



City and Borough of Juneau
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TO: Chair Triem and Assembly Finance Committee
FROM: Rorie Watt, City Manager
RE: General Obligation Bonds / NCH

DATE: May 4, 2023

The purpose of this memo is to help the Assembly discuss next steps for New City Hall and to consider potential general obligation bond projects for the fall municipal ballot. The Manager's budget recommends an additional \$10M for the NCH CIP which would bring project funding up to \$16.3M to advance the project. It is difficult to imagine a scenario where this cash would not be helpful or necessary to advance this project (or for that matter to fund renovations to the existing building and pay for moving costs). Making no decision means CBJ will continue to pay in excess of \$800K per year in office rent and will face a very costly and disruptive renovation of our existing aged facility. Doing nothing is not a real option; we need to either pursue a new facility or resign ourselves to a complex multi-year renovation and a series of disruptive and costly office moves. In many ways, doing nothing is easily the worst choice – we will slowly and then more rapidly experience building failures including a leaking roof, failing plumbing, rotting windows, peeling paint, delaminating carpet and flooring and all sorts of other dilapidation. I encourage you to walk around the building with a critical eye, City Hall is dipping well below dog eared status.

The CBJ also has significant capacity **available this year** to take on additional general obligation debt while maintaining a flat debt mil levy. Given that the CBJ has many capital needs, it would be prudent and timely to put a general obligation bond of at least \$10M on this year's ballot.

In order to meet election deadlines, a bond ordinance must be introduced by the July 10th Assembly meeting.

New City Hall:

There are pro's and con's for putting a New City Hall general obligation bond on the ballot this year, they include:

Concepts in support

Even without advocacy, last year's vote was very close, the Manager's budget recommends \$10M of cash to materially reduce the cost to voters, cost control can be achieved by doing a design build process, current office leases have become more tenuous (we eventually have to move out of the Municipal Way building, recently purchased by SHI) and the plumbing is regularly failing in the Marine View building. A ballot question for approval for about \$27M with a more cost effective procurement method would be a materially different question for the voters. (\$41.3M * 1.05 less \$6M, less \$10M). The Manager's budget also includes funds for educating the public on the status of our current facilities and the long-term benefits of a NCH, of which there are many.

Concepts in opposition

A ballot question this year is too soon after last year's failed vote if it is not materially different. Increased property values may lead to a lack of enthusiasm from voters to take on new debt, and a New City Hall is always going to be tough to explain to the public.

Are there Other Existing Building Options. The Assembly asked for a third-party report on existing buildings that may be for sale. The attached report from Ms. Ricker concludes that there are very few buildings the size CBJ needs and all of those are currently occupied by state employees with leases that don't expire for 5 years or recently purchased. On this list, only two are downtown: Capital Office Park (where Fish and Game is located) and the Burns Building (where the Permanent Fund is located). During the site selection process for the preferred alternative (450

Willoughby) the owners of the Fish and Game building offered it to CBJ at a price tag of \$16M. Given what we would have to invest in it including building an addition for chambers, the decision was made to not pursue that option during site selection last year.

Other General Obligation Bond Concepts:

The Assembly could choose to place other general obligation bond questions before the voters. Of the many capital needs CBJ has, a package that includes some or all of the following could allow more timely completion of municipal needs. A bond could be thematically structured as well (Parks, CBJ Facility Maintenance, Schools, Public Safety, Harbors). Possible projects could include JPD radios, harbor and boat ramp improvements, Centennial Hall improvements (meeting rooms, lobby expansion, energy efficiency), ski area major maintenance, IT needs, areawide park, playground, public use cabins, and trail improvements are all good examples of projects that the public typically supports in strong fashion.

Recommendation:

Initiate discussions on whether to pursue a bond package this fall and/or a New City Hall project. I recognize that timing is everything and that arguably this may not be the year for a NCH ballot question. However, I believe that a new facility is firmly in the public interest and that just because it is difficult, we shouldn't shy away from the challenge. Our existing building started out as a fire station some 70 years ago and a new efficient, purpose built facility will serve the community for at least another 100 years.