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DATE: November 6, 2023
TO: Wade Bryson, Chair, Public Works and Facilities Committee
FROM: Denise Koch, Director, Engineering and Public Works
SUBJECT: CBJ Office Space

Post-election, CBJ needs to begin planning for our future office space requirements.

We have 160+ staff members spread across five buildings downtown – only one of which CBJ owns (City Hall¹). The current 16,000-square-foot City Hall houses less than 40% of CBJ's downtown office staff. CBJ paid \$831,784 in rent in FY23 for the leased offices in Marine View, Municipal Way, Sealaska Plaza, and the Seadrome building. The overall average rent cost was \$2.06 per square foot.

The largest square footage of CBJ office space that we rent (17,090 sq. ft) is in the Marine View building. CBJ is using converted apartments as office space – reducing the housing stock available in town. That lease expires on June 30, 2024, so our window of opportunity is small to make changes. Furthermore, the working conditions are no longer suitable. The building leaks, heat is not regulated, and water is routinely shut off (which has resulted in an OSHA violation.)

Also, the Sealaska Heritage Institute recently purchased the Municipal Way building. On July 1, 2023, CBJ consolidated from occupying the basement and floors 1 through 3 into only occupying floors 2 and 3.² That lease expires in June 2028.

The Sealaska building lease expires in June 2026, and the Seadrome building is on a month-to-month lease.

In addition, a May 2023 commercial real estate report concluded that there were no properties available for sale that met CBJ's criteria. Purchase options could also displace State workers with minimal options for relocation.

Options:

As the Assembly struggles with options on how to provide decent office space for employees and remain accessible to the public, the body would benefit from having information on what is available for leased space. There are a variety of options available ranging from moving all staff to consolidated leased property to moving only a portion. My recommendation is to issue a request for information that outlines a variety of scenarios and asks the public to respond with available space. This will allow the assembly to deliberate on the best space combination for cost and service delivery.

Recommendation: Discuss, provide recommendations, and refer topic to Committee of the Whole.

¹ Existing City Hall is in serious need of maintenance. CBJ Engineering estimates ~\$15M for basic improvements.

² The City Museum retained one basement room as storage.