



MEMORANDUM

DATE: March 30, 2023
TO: Chair Gladyszewski CBJ Public Works and Facilities Committee
FROM: Katie Koester, Engineering & Public Works Director
SUBJECT: New City Hall Next Steps

The purpose of this memo is to rekindle the conversation on New City Hall. It is an update to the March 6th memo presented to PWFC.

To recap, in October of 2022, a bond proposition for \$35M to build a \$41.3M New City Hall on City property in the Aak'w Village district failed by 242 votes. No public education or advocacy for the project was done by staff and no City dollars were spent on public education.

There are a number of reasons that likely led to the failure of the ballot initiative, these are recapped in the [November 22, 2022, memo to PWFC](#). However, less than a year later, some key items have changed.

- Walmart was a favorite site for a New City Hall; it has been purchased by U-Haul and is actively in use as a commercial space.
- Parking. Progress has been made on North State Office Building as an alternative to surface parking.
- Sealaska Heritage Institute has purchased the Municipal Way Building that currently houses 34 CBJ employees and Lands.
- Conditions have deteriorated in the Marine View Building, leased space for 51 CBJ employees, bringing into question the health and safety of the facility ([see memo from Land Manager Bleidorn for more info](#)).

It is clear we have to do something, the current situation is untenable. Voters have different reasons for not supporting the project; alternatives to address those are explored below and CBJ is asking what about the project needs to change.

-Was the bond request too high? This number could be reduced by eliminating underground parking, innovative design such as prefab panels, alternative procurement or contributing additional general fund. *To that end City Manager Watt has proposed an infusion of \$10M in the FY2024 budget.*

- Was it in the wrong location? CBJ did a thorough site selection process; however we need to keep an open mind about sites as opportunities come up. A good example is the Goldbelt building (where Permanent Fund is). This site was explored in August 2022 as an option and we were told the seller was not interested. Since then, lease space has become available, prompting staff to ask again (same answer).

-Do we need a more refined design? A more developed design will allow the public to better conceptualize a facility and could help with cost certainty. However, CBJ has been reluctant to invest too far down the design path without knowing if the funding and political will for a project exists. Design could be advanced with specific direction to revisit space needs, control costs, etc.

-Renovations to existing City Hall? After the failed initiative, PWFC members asked for updated numbers on the cost of renovations to the current facility and a phasing schedule, which was included in the [December 19, 2022, packet](#). The improvements are spread out over three years with an escalated total cost of \$14M. The most immediate need is new windows and painting the exterior (\$1M). CBJ has hired a contractor to assess multiple City facilities' conditions, and City Hall is on that list. This will give us additional information on items that may not be obvious such as settling of the foundation and the condition of the membrane.

In conclusion: The need to make some decisions on the location of CBJ downtown employees is imminent given the situation with leased space. At the March 6 PWFC meeting the Committee forwarded this topic to the body to consider in the context of the budget cycle. It is a large financial decision that will have a positive impact on operating costs (saving around \$820,000 in rent) but a very real impact on debt service.

Timing is an important variable to consider and if 2023 is the right year to take this back to the voters. If the Assembly concludes the momentum exists for this October, tackling this issue with the budget cycle (July 2023) will allow time to engage the public, develop answer to some of the concerns presented above and to produce materials to educate voters about the initiative. City Manager Watt included \$50,000 in the FY24 budget to fund a public education campaign. By mail ballots hit boxes as early as September and it takes time to produce and distribute those materials.

Recommendation: Discuss and provide direction to staff on what elements of the project they need more information on to debate the timing of a 2023 ballot initiative.