Ownership Costs

Custodial, water, sewage, and garbage costs are expected to double annually, but again this is mostly due to the fact that these costs are included as part of the lease agreements for the four CBJ rental spaces, and these numbers are not broken out. As a whole these costs are expected to decrease by 30% per square foot in a new city hall building compared to the current city hall.¹²

¹² Note that the CBJ currently pays to clean and maintain the current public bathrooms associated with the current city hall location. While these fees do not carry through to the new structure, they are also not

Avoided Maintenance Expenditures

Once the South Seward Street building sells, the CBJ will eliminate the maintenance costs currently associated with that structure. These costs are expected to be \$136,796 in 2023. Table 8 below summarizes the projected custodial, utilities, energy, and maintenance costs of all three facilities over 70 years.

**Table 9: Current Versus New City Hall
Operation and Maintenance Costs Projected Over 70 Years**

Year City Hall is Completed	Current City Hall	New DTC City Hall Projected	New 450 Whittier City Hall Projected
0	\$265,570	\$523,557	\$526,177
1	\$270,881	\$534,028	\$536,700
2	\$276,299	\$544,709	\$547,434
3	\$281,825	\$555,603	\$558,383
4	\$287,462	\$566,715	\$569,550
5	\$293,211	\$578,049	\$580,941
6	\$299,075	\$589,610	\$592,560
7	\$305,056	\$601,403	\$604,411
8	\$311,158	\$613,431	\$616,500
9	\$317,381	\$625,699	\$628,830
10	\$323,728	\$638,213	\$641,406
⋮	⋮	⋮	⋮
60	\$871,343	\$1,717,807	\$1,726,402
61	\$888,770	\$1,752,163	\$1,760,930
62	\$906,546	\$1,787,206	\$1,796,148
63	\$924,677	\$1,822,950	\$1,832,071
64	\$943,170	\$1,859,409	\$1,868,713
65	\$962,033	\$1,896,598	\$1,906,087
66	\$981,274	\$1,934,530	\$1,944,208
67	\$1,000,900	\$1,973,220	\$1,983,093
68	\$1,020,918	\$2,012,685	\$2,022,755
69	\$1,041,336	\$2,052,938	\$2,063,210
70	\$1,062,163	\$2,093,997	\$2,104,474
Cumulative Costs After 70 Years	\$40.9 million	\$80.6 million	\$81.0 million

After 70 years, the CBJ will have eliminated \$40.9 million in operation and maintenance costs by moving to a new city hall structure and spent \$80.6 to \$81 million in operation and maintenance in the new city hall, depending on site selection, generally doubling operational costs over this period compared to the status quo.

considered to be a cost-savings category once the building is sold, as CBJ will likely increase its total public restroom space to compensate. Regular janitorial costs are expected to decrease, as the CBJ is planning to contract out this task. However, with the larger space of the new facility costs are assumed to increase over current levels.

Capital Renewal and Replacement Account Costs

Based on input from the CBJ, this analysis assumes there will be a renewal and replacement fund developed to respond to future costs on both the current and new city hall buildings. For the new city hall, savings will be set aside at a rate of 0.82%¹³ per year of the replacement cost of the facility.

This amounts to a “cost” set-aside to respond to future renewal and replacement needs. (See Table 11 on the following page). For the current city hall, a savings account will be developed at the same rate of 0.82% of the replacement cost of the old building of \$17.7 million.¹⁴ For the old city hall, year 2034 renewal and replacement costs include \$12.67 million for identified overdue deferred maintenance costs.¹⁵

Table 10: Current City Hall Deferred Maintenance Costs Identified as Needed by 2034

2024	2029	2034
Exterior Repair Package: Exterior Painting, Mural Repair, Window Replacement, Marquee Repairs & Fall Protection \$1,125,000	Roof Replacement: Replacement of main roof, Installation of Fall Protection \$1,153,000	
Interior Finish Upgrades: Carpet Replacement, Stair Tread Replacement, Interior Painting \$755,000	Mechanical, Electrical, & Plumbing Upgrades: Upgrade existing Ventilation and Heating System, install Ventilation where lacking (50% of building), replace Domestic Water and Wastewater Piping, Upgrade Electrical \$5,029,000	Major Tenant Improvement: Reconfigure space to reflect current use, upgrade all restrooms \$4,515,000
LED Lighting + Security Cameras \$96,000		
\$1,976,000	\$6,182,000	\$4,515,000
	Total	\$12.67 million

Table Notes: Construction costs have been escalated from November 2021 to June of the year planned at 5% per year. The estimate does not include cost for temporarily relocating staff/departments during construction.

¹³ The rate of 0.82% was developed by calculating the lifespan of the systems involved in a new city hall structure, including plumbing, electric, lighting, equipment, furnishings, superstructures, walls, windows, roof, doors, etc., and calculating replacement costs.

¹⁴ To determine the replacement cost for the old building, a cost per square foot of the replacement cost of the new construction estimate was used and applied to the current building’s 16,312 square feet. Note: This differs from the projected sales value of the building discussed earlier in this document.

¹⁵ R&R cost projects include a major renovation in FY2034 to address deferred maintenance items. If CBJ sells the facility and moves into a new city hall, then these costs will not be incurred. However, if a new city hall is not constructed and CBJ retains the old city hall, then a significant renovation of the facility is anticipated. Note: It remains unclear how this deferred maintenance would impact the potential sales price of the current CBJ city hall.

Table 11: Renewal and Replacement Account Projected Over 70 Years

Year City Hall is Completed	Current City Hall	New DTC City Hall Projected	New 450 Whittier City Hall Projected
0	\$12,818,088	\$355,042	\$313,258
1	\$147,264	\$360,367	\$317,957
2	\$149,473	\$365,773	\$322,726
3	\$151,716	\$371,259	\$327,567
4	\$153,991	\$376,828	\$332,481
5	\$156,301	\$382,481	\$337,468
6	\$158,646	\$388,218	\$342,530
7	\$161,025	\$394,041	\$347,668
8	\$163,441	\$399,952	\$352,883
9	\$165,892	\$405,951	\$358,176
10	\$168,381	\$412,040	\$363,549
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60	\$354,482	\$867,445	\$765,358
61	\$359,800	\$880,456	\$776,839
62	\$365,197	\$893,663	\$788,491
63	\$370,674	\$907,068	\$800,319
64	\$376,235	\$920,674	\$812,323
65	\$381,878	\$934,484	\$824,508
66	\$387,606	\$948,501	\$836,876
67	\$393,420	\$962,729	\$849,429
68	\$399,322	\$977,170	\$862,170
69	\$405,312	\$991,827	\$875,103
70	\$411,391	\$1,006,705	\$888,230
Cumulative Costs After 70 Years	\$30.8 million	\$44.3 million	\$38.2 million

*Note: Includes deferred maintenance costs of \$12.67 million. See previous page for a detailed explanation.

Financing

The most likely financing scenario the CBJ would implement includes use of the general fund to develop a “down payment” on the new city hall and pay for the remainder using a bond. According to an estimated bond amortization schedule developed for this analysis, the interest on the bond debt service will cost the CBJ an additional \$28.6 million for the DTC city hall concept or \$23.8 million for the 450 Whittier building over a 30-year period. The table below shows the expected payment schedule of the additional interest.

Table 12: New City Hall Financing Costs

Year City Hall is Completed	Interest Charged on Project Costs for DTC City Hall	Interest Charged on Project Costs for 450 Whittier City Hall
0	\$1,520,976	\$1,267,906
1	\$1,497,860	\$1,248,636
2	\$1,473,561	\$1,228,380
3	\$1,448,019	\$1,207,088
4	\$1,421,170	\$1,184,706
5	\$1,392,947	\$1,161,180
6	\$1,363,281	\$1,136,449
7	\$1,332,097	\$1,110,453
8	\$1,299,317	\$1,083,128
9	\$1,264,860	\$1,054,404
10	\$1,228,640	\$1,024,211
:	:	:
:	:	:
25	\$399,863	\$333,331
26	\$319,388	\$266,246
27	\$234,796	\$195,729
28	\$145,876	\$121,604
29	\$52,407	\$43,687
Total	\$28.6 million	\$23.8 million

Determining a projected down payment, the amount that will not require financing, for a new city hall has tremendous significance in determining what future year the city hall project as a whole breaks even since it changes accrued interest requirements. For the purposes of this analysis, the down payment was set to \$12.67 million – the amount of deferred maintenance that the CBJ is already planning to put toward the existing city hall. For example, a \$40 million down payment would reduce the “break even” time from 61 years to 42 for the DTC concept, and from 52 to 30 years for the Whittier city hall.

Table 13: Break Even Year

Down Payment	DTC City Hall	450 Whittier City Hall
\$12.6 million	61	52
\$20 million	57	47
\$30 million	50	40
\$40 million	42	30

Additional Considerations

Increased Downtown Housing

One extremely desirable potential benefit of this project is that it could increase the supply of housing in downtown Juneau. The CBJ has long been criticized for displacing housing in the Marine View apartment building and converting housing units into government office space. Converting the space back to housing could conceivably create 24 new apartment units in downtown Juneau. The need for rentals in downtown Juneau is especially high and was exacerbated by the loss of 41 units in the Gastineau Apartments.

A shortage of housing has long been one of Juneau’s most significant obstacles for economic development. The top two measures of a growing economy are an increasing populace and a growing job market, and in Juneau there is an artificial lid on the top of the economy in the form of housing — or lack thereof. Without sufficient rental housing, Juneau businesses are unable to attract or retain the workforce they need to grow operations. The community needs more housing for Juneau to have an economy capable of further growth.

Analysis indicates that Juneau needed 116 additional rental units to meet demand in 2020. In 2020, Juneau’s vacancy for apartments ranged from 3.1% to 4.6% depending on unit type, for an overall rental vacancy rate of 4.1%.¹⁶ A natural, or optimal, rental vacancy rate is generally considered to be 7%.¹⁷

Table 14: Unmet Demand for Juneau Rental Units

Year	Overall Apartment Vacancy Rate	Total Rental Units in Juneau	Units Needed to Reach 7% Vacancy
2020	4.4%	4,464	116
2018	4.1%	4,507	130
2016	3.3%	4,322	160

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Alaska Apartments Average Rent <https://live.laborstats.alaska.gov/housing/2/rentnumbedrms.html> and <https://live.laborstats.alaska.gov/housing/rentall.html>

Juneau’s downtown has the highest demand for additional apartment space, as Juneau’s visitor and legislative seasons are predominantly centered downtown. Juneau’s downtown visitor industry employment grows significantly in the summer.

¹⁶ Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2020 Alaska Rental Market Survey <https://live.laborstats.alaska.gov/housing/rentall.html>

¹⁷ If the vacancy rate is below the natural rate of 7%, rental rates tend to rise, and there is a lack of housing choice for those in search of housing. If the vacancy rate is above 7% prices tend to fall.

Cruise passenger arrivals are expected to continue to grow, further increasing the need to house workers downtown during Juneau’s summer months. Juneau’s 2022 tourism season will begin in April and end in October. Between January and April, approximately 250 legislators and staff come to Juneau and need housing. According to a 2018 Juneau Economic Development Council survey, 74% of this group stays in long-term rentals, and those coming for session prefer to live close to the downtown Capitol.¹⁸

The city currently rents 17,090 square feet of space in the Marine View building that could potentially be converted back to apartments if the CBJ were to vacate the premises. According to the CBJ, an estimated 24 new apartment units could be developed.¹⁹ The average apartment rental price in Juneau in 2021 was \$1,271.²⁰ If 24 new apartments were developed and rented out at \$1,300 the rent collected by the Marine View operators would be equivalent to what CBJ is currently paying for office space rent.

Table 15. Marine View Office Space Versus Apartment Rental Space

Use Type	Square Footage	Annual Rent	Monthly Rent Per Square Foot
Office Rental Space	17,090 of CBJ office space rental	\$375,855 (current CBJ rent)	\$1.83
Apartments	17,090 Converted into 24 apartments for \$1,300 average rent	\$374,400	\$1.83

Converting office space into housing is the most cost-effective way to bring additional housing into downtown Juneau, especially if that office space had originally been housing. Below is a very rough, conceptual estimate of the cost of developing a new 24-unit apartment building, versus the cost of converting office space currently occupied by the CBJ back into residential units. Using the assumption that a new apartment complex would need to build new “common areas” such as stairwells, hallways, and elevators, and that a conversion would only be remodeling the new apartment space (23,000 square feet for a new build versus 17,090 square feet for a conversion). The cost of conversion is estimated at 42% of the full cost of a new build, and the added cost of land reduces that cost to just 24% of the total expenses of developing a new apartment building (\$5 million versus \$21 million in the concept analysis below).

¹⁸ Alaska State Legislature Satisfaction Survey Results, Juneau Economic Development Council, 2018

¹⁹ Source: Personal Communication, Katie Koester, Engineering & Public Works Director

²⁰ Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, 2021 Alaska Apartments Average Rent <https://live.laborstats.alaska.gov/housing/2/rentnumbedrms.html>

Table 16: Comparative Cost of Developing 24 Units of New Apartment Housing in Downtown Juneau (Conceptual Estimate Only)

Description	New Apartment Building	Convert Office Space to Residential
Gross Area	23,000	17,090
Estimated construction cost per square feet	\$400	\$225
Estimated Construction Costs	\$9,200,000	\$3,845,250
Developmental Costs – 30%	\$2,760,000	\$1,153,575
Cost of Buying Land in Downtown Juneau for New Apartment Building	\$9,000,000	None
Estimated Total Conceptual Project Costs	\$21 million	\$5 million

Note: Conceptual estimate uses the same methodology supplied by Estimations in Table 2, but converts to private (not public) build cost model.

Unfortunately, this analysis also shows the high cost for a local landlord or developer to convert existing downtown space into housing. The conversion, at least in this limited analysis, does not appear to offer additional revenue beyond what a landlord already receives for commercial rentals, but does incur a significant cost.

However, an overabundance of vacant office space in downtown Juneau – and corresponding inability to find tenants – could potentially provide an incentive to convert more space into housing.

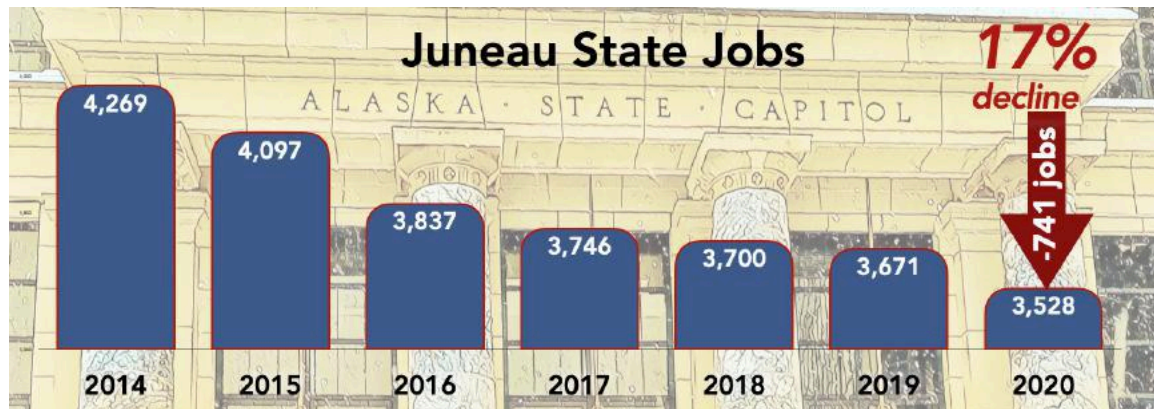
The Downtown Juneau Commercial Real Estate Market

Currently the CBJ has no long-term lease agreements in any of the locations its renting to house all of its city hall operations. Without rates or property use locked in, building landlords could raise rates, choose to rent to someone else, or displace CBJ workers to make significant renovations. Remaining in such lease agreements provide a base level of insecurity to the CBJ.

However, these scenarios are unlikely in the short-term, as commercial office space vacancy in downtown Juneau is currently at an all-time record high due to the move to telework and the decline of state workers. According to Juneau's commercial realtor's 2021 analysis:

There is significant office vacancy downtown that could continue, even as the Pandemic fades. Several buildings downtown remain essentially "half empty" even though the pressures of the Pandemic appear to be lifting and putting people back into their offices. This situation is led by two factors. In the downtown core there are three large historic buildings that lie essentially vacant with no prospects for buyers or tenants. These properties vary in size from 10,000 to 15,000 square feet. In the Willoughby district, there are buildings that have vacancy rates of up to 40% which reflect re-negotiation of lease agreements with the state of Alaska, and the overall weakness in the re-leasing strategies of those buildings.²¹

The vacancies associated with the state of Alaska workers are due to the prolonged decline of state workers in Juneau. Between 2014 and 2020, Juneau lost 741 state workers, many of whom had been located in the downtown area. This represents a loss of 17% of state workers over 6 years.



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

If a new city hall is built, and use of the current five facilities ended, it would increase the overabundance of vacant commercial space in the downtown corridor by an additional 50,000 square feet.

²¹ Carlton Smith's Commercial Real Estate Newsletter <https://thecarltonsmithcompany.com/june-2021>. Note that the Willoughby district has recently been renamed the Aak'w Village District.

Parking Economics

Parking is a significant economic consideration in any project, as ample parking increases economic activity, and lack of parking reduces it. Parking considerations within the framework of this analysis are important, as parking is also a major use of land in Juneau. While parking was excluded from the primary cost analysis of building a new city hall, each city hall concept comes with its own potential parking options. Increasing parking in the heart of downtown Juneau has a positive, but unmeasured, impact on downtown Juneau businesses as a whole – both in being able to provide more ample parking for workers, and in attracting more shoppers to downtown retail locations.

Currently, it is estimated that 153 parking spots could be needed to serve a new city hall building with 164 worker and ongoing services to the public.

Table 17: Parking Options

City Hall Option	Downtown Spaces Lost in City Hall Development	Potential to Add Parking	Parking Spaces Added	Estimated Construction and Development Cost
1. Current Configuration	None	See option #4	None	None
2. Downtown Transit Center	10 Parking Garage Spots	Additional level under new City Hall	60	\$5 million
3. 450 Whittier	64 Temporary Spots	Underground level under new City Hall	36	\$3.55 million
4. 450 Whittier	64 Temporary Spots	Additional two levels of parking at the Juneau Transit Center	124	\$9.5 million

Status Quo

While parking in downtown Juneau has always been considered limited, the 153 needed parking spaces to serve city hall are conceptually scattered throughout downtown Juneau already, meeting the needs of the current city hall configuration.

Downtown Transit Center

Developing a new city hall at the Downtown Transit Center would remove 10 parking spaces but – due to its proximity to five locations that currently comprise city hall – does not represent a significant parking change from status quo. An additional level of parking could be added to the new city hall in that location to add 60 new parking spaces for a projected cost of \$5 million.

450 Whittier

The potential site of a new city hall on Whittier is currently set up to accommodate 64 parking spaces. However, this was developed as a temporary measure in 2019 after the Public Safety building located on that site was demolished. While the spaces will be displaced, these spaces are not functionally considered as part of Juneau's larger parking capacity. An underground lot for 36 spaces could be developed as part of the city hall project at a cost of \$3.55 million.

Additional Parking

To provide more parking to the 450 Whittier option, or just in general, the existing parking garage at the Downtown Transit Center could accommodate two additional levels of parking if a city hall was not built in that location. This could add 124 new parking spaces for a projected cost of \$9.5 million.

Parking Vacated by State Workers

Before any new parking is developed in downtown Juneau, an analysis of current parking needs should be conducted. A 2012 study of the Willoughby District, now called the Aak'w Village District, showed approximately 1,500 parking spots in the greater area. Identify utilization of existing parking in the area. The loss of 741 state positions in Juneau should have freed up hundreds of parking spaces in state parking facilities over the past six years in downtown Juneau, providing an opportunity for CBJ to work with the State of Alaska on consolidated parking planning.

Surface and Structure Parking Lots and Number of Spaces Map



Source: Willoughby District Land Use Plan 2012

Consolidated Work Environment

Another value of this project will be the creation of a consolidated city hall, which will make it easier for city staff to collaborate and for the public to navigate city offices. While it is difficult to place a dollar figure on this benefit, numerous studies show the value of bringing workers together to improve functionality and capacity building. Perhaps most telling is that CBJ staff themselves appear to strongly believe that a single work location will enhance their ability to collaborate and provide quality public services and increase workplace efficiency. Long-standing concerns of top CBJ staff include difficulty building relationships with staff who are “pocketed out” across the downtown area. There is a strong sense that centralization of staff and services would significantly improve the ability of the CBJ team to better serve the public.²²

City Hall Construction Multiplier Effect

A new Juneau city hall will begin to have a local economic impact as soon as work on the building begins. One way to calculate a cost-benefit analysis is to look only at direct costs and savings, and to compare these over an extended period. Another is to consider short-term spending and multiplier effects expected during design and construction of a project. The infusion of a project of this size into the local economy will have secondary benefits during development and construction. The city hall project will generate the following economic benefits in the Juneau economy:

Direct Effects. Direct benefits relate to a) the short-term business activity of general contractors involved in the project construction, and b) the ongoing business activity of retailers and other firms involved in the development of the project.

Secondary Effects, including indirect and induced effects:

- **Indirect Effects.** Indirect effects result when local firms directly benefiting from the project purchase materials, supplies or services from other firms.
- **Induced Effects.** Induced benefits relate to consumption spending of employees of firms directly or indirectly affected by the project. These include goods and services normally associated with household consumption.

The analysis quantifies the construction benefits in terms of the following measures:

- **Total industry output** – the increase in gross industry receipts, representing the total economic activity generated by the city hall project;
- **Employment** – Expressed as new full-time equivalent (FTE) jobs; and
- **Labor Income** – Payroll and benefits associated with created jobs, along with additional proprietor income.

²² Source: Notes from an October 22nd, 2012, CBJ Strategic Planning Retreat.

Economic Impact of Locating City Hall in Downtown Juneau

CBJ Downtown Employee Survey Results

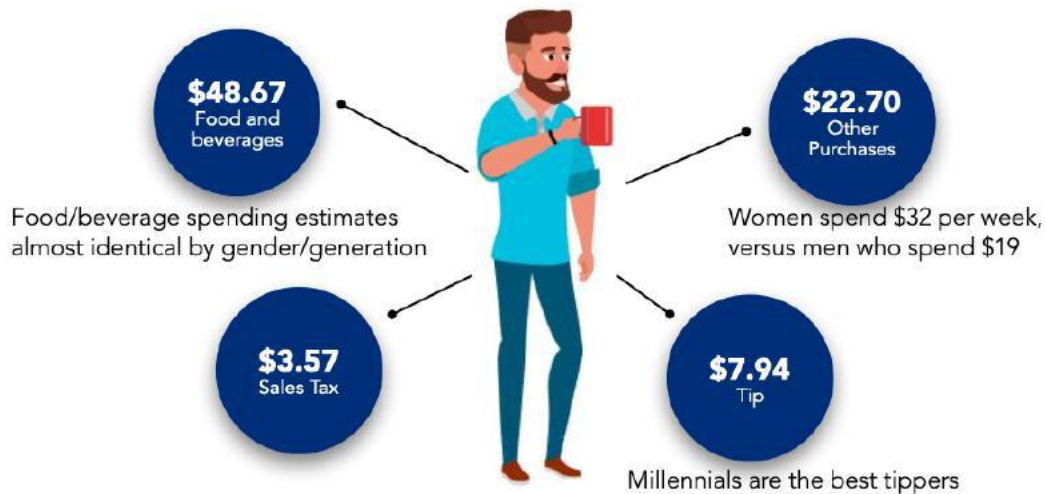
Rain Coast Data developed a City and Borough of Juneau employee survey for downtown workers to measure spending related to work location and understand how spending might change if the location of city hall were moved away from pedestrian access to restaurants, goods, and services.

The survey included 13 questions, including questions related to interest in telework.

Of the 164 downtown CBJ workers targeted to participate in the survey, a total of 151 CBJ employees responded. The high response rate means that the survey findings have a 99% confidence level with a 3% confidence interval. The survey was conducted in February 2022. CBJ workers were asked to make estimates regarding their non-pandemic workweek expenditures.

Downtown workers estimated that they spent \$82.88 weekly in conjunction with their workweek, or \$4,310 annually per person, and combined annual spending of \$706,782 for all downtown city workers.

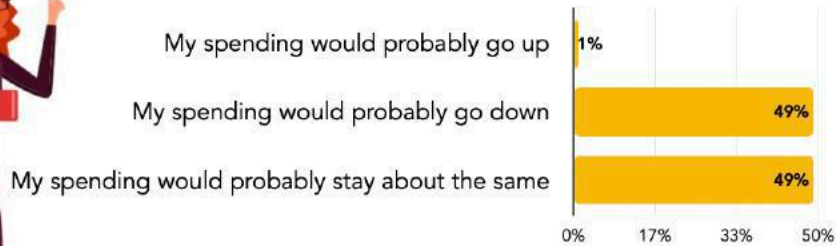
Average CBJ employee downtown spending associated with workweek



= \$82.88 weekly per person
= \$706,782 annually by 164 workers

Workers were then asked if their job were moved to a location without pedestrian access to food, beverages, and shopping options during the day, how they thought their spending might change. On average, workers estimated that the reduced access to services would reduce their spending by 47%.

If your job were moved to a location without pedestrian access to food, beverages, and shopping options during the day, how do you think your spending might change?

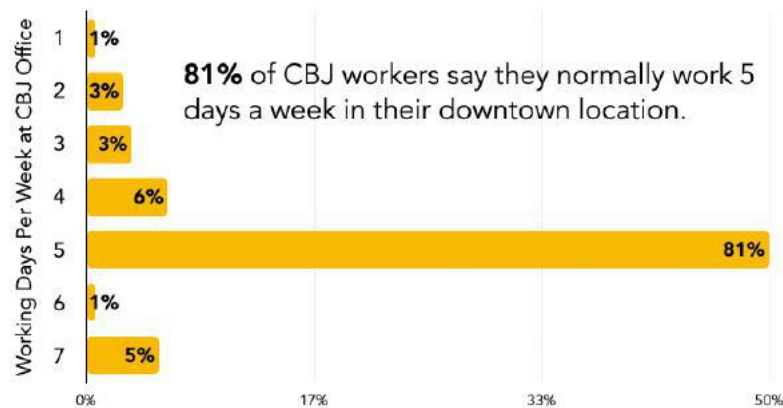


CBJ workers who said their spending would probably stay about the same tend to spend significantly less than those who say their spending will go down.

Based on an analysis of current spending and projected spending habits, CBJ workers will likely spend **47% less** on average in workday related spending if moved away from downtown.

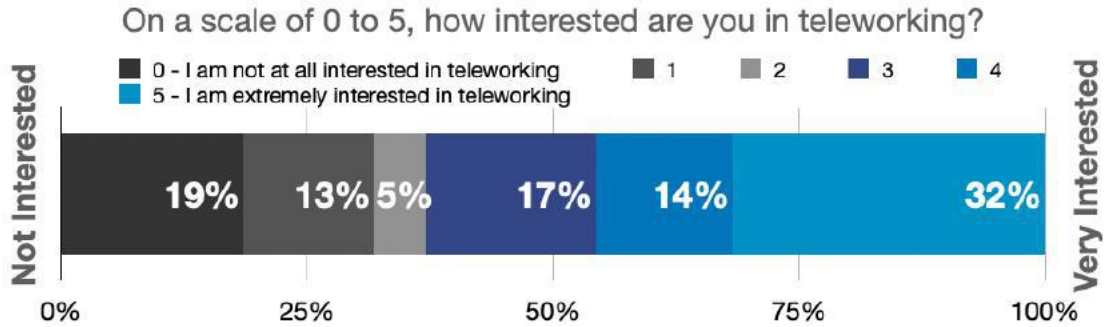
The estimated reduction in work location-related spending would amount to an annual decrease of \$333,406 in Juneau areawide spending, and an annual decline of \$14,354 in CBJ tax collections.

Most workers participating in the survey (81%) work at their downtown CBJ location 5 days per week (participants were asked about their non-pandemic related schedules), while six percent work more days.



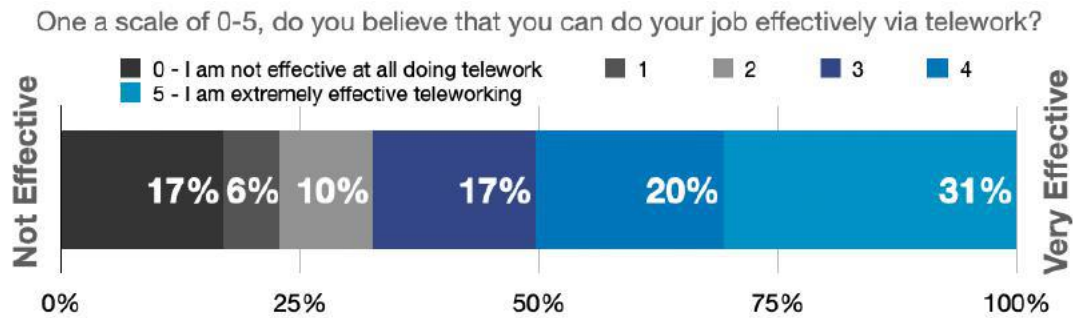
81% of CBJ workers say they normally work 5 days a week in their downtown location.

Finally, workers were asked about their interest in teleworking. Just under one-third (32%) said they are “very interested” in teleworking, while 19% said they were “not interested.” Gen X women were the most likely to express interest in teleworking, while Baby Boomer men expressed the least interest.



	Not interested	Leans not interested	Leans interested	Very interested
All	18.5%	18.6%	31.1%	31.8%
Females	12%	23%	33%	32%
Males	29%	15%	27%	29%
Millennials	15%	15%	38%	33%
Gen X	17%	21%	26%	36%
Baby Boomer	35%	17%	30%	17%

Staff was also asked to assess their ability to telework effectively. Just under one-third (31%) said they are “very effective” while teleworking, while 17% said they were “not effective.”



	Not Effective	Leans Not Effective	Leans Effective	Very Effective
All	17.0%	15.7%	36.6%	30.7%
Females	12%	16%	34%	38%
Males	26%	16%	40%	18%
Millennials	15%	9%	45%	31%
Gen X	13%	19%	33%	35%
Baby Boomer	39%	17%	26%	17%