



MEMORANDUM

DATE: March 3, 2023
TO: Chair Bryson and 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. 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.
- Sealaska Heritage Institute has purchased the Municipal Way Building that currently houses 34 CBJ employees.
- 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 attached memo from Land Manager Bleidorn for more info).
- Parking. Progress has been made on North State Office Building as an alternative to surface parking.

External factors have changed, but CBJ has also been asking what about the project needs to change.

-Was the bond request too high? This number could be reduced by eliminating underground parking, contributing additional general fund, innovative design such as prefab panels, alternative procurement, and other elements of design to reduce cost.

- 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. If there is the political will to continue to explore a New City Hall, I recommend thinking about it 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. Tackling this issue with the budget cycle would allow passage of an ordinance to ask voters to support a bond by July 2023. This affords sufficient time, if approved by the Assembly, to produce materials to educate voters about the initiative. By mail ballots hit boxes as early as September and it takes time to produce and distribute those materials.

Recommendation: Forward to the Committee of the Whole for further consideration of next steps.