



MEMORANDUM

DATE: June 5, 2023
TO: Deputy Mayor Gladziszewski and Borough Assembly
FROM: Rorie Watt, City Manager
SUBJECT: City Hall

The purpose of this memo is to help answer questions from the Assembly on a proposed New City Hall project or on possible renovations to the existing City Hall facility and to communicate that the timeline to introduce an Ordinance to put a ballot question before the voters is rapidly approaching (latest introduction is July 10).

Why.

The reasons that I originally proposed a New City Hall project are all still completely germane. To summarize:

1. Existing City Hall Maintenance Needs – Our existing City Hall is old and needs substantial and costly upgrades. The building started out life as a fire station in the 1950's and many building systems are near end of life. The CBJ owned City Hall only houses about one third of our downtown employees.
2. Ongoing Lease costs – we currently pay about \$820K per year to lease office space and have done so for decades. This is a poor use of tax payer funds; since City government is a necessary function, we should have an appropriate purpose built facility (ie "since we are in business forever, we should own our facility space").
3. Inefficiency of Workforce – Managing a workforce spread over multiple lease spaces does not allow for efficient staff coordination and management.
4. Higher/Better Use of Existing City Hall – Across the street from the waterfront, the existing space would be better suited to economic activity that engages residents and visitors and harmonizes with like-uses (arts, shopping, restaurants).
5. Lease Space Problems – We expect an OSHA fine from our Marine View lease space (failure of the building owner to have adequate running water) and expect to have to move out of the Municipal Way Building (eventual use by SHI).
6. Ease of Public Service – It is difficult for the public to access City services, poor parking, frustrating to bounce between multiple facilities to find the proper offices.

The Assembly has several questions to consider.

Timing.

The proposal to build a New City Hall narrowly failed at the ballot last year. As municipal projects go, that is not all that remarkable. Construction of a government facility is always a tough lift and the voters should critically evaluate ballot propositions. All governmental entities regularly propose ballot initiatives and adjust ideas and proposals based on voter decisions. The Municipal Clerk's have provided the attached summary of a number of municipal projects that have been on multiple ballots. Given how narrowly the proposal failed last year, it makes complete sense to understand why some voters did not

support the project and to adjust the project to try and obtain approval. I recommend that we use the feedback we received, adjust the project details, and again place the project on the ballot this fall.

Cost.

Perhaps reducing the bonded cost of the project will increase voter approval. As part of the budget, the Assembly is poised to provide an additional \$10M of cash to the project, thereby reducing potential bonded debt.

There are a couple of options for a less expensive facility. The most obvious is to cut scope. Underground parking, materials with a longer lifespan, and square footage are places to trim. The Assembly could re-visit a meeting Chambers off-site, for example. I generally lack enthusiasm to revisit these issues – parking is always an issue and an on-site chambers was not supported last year. Moreover, since we are in it for the long haul a durable energy efficient, low maintenance facility built with long life materials is a good match for our infinite life business plan.

Last, choosing an alternative procurement method, such as Design Build, can allow for increased cost control over traditional procurement methods. A variation of a Design Build procurement for Class B office space of appropriate size and scope can be an effective means to allow private sector architects, engineers and contractors to achieve cost savings.

With appropriation of the \$10M, the project will have slightly over \$16M of cash available. Accounting for cost inflation from last year and a competitive procurement method, a proposal for \$27M in general obligation bonds would provide funding for the project, reduced from last year's ballot proposal of \$35M.

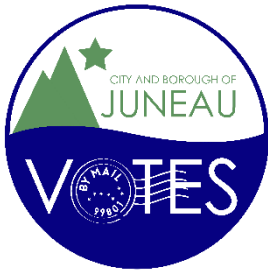
Advocacy.

If we expect the public to fully understand the reasons for a project, we should lean hard into the issue and provide appropriate information and advocacy. To do so, I have proposed \$50K in the Manager's budget. Absent effective advocacy and accurate information, it is unlikely that voters will be properly informed or exposed to a full debate on the issues. Let's face it, in the absence of good information and a rational debate social media will tragically transmogrify what should be a reasoned discussion.

Recommendation:

I recommend that the COW forward two Ordinances to the Assembly for introduction (June 12th) and public hearing (July 10th):

1. An Ordinance Authorizing the Issuance of General Obligation Bonds in the Principal Amount of Not to Exceed \$27,000,000 to Finance Construction and Equipping of a New City Hall for the City and Borough, and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 3, 2023.
2. An Ordinance Authorizing the Manager to Advocate and Provide Public Information Regarding the Need for a New City Hall, including the Dissemination of Information that May Influence the Outcome of a Future Ballot Initiative.



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CBJ Election Projects-Multiple Ballots History (Compiled June 2, 2023)

Since the unification of the City and Borough of Juneau in 1970, we've identified at least 14 instances when a proposition was brought before voters on more than one occasion. The reason for this should be stated – consulting with voters multiple times makes sense, it is how they give feedback. When a ballot initiative fails, there is an opportunity to understand voter objections and change project scope, cost, location or timing. Getting the community on the same page is not easy and it should not be assumed that votes are all one and done. It is an appropriate exercise of democracy to find the will and approval of the populace.

There have been at least 7 instances of new proposed construction, expansion, or major maintenance that have come to voters more than one time. These seven projects include a downtown parking garage, the Treadwell Ice Arena, the police station, Thunder Mountain High School, Dimond Park Pool, expanding Marine Park, and replacing the turf field at Adair-Kennedy Park. After each proposition was brought to voters the first time and failed, the funding mechanism, cost, location, or scope of the project was changed before bringing it to the voters again. Projects ranged from going to voters in back-to-back years (the police station, Thunder Mountain High School) to taking nine years to come before voters again (Treadwell Ice Arena). Details of each project can be found below.

Downtown Parking Garage: First proposed in the (second) 1973 special election, this proposition would have had CBJ enter into an agreement with a nonprofit corporation. CBJ would provide the land for the parking garage and the corporation would build and pay for the garage. Then the corporation would lease the garage to CBJ for 40 years, after which CBJ would own it without further payment. This failed (20% Yes, 80% No). Eight years later, in the 1981 regular election, voters passed a proposition to use part of a State of Alaska grant to CBJ to fund construction, without any additional amount coming from downtown property assessments. This passed (66% yes, 33% no).

Marine Park Expansion: First proposed in the 1985 regular election, CBJ asked voters to approve a GO Bond of \$1,750,000 for “construction, expanding and equipping” Marine Park. It failed (42% yes, 58% no). Five years later in the 1990 regular election an expansion of Marine Park passed as part of a much larger GO bond of \$7,000,000, which also included improvement to port facilities and a new float dock. It passed (69% yes, 31% no).

Treadwell Ice Arena: First proposed in the 1991 regular election, CBJ asked voters to approve a temporary 1% areawide sales tax for four years to build an ice-skating arena, with any excess either going into a Recreation Endowment Fund (not passed in a separate proposition) or to fund general Parks and Recreation. This failed (30% yes, 70% no). Nine years later, in the 2000 regular election, CBJ asked

voters to approve a temporary 1% areawide sales tax for five years for projects including school repair, BRH expansion, and “construction of a covered ice rink and recreational facility at Savikko Park.” This passed (63% yes, 37% no).

Police Station: First proposed in the 1995 regular election, CBJ asked voters to approve a GO bond of \$9,000,000 for “acquiring, constructing and equipping” a new police station. This failed (37% yes, 63% no). The next year, in the 1996 regular election, CBJ asked voters to approve a temporary 1% areawide sales tax for 21 months for the police station, temporarily bringing the total sales tax up to 5%. This barely passed (51% yes, 49% no).

TMHS: First proposed in the 1998 regular election, CBJ asked voters to approve a GO Bond of \$55,000,000, with a second proposition that would decrease the GO bond repayment time if voters approved a temporary 1% sales tax for 7 years to support THMS. The main proposition failed (35% yes, 65% no), which invalidated the second proposition (which failed anyway). The next year, in the 1999 general election, CBJ asked voters to approve a larger GO Bond of \$62,900,000 with about 19.5M going to renovating JDHS and the remaining 43.4M going to build TMHS. It came with the caveat that the projects would only move forward if they were eligible for at least 50% reimbursement from the State of Alaska school bond debt reimbursement program. It passed (55% yes, 45% no). Of note: the 1999 Municipal Guide Voter Pamphlet said that the design of the school would support 1200 students and that it “will include” a long list of amenities including an auditorium and track. Two years later, in the 2001 general, CBJ asked voters to be allowed to split the 1999 GO bond authorization, as the JDHS renovation was ready to be bonded and was eligible for reimbursement and the THMS project was not (yet) eligible so could not be bonded. It passed (87% yes, 13% no). Then two years later, in a 2003 special election, CBJ asked voters to approve another GO bond for \$12,600,000 which would allow the design and construction of TMHS to expand from 800 students to 1100 students. It passed (56% yes, 44% no). Less than a year later, in May 2004, there was a petition initiative special election to restrict CBJ from awarding bids to construct the new high school or do any work on funded by the 1999 GO Bond until a) the student population reached 2100, as was estimated in the voter guide by the State of Alaska, b) JSD identified funds to operate the school and c) the final design was “consistent with the school described in the 1999 municipal voter’s informational pamphlet”. It passed (51% yes, 49% no). This effectively killed the project. So, in the 2004 general election five months later (six years after originally being proposed), CBJ then proposed a GO Bond of \$54,000,000 to construct TMHS, the design work already being complete. It passed (54% yes, 46% no). That year voters also approved moving the money already collected by the 1999 GO Bond ordinance into major school maintenance, as it could not be used on THMS. Lastly, three years later, in a 2007 special election, voters were asked to bond an auditorium for \$11,180,000 (passed 59% yes, 41% no), an artificial turf field and track for \$5,000,000 (passed 51% yes, 49% no), and to “equip” THMS for \$920,000 (passed 61% yes, 39% no).

Dimond Park Pool: In the 2005 regular election, CBJ proposed a temporary 1% sales tax and provided multiple options for voters to choose from in how the money was spent, if at all. Those options included extending the temporary 1% sales tax for 36 months for an Airport Terminal Expansion (failed 48% yes, 52% no), for 46 months for a Dimond Park Recreation Center (failed 46% yes, 54% no) or for 33 months for a multiple project package that included sewer expansion, Statter Harbor Improvements, a chairlift for Eaglecrest, and the Downtown Transit Center (passed 61% yes, 39% no). Two years later, in the 2007 regular election, CBJ proposed a GO Bond for \$19,800,000 for the Dimond Park pool. It passed (55% yes, 45% no)

Adair-Kennedy Park artificial turf: Adair-Kennedy Park had a turf field originally installed sometime around 2000. In the 2007 regular election, CBJ proposed a GO bond of \$3,900,000 for “acquiring and installing artificial turf and drainage systems at Adair-Kennedy baseball and Melvin Park softball fields”. It failed (41% yes, 59% no). Four years later, at the 2011 regular election, CBJ proposed a GO bond of \$1,190,100 to replace the turf surfacing at Adair-Kennedy. It passed (61% yes, 39% no).

In addition to major construction projects, there have been at least 4 instances where instituting new taxes have come before voters multiple times. Two of the taxes involved sales tax, either in a service area or dissolving the service areas and going areawide; the other two taxes were a tax on alcohol and the cruise ship head tax. Most ballot propositions went before voters every two or three years, but repealing the service area sales tax and creating a single areawide sales tax took three attempts – 10 years between the first and second try, then back-to-back years between the second and third try.

Service Area No. 3 sales tax - When CBJ first organized, there was a 2% permanent sales tax in Juneau and a 2% permanent sales tax in Douglas. The remaining area (Service Area No 3) did not have sales tax. In the 1978 regular election CBJ asked Service Area No 3 to vote on whether they wanted a permanent 2% sales tax. It failed (20% yes, 80% no). In 1980, two years later, CBJ asked again with the qualifier that the tax would be used only for the water system, drainage, street lighting and road improvements in the service area. It failed (44% yes, 56% no). Three years later, in the 1983 special election, CBJ asked Service Area No 3 voters to approve a temporary 2% sales tax for water utilities, only valid if a .5% areawide sales tax for water utilities also passed. The temporary 2% sales tax passed (74% yes, 26% no), as did the .5% areawide tax (75% yes, 25% no).

Repealing service area sales tax and creating a single areawide sales tax: When CBJ first organized, there was a 2% permanent sales tax in Juneau and a 2% permanent sales tax in Douglas. The remaining area (Service Area No 3) did not have sales tax until 1983 when they approved a temporary 2% sales tax. In 1976 CBJ proposed dissolving the service area sales taxes and creating a permanent areawide sales tax of 2%. This needed three separate propositions to pass; 1) everyone voting to create a 2% areawide sales tax; 2) Juneau Service Area voting to dissolve the permanent 2% tax; and 3) Douglas Service area voting to dissolve the permanent 2% tax. It failed on all three accounts (Proposition 1 failed 34% yes, 66% no). Ten years later, in the 1986 regular election, CBJ proposed a 3% permanent areawide sales tax for construction projects, with a repeal of the 2% service area taxes. It failed (48% yes, 52% no). The next year, the 1987 regular election, CBJ proposed a temporary 3% areawide sales tax, with 1% to be used for general government, 1.25% for water/sewer, and .75% for roads, with the repeal of the 2% service area taxes. All three ballot measures passed. (Juneau Service area repeal 81% yes, 19% no; Douglas Service area repeal 79% yes, 21% no, create a temporary 3% areawide sales tax 70% yes, 30% no)

Alcohol Tax: First proposed in the 1981 regular election, CBJ asked voters to approve a 3% tax on retail sales of alcohol. It failed (49% yes, 51% no). Three years later, in the 1984 regular election, CBJ asked again for voters to approve a 3% tax on retail sales of alcohol. It passed (59% yes, 41% no).

Cruise Ship Head Tax: First proposed in 1996, CBJ asked voters to approve a \$7 per passenger tax for ships, with exemptions for ships who had under 20 passengers, without overnight passengers, or government ships. It failed (46% yes, 54% no). Three years later in the 1999 regular election, CBJ asked voters to approve a \$5 per passenger tax for ships, with exemptions for ships who had under 40 passengers, no overnight passengers, government ships, and nonprofit ships. It passed (70% yes, 30% no)

There have been at least 3 more instances where a proposition came before voters multiple times that don't fit into a single category type. These include conflict of interest disclosure, assembly reapportionment and election advertising. These ballot propositions include both back-to-back year ballot amendments (conflict of interest disclosure, assembly reapportionment) but also ranged up to 35 years between ballot propositions (also conflict of interest disclosure).

Conflict of Interest Disclosure: First proposed in a 1975 special election, CBJ asked voters if municipal officers should be exempt from State of Alaska conflict of interest laws (AS 39.50). It failed (28% yes, 78% no). The next year in the 1976 regular election CBJ asked the same question again. It failed (20% yes, 80% no). Thirty-five years later, in the 2011 regular election, CBJ asked if municipal officers and candidates should be exempt from AS 39.50 and instead be subject to a CBJ Ord 2011-13(c), which would functionally move the reporting of financial disclosures from APOC to the Clerk's office. It failed (26% yes, 74% no).

Assembly reapportionment: The original Charter at unification established an areawide election district and three subdistricts. Under the Charter, the mayor's seat was areawide, and the other three districts were assigned a specific number of assembly seats. In the 1977 regular election CBJ asked voters if the Charter should be amended to make all seats areawide. It failed (31% yes, 69% no). Six years later in the 1983 special election, CBJ asked voters if the Charter should eliminate the requirement that assemblymembers live in a specific district. It failed (40% yes, 60% no). The next year in the 1984 regular election, CBJ asked voters to reduce the number of election districts to two and allow up to three areawide seats. It passed (63% yes, 37% no)

Election advertising: First proposed in the 1980 regular election, CBJ asked voters if the Charter should be amended to strike a provision that prohibited political mass media advertising after 6:00pm of the day before a municipal election. It failed (33% yes, 66% no). Twelve years later, in the 1992 regular election, CBJ asked voters if the Charter should be amended to strike that section, with a note that it was unenforceable as it violated people's first amendment rights. It passed (66% yes, 33% no)