

**ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
May 16, 2016, 6:00 PM.
Assembly Chambers - City Hall**

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. April 25, 2016 Committee of the Whole Minutes

IV. AGENDA TOPICS

A. Treadwell Arena Advisory Board Update

Ordinance 2015-18am established the Treadwell Arena Advisory Board and called for an annual report on issues relating to the Treadwell Ice Arena. A report from the board is in the packet and members of the Board will be present to answer questions.

B. Airport Sustainability Master Plan Update

AECOM, the consultant for the Airport Sustainability Master Plan, will provide information at the meeting.

C. Resolution 2753 A Resolution De-Appropriating \$1,893,119 from the Runway Safety Area Capital Improvement Project, Grant Funding was Provided by Federal Aviation Administration and Alaska Department of Transportation and Public Facilities Grants and Transfer T-978 transferring \$1,893,119 from the Snow Removal Equipment Facility Capital Improvement Project (CIP) to the Runway Safety Area CIP; funding provided by Temporary Sales Tax.

At the May 2, 2016, Assembly meeting, the Airport requested approval of Resolution 2753, which would de-appropriate \$1,893,119 from the Federal Aviation Administration (FAA) Runway Safety Area grant; and concurrent approval of Transfer T-978 \$1,893,119 from the Snow Removal Equipment Facility (SREF) Capital Improvement Project (CIP) to the Runway Safety Area (RSA) CIP; funded by Temporary Sales Tax. The Assembly pulled the requests from the consent agenda requesting that these be vetted through the Assembly Committee of the Whole (COW) at their May 16, 2016 meeting. At the May 4, 2016 Assembly Finance Committee (AFC) Meeting, staff presented the information related to the Resolution and Transfer that had already been addressed at the December 16, 2015, AFC meeting. The AFC agreed that the SREF de-appropriation/transfer of the \$1,893,119 had been properly vetted and should be placed back on the Assembly agenda for May 23, 2016. Since the Assembly formally sent these to the COW, the requests still needed to be brought before COW.

The manager recommends that Resolution 2753 (de-appropriation) and Transfer T-978 should move forward to the full Assembly for action at its May 23, 2016 meeting.

D. Renninger Subdivision - Jackie St. Update

V. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

**ASSEMBLY STANDING COMMITTEE
COMMITTEE OF THE WHOLE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
MINUTES**

April 25, 2016, 6:00 PM.

Municipal Building - Assembly Chambers; Immediately following Special Assembly Meeting
(anticipated sometime between 6:30-7:00pm)

Assembly Work Session - No Public Testimony

I. ROLL CALL

Deputy Mayor Jesse Kiehl called the meeting to order at 7:20 p.m.

Assembly Present: Mayor Ken Koelsch, Mary Becker, Jamie Bursell, Maria Gladziszewski, Loren Jones, Jesse Kiehl, Jerry Nankervis, Kate Troll and Debbie White.

Assembly Absent: None.

Staff Present: Rorie Watt, City Manager; Kim Kiefer, City Manager; Mila Cosgrove, Deputy City Manager; Amy Mead, City Attorney; Beth McEwen, Deputy Clerk; Rob Steedle, Community Development Director; Beth McKibben, CDD Senior Planner; Greg Chaney, Lands and Resources Manager; Bob Bartholomew, Finance Director; Scott Ciambor, Chief Housing Officer

II. APPROVAL OF AGENDA

Ms. Gladziszewski asked about the Renninger Subdivision topic. Mr. Kiehl noted that since the Lands Committee did not finish its work on the Renninger Subdivision just prior to this meeting, that topic was being removed from this agenda.

III. APPROVAL OF MINUTES

A. April 4, 2016 Committee of the Whole Meeting Minutes

Ms. Becker and Ms. White noted that they would provide the clerk with minor typographical changes to the minutes for correction. Hearing no objection, the minutes were approved with correction.

IV. AGENDA TOPICS

A. Discussion Concerning Letters of Interest for Developing Lots in the Renninger Subdivision

Removed from agenda.

B. Economic Development Activity Update

Mr. Watt explained that Ms. Kiefer would be presenting on this topic as part of her outgoing City Manager duties.

Ms. Kiefer explained that the packet contained a memo from Juneau Economic Development Council (JEDC) and as a supplement to that, she also distributed a matrix status report covering the various portions of the Juneau Economic Development Plan (JEDP). She explained that the packet

of materials also contained a memo from the new Chief Housing Officer Scott Ciambor specifically addressing the Housing Initiatives identified within the JEDP.

The matrix identifies the various initiatives that were identified in the JEDP and what the progress on each of those has been so far, including which entities they have been assigned to as well as any work that has been completed to date on those items. The matrix also includes some items specifically addressed by JEDC. She said when the plan was initiated, Mayor Sanford's goal was to get the community involved in implementation of the Juneau Economic Development Plan and while JEDC has been contracted to deliver on specific portions of the plan, other portions are being addressed by staff, Assembly, and community groups.

The Assemblymembers and staff discussed the coordination and tracking of the pieces of the plan and whether they should consider asking JEDC to take it all on or if it should stay under the coordination of the Mayor, Assembly, and City Manager. It was decided that since it is an Assembly priority, each of the members could have a piece of working on portions of the plan depending on their interest and areas of expertise. It was agreed that everyone has some role in making sure the plan is worked on but ultimately the overall coordination will be done through the City Manager's office.

Mr. Watt highlighted one example of this in which a series of meetings have taken place with NOAA representatives along with Ms. Troll, Ms. Cosgrove, and himself which has resulted in three new NOAA jobs coming to Juneau. He said they are also having discussions with the UAS Chancellor about additional avenues to explore along those same lines. He wants to be sure to include Assemblymembers in that process as much as possible in the future.

Additional discussion took place about missed opportunities for other follow-through items related to the plan. One such missed opportunity was under Initiative #5 "Build on our Strengths" in which additional discussions could have taken place during Assembly Finance Committee meetings to highlight the various new or developing Alaskan Native arts and culture venues during their discussions with the Juneau Arts and Humanities Council and the Juneau Convention and Visitors Bureau.

For future planning/implementation, Assemblymembers will be reviewing the matrix and identifying those areas they would like to be involved with and communicate those preferences to the Mayor and City Manager. They asked the City Manager to include updates on this matrix at every other regular Assembly meeting to make sure there aren't other missed opportunities in the future.

C. Assembly Goals

Mr. Watt said they put the goals in the packet to remind the members who had participated in creating them as well as to provide copies of the goals to Mr. Koelsch and Ms. Bursell. He said it wasn't necessarily provided to reopen the question at this time but to give members and himself an opportunity to discuss it if they wished.

Mr. Kiehl asked members if they had any questions or if the goals could just be treated as a refresher/information item. The members agreed that it was nice as a refresher but didn't have any topics that they wished to discuss at this time.

D. Executive session - Exit Interview with City Manager Kim Kiefer

MOTION by Mayor Koelsch to convene into Executive Session to discuss topics which may tend to prejudice the reputation or character of any person.

There being no public comment on the motion, Mr. Kiehl recessed the meeting in executive session at 7:46 p.m.

The committee returned from executive session at 8:50 p.m.

Mayor Koelsch reported that they held an exit interview with City Manager Kim Kiefer and there were many points of discussion and direction given.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

VI. ADJOURNMENT

There being no further business to come before the committee, Mr. Kiehl adjourned the meeting at 8:50 p.m.

DRAFT

Treadwell Arena Advisory Board Inaugural Report

Executive Summary

On April 6, 2015, the Juneau Assembly approved an ordinance that created the Treadwell Arena Advisory Board (TAAB).

Report Highlights

Conclusions:

- 1) Operation and marketing changes have pushed cost recovery up to 63 percent.
- 2) TAAB has successfully served as a meaningful liaison between Treadwell management and users.
- 3) Core user groups have helped raise the arena's profile state and city wide.

Recommendations:

- 1) TAAB should remain active as it ensures clear communication between users and Treadwell management.
- 2) Continue to support Treadwell management's efforts to boost revenue and attendance.
- 3) When appropriate, the CBJ should revisit the codes that could impede revenue streams.

The ordinance establishing TAAB specified that the seven-member board be comprised of no more than three members who are employees or board members, or immediate family members of an employee or board member who serves any organization sponsoring activities at Treadwell Arena.

The Assembly completed its board selection during summer 2015 and TAAB held its first meeting Sept. 9, 2015. Since then, it has met at least once a month, often twice monthly.

TAAB is the product of discussions that began in early 2014 when the Assembly began reviewing Treadwell's operations and whether it was maximizing potential cost recovery.

Initially, the Assembly questioned whether Treadwell's operations should be placed under the Eaglecrest Ski Area's management. The Assembly formed a task force to review this option further.

The Assembly followed the task force's recommendations to leave Treadwell operations under the management of the CBJ Parks & Recreation Department (Parks & Rec) and establish a citizen advisory board to assist Parks & Rec with Treadwell Arena. In turn, the Assembly identified tasks for TAAB.

Per Ordinance 2015-18 (am), the Assembly tasked TAAB with drafting an initial report examining various segments of the Treadwell Arena's operations, including financial performance, marketing and facility usage.

Treadwell Arena 2003-2016

Treadwell Arena opened in 2003 and cost nearly \$3.7 million. Of that \$2.33 million came from City and Borough of Juneau funds earmarked from a sales tax specifically approved by voters who backed Proposition 2 in 2000.

Additional funds came from the following sources:

- state grant (\$650,000);
- a federal grant (\$155,000);
- a Rasmuson grant (\$434,000);
- donations from the Douglas 4th of July Committee (\$40,000)
- \$90,000 from a Douglas donor who wished to remain anonymous.

Two years later, an additional \$740,000 was approved to add two lockers and space for game officials. Local contractors who built and designed the arena still use it today as do their families being raised in Juneau.

Treadwell Schedule

Treadwell Arena currently opens the second week in August with a youth hockey camp that visits Juneau and holds two morning and afternoon sessions each for five days. This year's hockey camp will arrive from Colorado and work with youth from the Juneau Douglas Ice Association. The season closes out mid-April with the last day featuring a Treadwell sponsored hockey tournament and one final public skating session.

Treadwell Hockey Events

Since opening in 2003, Treadwell has hosted several annual tournaments and special events that have raised the arena's regional profile. It's getting further consideration for additional events.

The first week of each November, the Juneau Jamboree women's tournament takes place. The three-day tournament attracts players from around Alaska, the Yukon Territory and Lower 48 states.

In February, teams from Anchorage, the Matanuska-Susitna Valley and the Yukon Territory come to Juneau for the annual Rainforest Tournament. This year it was kicked off with a sister city game versus Whitehorse.

In 2015, Treadwell Arena hosted a state youth hockey tournament for the Tier III, age 14-and-under division. It attracted nine teams from around the state who packed our hotels and restaurants for four days while receiving praise from USA Hockey's regional director.

Juneau Douglas High School hockey team trains at Treadwell and hosts as many as 16 games each season. This year, for the first time in the school's history, Juneau advanced to the state tournament and Athletic Director Chad Bentz has generated serious consideration for Treadwell to host the Mid-Alaska Conference tournament every four years.

These developments illustrate how the Treadwell Arena continues to establish itself as a community and state asset.

Juneau Skating Club Events

August ice rentals are also heavily utilized by the Juneau Skating Club (JSC), providing training sessions for figure skaters who compete each October at US Figure Skating's regional competition in Washington. A skater's rankings at regionals and then sectionals will determine opportunities to compete at a national or Olympic level.

Also in February, JSC hosts a US Figure Skating sanctioned testing session and a Basic Skills Competition. Testing and competition utilizes out-of-state US Figure Skating judges and attracts figure skaters from outside Juneau.

Each year, JSC holds a holiday recital in December and season-ending performance in April. This performance has generated enough demand to produce two 90-minute shows while attracting a international caliber guest skater.

The Treadwell Arena Advisory Board

TAAB is the product of discussions that began in early 2014 when the Assembly began reviewing Treadwell's operations and whether it was maximizing potential cost recovery.

Initially, the Assembly questioned whether Treadwell's operations should be placed under the Eaglecrest Ski Area's management. The Assembly delayed its decision to pursue that option and formed a task force to review it further.

The Assembly followed the task force's recommendations to leave Treadwell operations under the management of the CBJ Parks & Recreation Department and form a citizen advisory board. In Ordinance 2015-18(am), the Assembly delineated TAAB's purpose and tasks.

In the summer of 2015, the Juneau Assembly finalized its board appointments. The Assembly named: Taylor Horne; Elizabeth Balstad; Jason Soza; Patty Collins; Bret Connell; Molly McCormick; and Steven Quinn.

Appointments of Soza (Juneau Adult Hockey Association), Quinn (Juneau Douglas Ice Association) and Collins (Juneau Skating Club) reflect their roles on respective boards. The remaining appointments are public appointments to residents who either skate at the arena or have family members participating in activities.

Soza and Quinn received one-year appointments that expire May 31, 2016; Collins and Connell received two-year appointments that expire May 31, 2017; Horne, Balstad and McCormick received three-year appointments that expire May 31, 2018.

TAAB, in turn, unanimously named Horne to be the board chair and Balstad to serve as board vice-chair.

The Assembly tasked TAAB with drafting a report examining various segments of Treadwell Arena operations, including revenue, marketing and facility usage.

Per the ordinance, TAAB used the following criteria as a guide and embedded them throughout the report:

- What are ways to market Treadwell Arena to increase the number of users now and into the future?
- Identifying of barriers the CBJ Code that could hinder marketing efforts related to advertising, fundraising, concession sales and naming rights.
- Methods to establish better and clearer relationships with user groups and the public to gain ideas for increasing users and revenues.
- A review of Treadwell Arena's operational standards to assist in identifying areas in which operational efficiencies maybe increased.
- A review of ice scheduling and allocation of Treadwell Arena's resources in order to assist in ensuring equity in opportunity and support for a diversity of community rink users.

TAAB immediately began receiving varied briefings from the Parks & Recreation Director Kirk Duncan and Treadwell Arena Manager Lauren Anderson.

These briefings underpin a report mandated by the April 9 ordinance calling for an advisory board and operations review.

As the report illustrates, the briefings initiated dialogue between a citizen board and the city and those discussions have already led to changes implemented by the city and Treadwell management.

Certainly, not every request can be honored, but greater channels between the public and the Arena management are being opened.

The Assembly laid out specific questions it wished to have answered in the report. The report addresses each question individually.

1) Have user numbers increased?

Numbers for FY16 are not available yet, but the most recent figures, FY15, saw a 2 percent bump to 44,189 users.

This is likely caused by the slowed season at Eaglecrest, which never opened all of its trails that winter, and shut down several weeks early. Still, it was the highest number since FY10.

Driving the growth were strong surges in the daytime and nighttime open skate sessions and the stick and puck sessions, which allows hockey players to work on their skills.

The three core user groups have a strong stake in Treadwell Arena and constantly work to boost participation, either through new programs, events or increased enrollment.

Since the 2013-2014 season, each of the three main user groups boast their own success stories that warrant sharing.

These groups are:

- **The Juneau Douglas Ice Association**

Juneau Douglas Ice Association's (JDIA) mission to make youth hockey accessible and affordable has pushed enrollment up 10 percent in each of the last three years.

For the 2015-16 season, the association's introductory hockey program exceeded 50 players, which helped push total enrollment past 200 players for the first time since the association began in 2004.

Also this season, JDIA sponsored seven teams for state tournament competition, spanning four age divisions. That's about 85 players and their families who enjoyed the chance to travel and represent Juneau in other hockey communities such as Anchorage, Fairbanks, Homer, Wasilla and Palmer.

Players' families make these trips possible through fundraising to cover additional ice rental and cover travel expenses for coaches, volunteers who spend several hours a week at Treadwell from September through March.

In March 2015, JDIA hosted one of these state tournaments.

The tournament brought nine teams from Anchorage, Fairbanks, Homer, and the Matanuska Susitna Borough. Governor Bill Walker performed a ceremonial puck drop and Juneau Rep. Sam Kito III also joined Walker on the ice for a pre-game skate.

Further, this tournament helped boost Juneau's hospitality business: hotels, restaurants and car rentals for four days. Additionally, the teams not only enjoy time at Treadwell Arena but toured the city, visiting places like Mendenhall Glacier and the Shrine of St. Therese.

Representatives from an Anchorage and a Fairbanks team wrote letters to the Juneau Empire complimenting JDIA for running a first-class tournament.

- **The Juneau Skating Club.**

The Juneau Skating Club's mission is to teach Juneau to skate. It hosts a Basic Skills/Learn to Skate and a US Figure Skating-affiliated figure-skating program. In 2013, JSC began to actively increase marketing and outreach throughout the community. Within the year, JSC's basic skills/learn to skate enrollment went from averaging 60 skaters to over 100 per six-week class session.

The following year, growing demand enabled JSC to expand its Basic Skills program by adding two additional weekday programs. On Monday nights JSC focused on advanced Basic Skills skaters and the creation of a bridge program linking the Basic Skills program to the figure skating levels. On Tuesday mornings JSC provides a learn-to-skate program specifically focused on home school skaters and families.

JSC's four basic skills classes per week have maintained between 130 and 140 enrollments each six-week session throughout the past two years. JSC currently has around 40 youth and adults involved in the figure skating program, each participating three to fifteen hours per week.

The bridge program successfully retains skaters who learn increasingly more difficult skills and advance into the club's figure skating program. This has increased figure skating participation by 10 percent during the 2014-15 skating season and about 20 percent during the 2015-16 skating season. JSC anticipates growth in its figure skating program to continue in the 15-20 percent range next season as our advanced basic skills skaters graduate into the figure skating program.

JSC developed a youth synchronized skating team during the 2013-14 skating season which has grown since. For the past two years the youth synchronized skating team has performed at the Fur Rondy Ice show in Anchorage. This is an invitation only performance. JSC's figure skaters are strongly encouraged to participate in the basic skills program as assistant instructors. The involvement of our youth in teaching skaters serves as an inspiration to our new skaters, and our figure skaters learn to devote time while developing constructive communication skills.

- **Juneau Adult Hockey Association**

The Juneau Adult Hockey Association (JAHA) was founded in 2003, the same year Treadwell Arena was built, to promote adult recreational hockey in the Capital City. JAHA is constantly looking at ways to expand its user base and engage existing members in new ways.

For instance, in 2012, JAHA added a tier for players 40 years of age or older. This drew a number of players back to the league who wanted a less competitive playing style than what was being offered.

In 2013, JAHA looked to bring in new players by creating an Intro to Hockey series of classes. These classes go beyond skating skills and focus more on hockey rules, gameplay, and drills to get new skaters ready for the game. Since these classes have been offered, there has been a very noticeable increase in the skill level of players entering our beginner tier levels, which has had a positive overall effect on the gameplay within the

tier, thus bringing back current players and attracting more new players.

Also in 2013, JAHA introduced the Holiday Jamboree season. This season happens over the first few weeks of December and aims to provide all players with a fun-first, non-competitive ice hockey experience. Players include those already registered for JAHA, those coming home for the holidays or those who just want to keep up their activity over the holiday break.

Lastly, in the 2015-2016 season, JAHA had a presence at the University of Alaska – Southeast's new student orientation day and was able to connect with some potential future players. In April, JAHA ran its first Douglas Island Cup tournament which, while this first year was made up of local teams only, JAHA hopes will grow into a multi-state and multi-country destination tournament, bringing a positive economic impact to Juneau.

All of these efforts have resulted in an over 20 percent increase in overall JAHA participation, with the 2015-2016 season being the largest in terms of team numbers. Individual player registration has also increased by roughly the same amount from 255 to 300 when the 2010-2011 winter season is compared to the 2015-2016 winter season.

2) Has a user group feedback system been developed?

Yes, and Treadwell Arena has already responded to some concerns.

Treadwell management has created a public survey that was accessible from the Treadwell website (<http://www.juneau.org/parkrec/icerink/>).

TAAB would like to see the development of a simpler public survey that provides the opportunity for quicker engagement. TAAB would also like a TAAB email providing the opportunity for the public to express concerns and suggestions directly to TAAB, allowing for a communication option outside of Parks & Rec employees.

TAAB feedback on behalf of users has led to several changes:

- In November, 2015, management installed a cellular booster in the rink's lobby area to improve user group's abilities to manage registration and program promotional needs while at the rink.
- User feedback has also lead to relocating the thermostats in the locker rooms and public bathrooms away from the entry doors. This too took place in December. This has decreased the temperature in these spaces that should lead to a reduction in utility costs from heating these spaces.
- This year Parks & Recreation also responded favorably to the input from hockey tournament organizers and the annual Rainforest Old Timers tournament hosted Treadwell's first beer garden during the event.
- Treadwell Arena extended by one week this season and intends to do the same next season. This means the winter schedule is only one week shorter than the FY 15 budget cuts that called for trimming the schedule.

Certainly not every request can be honored but TAAB has been able to serve as a voice for rink users while understanding what drives management decisions.

TAAB has also enhanced public awareness of its presence a list of TAAB members posted on a bulletin board in the lobby. This demonstrates how TAAB and management place credence in open communication and access.

3) **Has a marketing strategy been developed?**

Since rink manager Lauren Anderson assumed Treadwell Arena operations in December 2014, she has actively and creatively increased marketing opportunities.

The discontinuation of the youth summer camp eliminated income, so arena management used its summer employment to reach out into the community promoting the Treadwell Arena.

This time has been used to boost advertising around the arena, mostly on the boards that surround the rink. This development will be examined in greater detail when the report discusses diversifying revenue.

Along with dasher-board revenue, this public outreach has increased private business purchases of hourly ice rental for both private and public, providing additional opportunities for new users to be aware of and use Treadwell Arena.

Sometimes marketing calls for being creative. As a prelude to the adult Rainforest Oldtimers Tournament, a team from Juneau and Whitehorse played a Sister Cities game. Rink management found a game sponsor to cover the ice rental costs: the Prospector Hotel. While the players were willing to cover the expense, this kind of initial partnership can be developed further, meaning the investment can prospectively be long term for the rink and hotel.

Because the rink manager works year round, much of her marketing and planning for the upcoming season begins almost immediately once the rink closes.

Indeed, one day before the rink closed April 17, 2016, she had cards promoting the next season printed and ready for distribution at a local event

Anderson has also begun reaching out to three core user groups to start scheduling for August 2016. Early scheduling enables her to see openings for programs and other special events.

Anderson believes programs are crucial to generating and sustaining interest in the rink. With that comes growth and greater rink awareness.

A few programs include:

- Treadwell Sponsored Adult Hockey Clinics. This is for all abilities, particularly beginners. Treadwell management secured 12 sets of adult hockey equipment through a grant from USA Hockey.
- The Hockey equipment was also used during the 2014-15 skating season for a Treadwell sponsored adaptive skating program in partnership with Outdoor Recreation Community Access (ORCA). This season the adaptive skating program has been combined with an after school skating program partnered with the Zack Gordon Youth center.
- Youth Hockey Clinics. Once the city's youth hockey season ends, as many as five weeks still remain for the rink. This clinic gives youth another chance to try hockey. In several cases, this has generated new youth to enrollment in the Juneau Douglas Ice Association programs the following fall.
- School Groups. Rink management works with the school district in order to create a "Skating with the Schools" program. Seventy-nine classes from throughout the school district utilized non-prime weekday ice that typically gets minimal use.

- Treadwell management has provided support to both the JDIA & JSC introductory and Learn to Skate programs by providing participants a complimentary pass good for attendance at one Treadwell Arena open skate. This has increased awareness of the Treadwell Arena open skate schedule.
- Next year in FY17 Treadwell Arena proposes to provide complimentary season pass to all third graders. The effort to promote ice skating with third graders will be supported by JSC and Treadwell Arena by providing discounts to third graders in their Basic Skills/Learn to Skate program.

These programs get featured on brochures, mailers and the Treadwell web site. Additionally, the rink manager makes regular appearances on KINY Capital Chat and KTOO promoting the rink. The user groups also take to the air ways touting their programs as well.

4) **Have revenues increased?**

TAAB examined the five years starting with FY12 so it would cover years leading up to and beyond when the Assembly first considered a closer look at Treadwell Arena's operations midway through FY14.

Preliminary numbers for the current fiscal year estimate revenue at \$391,000 with cost recovery at 63 percent. This is Treadwell's strongest revenue performance since opening.

Here is a brief breakdown of the five years examined:

Revenue in FY12 rose about 1 percent year-over-year to \$346,038, despite a drop in facility rental. This was offset by a sharp spike in open skate revenue, more than doubling the previous year at \$31,148.

Revenue in FY13 reached \$352,000. That's a 2 percent boost over the previous year. This is likely attributed in part to a \$35-per-hour ice rental increase, about 17.5 percent. Ice rental revenue rose to \$254,724 that year from \$233,322, however, user groups simultaneously reduced the number of hours that they rented over the course of the season.

Revenue in FY14 fell to \$348,184, mainly due to a reduction in facility rental hours.

Revenue in FY15 grew to \$378,900. This is the first year in which there was no summer program income, however, growth in user group rental hours, dasher board sales and increased revenue from Treadwell sponsored lessons and learn to play programs exceeded the projected operational deficit.

Revenue in FY16 grew to \$391,000, bringing cost recovery to 64 percent. This is a preliminary number. Final revenue and cost recovery numbers will be available once the fiscal year ends June 30.

	FY12	FY13	FY14	FY15	FY16
Revenue	\$346,000	\$352,000	\$348,200	\$378,900	\$391,000
Personnel	\$433,269	\$433,300	\$417,000	\$417,500	\$412,700
Other Expenses	\$211,020	\$222,400	\$217,300	\$190,960	\$207,700
Total Expenses	\$644,289	\$655,700	\$634,300	\$608,460	\$620,400
Cost Recovery	54 percent	54 percent	55 percent	62 percent	63 percent

5) **Have revenue streams diversified?**

Treadwell Arena's main revenue stream comes from hourly ice rentals from its three core user groups Juneau-Douglas Ice Association (JDIA), Juneau Skating Club (JSC), and Juneau Adult Hockey Association (JAHA), and the general public.

In order for Treadwell to continue its cost recovery efforts, revenue streams need to be diversified, and they have. As mentioned earlier, some of the new revenue streams are appearing around the arena.

Boards that enclose the rink are filling up with logos from local businesses and international corporations. These are called dasher boards and the space traditionally gets used to bring in marketing revenue in exchange for businesses placing their company's name on the boards. This gives Treadwell a community feeling found in rinks across North America and reflects a diverse interest.

Board sponsors included law firms, a dental practice, an architectural firm, a cruise line, and other small businesses. In the case of the Juneau Adult Hockey Association, this user group re-invested a portion of its fees back into the rink by purchasing board space featuring tier champions from the fall and winter seasons.

Some businesses cannot get their names on the boards. One is the Island Pub, which has its name on jerseys and the bubble hockey game in the open area. But because the Island Pub has alcohol as a certain percentage of sales, it's not eligible to purchase space.

The Island Pub is family friendly and featured on a national cable network for its pizza, not for beer or wine. One year, the Palmer High School Hockey team enjoyed a pre-game meal, dropping \$500 on food and drinks, none of for alcohol. Perhaps this policy can be revisited.

For now, the staff doesn't look at this as a hurdle or as a situation pointing to who can't advertise; rather, it pursues those eligible, but expanding the field could help the city's bottom line.

Anderson is one of two rink employees who works year round. Once the rink closes, she begins reaching out to the business community to sell and renew the board space.

For the 2015-2016 season, Anderson sold space on the score board and beneath the ice in full view to people sitting in the bleachers watching hockey or figure skating.

Anderson has told TAAB she hopes to have the sides of the Zamboni featuring sponsors and possibly selling Treadwell Arena naming rights.

There are currently no summer activities at Treadwell Arena. TAAB intends to explore revenue streams through summer programs.

6) Has the cost recovery continued at 50 percent?

The Assembly has established a cost-recovery benchmark at 50 percent. Preliminary numbers for the most recent season during FY16 estimate cost recovery at 63 percent. That's a 12 percentage point boost from FY12.

Cost recovery has been steadily increasing thanks to increased marketing revenue, streamlined staff and more usage.

It's moved forward each year since FY12 when cost recovery stood at 51 percent. Since then, it has inched along to 54 percent (FY13), 55 percent (FY14) and 62 percent (FY15). Expenditures vary yearly and could effect cost recovery.

7) Have operational cost savings measures been implemented or identified?

The most visible operational change lies with the staffing. Beginning in FY14, Treadwell management began cross training staff. This means certain rink staff are trained to operate the ice re-surfacer, sharpen skates and provide additional customer requests. Parks & Recreation management is researching prospects to replace the propane fueled Zamboni with an electric Zamboni. This has potential operational cost savings.

Conclusion

The city's Parks & Recreation Department and the Treadwell Arena management have done especially well to boost cost recovery well beyond the standard 50 percent. This was a major concern when the Assembly began establishing citizen groups to reviewing management and operations options. Arena staff has also increased user engagement through a survey and made optimal use of TAAB to address some user concerns. Moving forward the board recommends the following.

- 1) TAAB should remain active as it ensures clear communication between users and Treadwell management.
- 2) CBJ should continue to support Treadwell management's efforts to boost revenue and attendance.
- 3) When appropriate, CBJ should revisit the codes that could impede Treadwell Arena revenue streams.

Presented by: The Manager
Introduced: 03/16/2015
Drafted by: A. G. Mead

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2015-18(am)

An Ordinance Establishing the Treadwell Arena Advisory Board.

WHEREAS, on July 21, 2014, the Assembly created the Treadwell Arena Task Force ("Task Force") to study the feasibility of an empowered board for management of the Treadwell Ice Arena; and

WHEREAS, in its report to the Assembly dated December 12, 2014, the Task Force recommended that the Treadwell Arena Advisory Board be formed.

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a non-code ordinance.

Section 2. Treadwell Arena Advisory Board Established. There is established the Treadwell Arena Advisory Board.

Section 3. Membership Qualifications. The Board shall be comprised of seven voting members appointed from the general public, and one liaison from the Parks and Recreation Advisory Committee. The liaison shall not have the power to vote and shall not be counted in determining whether a quorum of the Board is present. Members shall be appointed to staggered three-year terms. To the extent practicable, at least one member shall have professional marketing experience. No more than three members shall be employees or board members, or the immediate family member of any employee or board member, of any organization that provides activities at the Treadwell Ice Arena.

Section 4. Treadwell Arena Advisory Board Purpose.

A. The Treadwell Advisory Board shall, in consultation with the Treadwell Arena Manager, report to the Assembly Committee of the Whole on an annual basis on issues relating to the Treadwell Ice Arena. The Board's report shall address, at a minimum, the following:

1. Ways to market Treadwell Arena to increase the number of users now and into the future;

2. Identification of barriers in CBJ Code that could hinder marketing efforts related to advertising, fundraising, concession sales and naming rights;
3. Methods to establish better and clearer relationships with user groups and the public to gain ideas for increasing users and revenues;
4. A review of rink operational standards in order to assist in identifying areas in which operational efficiencies may be increased; and
5. A review of ice scheduling and allocation of rink resources in order to assist in ensuring equity in opportunity and support for a diversity of community rink users.

B. *Initial report.* The Board's initial report to the Assembly shall be due no later than May 1, 2016. In addition to the information outlined above, the initial report shall include findings on the following:

1. Has the number of users increased?
2. Have revenues increased?
3. Have revenue streams diversified?
4. Has the cost recovery continued at 50% or greater?
5. Have operational cost savings measures been implemented or identified?
6. Has a marketing strategy been developed?
7. Has a user group feedback system been developed?

Section 5. Procedure. The Treadwell Arena Advisory Board's procedure shall be governed by Robert's Rules of Order, except where superseded by the Advisory Board Rules of Procedure and the Assembly's Rules of Procedure, as such may be amended from time to time.

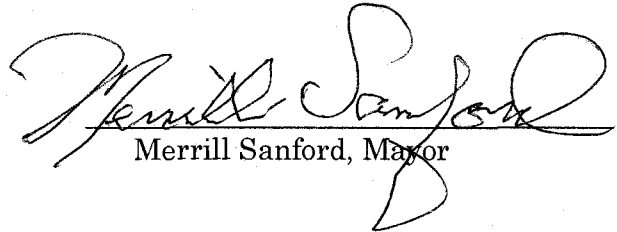
Section 6. Officers, Meetings, Quorum. In accordance with the Advisory Board Rules of Procedure, the Board shall select its own officers, and shall hold regular meetings on a schedule established by the Board, as well as such special meetings as required to conduct business.

Section 7. Liaison. The City Manager shall designate a staff liaison to the Board as available and appropriate.

//

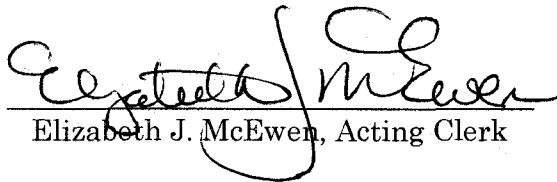
Section 8. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this 6th day of April, 2015.



Merrill Sanford, Mayor

Attest:



Elizabeth J. McEwen, Acting Clerk

Presented by: The Manager
Introduced: May 2, 2016
Drafted by: Finance

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2753

A Resolution De-Appropriating \$1,893,119 from the Runway Safety Area Capital Improvement Project, Grant Funding was Provided by Federal Aviation Administration and Alaska Department of Transportation and Public Facilities Grants.

WHEREAS, under Article IX of the Home Rule Charter of the City and Borough of Juneau, the Assembly by resolution may reduce any appropriation, except for debt service or for cash deficit, provided that no appropriation may be reduced by more than the amount of the unencumbered balance; and

WHEREAS, Ordinance 2009-08(B) appropriated \$21,100,219, Res. 2496 de-appropriated \$5,523,317, and Ordinance 2013-11(AM) appropriated \$979,455 leaving FAA grant funding of \$16,556,357 and Ordinance 2009-08(W) appropriated \$409,918 and 2013-11(AM) appropriated \$25,115 in ADOTPF grant funding, leaving \$435,033; and

WHEREAS, project costs for the Snow Removal Equipment Facility was disallowed due to the relocation of the site; and

WHEREAS, the FAA has decreased the amount of grant funding to be allocated.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. The budget is de-appropriated from the Runway Safety Area Capital Improvement Project in the amount of \$1,893,119 in FAA and ADOTPF Grant Funding.

Section 2. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 2nd day of May 2016.

Kendell D. Koelsch, Mayor

Attest:

Laurie J. Sica, Municipal Clerk

FISCAL NOTE

RESOLUTION # 2753

OPERATIONAL IMPACT	Check No/Yes ☒ No ☐ Yes, explain in detail
Explanation of Impact:	
(Attach Additional Pages as Necessary)	

FINANCIAL IMPACT	Check No/Yes ☒ No ☐ Yes (if Yes, complete the following)
-------------------------	---

	FY16	FY17	FY18	FY19	FY20
Expenditure Budget					
Airport Operating Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Funding Sources:					
Airport Operations Revenues		-	-	-	-
Total Funding Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Personnel					
Full-Time FTE's	-	-	-	-	-
Part-Time FTE's	-	-	-	-	-
Temporary FTE's	-	-	-	-	-

CAPITAL IMPROVEMENT PROJECTS (CIP)

Project Budget	A50-074 RSA	
Direct Project Costs	\$ 57,939,591 \$ -	Amounts noted at left are 100% of the project total expenses Project Totals Before Appropriation: \$ 61,725,829 This Appropriation: * (1,893,119) Total Project: \$ 59,832,710
Total Project Budget	\$ 57,939,591 \$ -	

	Original Budget	Res. 2753	New Budget
Funding Sources			
Federal Grants *	\$ 56,469,271	\$ (1,844,577)	\$ 54,624,694
State Grants *	1,476,100	(48,542)	1,427,558
PFC	1,033,711		1,033,711
Local In-Kind	853,628	-	853,628
Sales Tax a)	1,893,119	-	1,893,119
	-	-	-
	-	-	-
	-	-	-
Total Funding Sources	\$ 61,725,829	\$ (1,893,119)	\$ 59,832,710

Comment: This resolution de-appropriates FAA AIP 50 and the ADOTPF Match because of the relocation of the Snow Removal Equipment Facility from the NE quadrant to the NW quadrant.

a) Transfer T-978 is moving \$1,893,119 of Sales Tax in to this project on the date of this de-appropriating resolution.

Total Project Expenses	58,316,249
Available Budget after Ordinance	\$ 1,516,461

Personnel		
Full-Time FTE's	-	-
Part-Time FTE's	-	-
Temporary FTE's	-	-

Prepared by: John Coleman
 Affected Depts a) Airport
 (Dir/Dept): b) Patricia K. Wahto
 Finance Dir: Bob Bartholomew
 City Manager: Duncan Rorie Watt

Date: 4/11/2016
 Date: _____
 Date: _____
 Date: _____
 Date: _____
 Date: _____

Presented by: The Manager
Introduced: May 2, 2016
Drafted by: Finance

TRANSFER REQUEST FOR THE CITY AND BOROUGH OF JUNEAU,
ALASKA

SERIAL NUMBER T-978

It is hereby ordered by the Assembly of the City and Borough of Juneau, Alaska, that \$1,893,119 be transferred:

From: CIP

A50-077	Snow Removal Equipment Facility	\$1,893,119
---------	---------------------------------	-------------

To: CIP

A50-074	Runway Safety Area	\$1,893,119
---------	--------------------	-------------

The \$1,893,119 consists of:

Temporary Sales Tax	\$ 1,893,119
---------------------	--------------

Moved and Approved this _____ day of _____, 2016.

Duncan Rorie Watt, City Manager

Attest:

Laurie J. Sica, Municipal Clerk

City and Borough of Juneau

Capital Project Budget Summary Report

Impact of Budget Action:

Transfer T-978

Budget Action and Project Funding Impacts

The effect of this transfer on the project budgets and available funds to complete the projects is summarized below:

Project No. Transfer From		Transfer	Project Budget		Remaining Funds		Comments
			Before	After	Before	After	
A50-077	Snow Removal Equipment Facility (SREF)	\$ 1,893,119	\$ 8,388,786	\$ 6,495,667	\$ 5,904,925	\$ 4,011,806	To be closed

Project No. Transfer To		Transfer	Project Budget		Remaining Funds		Comments
			Before	After	Before	After	
A50-074	Runway Safety Area (RSA)	\$ 1,893,119	\$ 57,939,591	\$ 59,832,710	\$ (376,658)	\$ 1,516,461	Ongoing project



City and Borough of Juneau

Engineering Department

155 South Seward Street

Juneau, Alaska 99801

Telephone: 586-0800 Facsimile: 463-2606

DATE: May 8, 2016

TO: Assembly Lands and Finance Committees

FROM: Rorie Watt, P.E., City Manager

RE: Renninger Subdivision/Jackie Street – PDG Proposal

As a response to our request for letters of interest to the new Jackie Street Subdivision, we have received a proposal to form a public private partnership (PPP) for the development of a significant number of housing units. Major details of the proposal include:

1. CBJ Provides ~\$800K of Land to the project
2. CBJ Retains Ownership of the Land
3. Developer Provides Financing (current estimate \$16M)
4. Developer Constructs up to 90 housing units
5. Developer is Guaranteed a Fee of approx. \$1.8M
6. CBJ Guarantees Developer Investment Returns (\$1-\$1.4M/year) for 30 Years
7. CBJ Becomes Owner of the Development at the end of 30 Years

The Assembly is faced with major policy questions including:

- A. Is CBJ willing to accept this type of risk to help solve our housing problems?
- B. If so, is this type of proposal acceptable?
- C. Could CBJ provide more favorable financing on its own?
- D. Are there other developers who would compete to provide alternate terms if we were open to forming a PPP?

Attached is a much more detailed memorandum from our staff. The issues are complex blend of financial terms and public policy decisions. I also add the caveat that all of the numbers are preliminary estimates and should be treated as such. Given that Municipal risks are significant and that the decisions will last for 30 years, I recommend that we proceed very cautiously with this type of idea.

City and Borough of Juneau

May 11, 2016

Staff Overview of PDG Development Proposal for Renninger Subdivision/Jackie Street

The CBJ has received a unique development proposal to create 90 rental units on three parcels of land in the Renninger subdivision. This proposal will put the CBJ into the business of residential development, property ownership and management.

The policy question before the Assembly is: Is the need to create additional housing in the community a high enough priority for the city to build market rate apartments in direct competition with the private sector and take on the related financial risks of the project?

Prior to embarking the project, staff believes the Assembly needs to understand the basics of the proposal and the potential risks and rewards it represents to the organization and community. There are two main issues to consider with the PDG proposal – 1) The responsibilities and risks of the CBJ's role as Project Sponsor and 2) the income target that makes the PDG proposal a fair market housing development deal.

Proposal Details

The CBJ would make available at cost 3 land parcels (6.2 acres), for a period of 30 years to the development. The land has a market value of \$806,000 (PDG pro forma = \$714,000) and represents the city's "seed money" in the project. PDG would develop the property and initial investment capital to develop 90 rental units. As a rough estimate the PDG pro forma notes a total project investment of close to \$15.8 million. The investors would be paid an initial development fee of approximately \$1.8 million (11.4%) with a guaranteed a monthly investment return between \$1 million (6.3%) and \$1.4 million (8.9%) over 30 years -- primarily through the collection of future rent.

The objective would be to rent out the properties to meet a targeted housing need (workforce housing at 80 – 120% of average medium income) in Juneau and use the collected rental income to cover expenses including: 1) operating costs, 2) deferred maintenance reserve and 3) guaranteed investment return. During the 30 year financing period, a third party property Management Company would be hired to manage the facility -- or, the CBJ could manage the property. Either way, the CBJ would be responsible for ensuring that units were occupied and rent was paid to the investors. The CBJ would be the owner of the properties and assume the risks that come with property ownership. At the end of 30 years, the depreciated development would fully revert to the CBJ and could continue to be managed by the city or sold to another investor.

Important: The cost projections and financing terms for the project provided by PDG development are preliminary and subject to change during a Memorandum of Understanding (MOU) process. For example, the preliminary pro forma noted equity rates of 3.5%, phone conversations mentioned rates in the 5-6% range. Also,

Staff Overview PDG Proposal - Renninger Sub/Jackie St.**5.11.2016**

depending on the lots to be developed, the design and development pricing may change leading up to a final contract.

The CBJ as Project Sponsor

In the proposal PDG will provide financial equity and develop the proposed 90 rental units while the CBJ fulfills the role of project sponsor. Typically, partners that fulfill the role of project sponsor with for-profit developers like PDG for housing development are non-profit organizations or community development organizations that routinely develop affordable housing (80% AMI and below) or target a certain population (veterans, special needs, etc.) that fits their mission and fulfills a need in the community.

Advice given to these agencies prior to entering a housing development partnership is to carefully consider organizational mission, capacity and experience, resources, and objectives for the project. The CBJ should do a similar evaluation.

Mission:

- Does the CBJ want to build, own, and manage market rate housing?

Capacity and Experience:

- PDG as a for-profit developer has participated in affordable housing development projects (80% AMI and below) with non-profit agencies and community development organizations as project sponsors; entities that are active in day-to-day operations of housing (property management, services) and that have access to federal and state housing programs because of the income target.
- The CBJ is not involved in the day-to-day operation of housing and the proposed income target (80%-120% AMI) provides no rental safeguards through outside state or federal resources to ensure rents will be paid over the 30-year period.
- PDG didn't indicate experience with this type of project for the income target. (80%-120%).
- Staff time and contract management through the MOU negotiation, development, and 30-year lease period should be considered, as well as the capacity needed to operate or sell the market rate rental property on the backend.

Resources:

- Is the PDG Development proposal the most cost efficient approach to developing market-rate rental housing – if CBJ wants to get into this business?
- Does the CBJ want to finance the project using venture capital instead of some other mechanism? (bonding)

Objectives for the Project:

- Is the need to create additional housing in the community a high enough priority for the city to build market rate apartments in direct competition with the private sector and take on the related financial risks of the project?

Risks and Rewards

There are several risk factors that CBJ can control or influence and several that we cannot. Risks we do not control are unexpected development costs during the construction phase and future market rental demand.

Higher Construction Costs: The higher the construction costs are, the more long term financial exposure the city will have in terms of covering project costs through rentals. That said, it is critical that the construction quality be high enough that deferred maintenance issues are not exasperated and that the building's quality continues to attract renters over time

Future Market Rental Demand: If the housing market stays strong for 30 years and provides reasonable rents and a low vacancy factor this could be a good investment, if not the city will be responsible to make up the difference to cover the annual guarantee to the investment company. Lease payments to the financing firm over 30 years could be a 30 year commitment to cover revenue shortfalls.

Also, 90 units could be ambitious given the lots, wetlands, etc.

Risks we can influence are certain development and operating costs which will lower the overall financial exposure.

Gravel: The CBJ could provide free gravel for site preparation. There is a major risk in being able to develop a viable affordable workforce housing project but have rent levels sufficient to cover operating and deferred maintenance costs. The private sector has largely not been able to achieve this goal. The objective of investing more of the CBJ resources up front (land and gravel) is to make it easier for ongoing rents to cover ongoing financial obligations.

On a final note, it is possible that the objective of this project could be met through alternative sources. As an example, the CBJ could act as the developer and fund the cost of the project build through bond sales rather than a paying a private investment company and developer. It is unclear if this option would result in a more affordable project over the long term.

Income Targeting

The Pacific Development Group proposal targets workforce housing with an income level in the range of 80%-120% AMI for the 90 rental units. Workforce housing is a newer term, one that isn't recognized by the Department of Housing and Urban Development, and a term that has been used nationally to often include a wider income range (50%-120% AMI). (Note: The targeted rental rates in the proposal aren't completely set as PDG indicated flexibility to meet the CBJ's needs and would also be impacted by changes in development costs.)

Juneau Income Limits for 2016:

	1 Person	2 Person	3 Person	4 Person
120% Area Median income	\$ 81,312	\$ 92,928	\$ 104,544	\$ 116,160
Area Median income	\$ 67,760	\$ 77,440	\$ 87,120	\$ 96,800
80% Area Median Income	\$ 54,208	\$ 61,952	\$ 69,696	\$ 77,440

There are a number of issues to consider with the 80%-120% PDG proposed income target.

- Major Federal and State Housing Program income targets fall in the 80% AMI (low-income) and below range. The rationale for these income targets is that because funding and resources are limited, lower-income and more severely rent-burdened households should be provided with the resource.
- There are no matching housing development funds or rental assistance/housing voucher programs available in the 80%-120% income range – meaning 30-year of lease payments would also be a commitment to potential revenue shortfalls.
- PDG as a for-profit developer has participated in affordable housing development projects (80% AMI and below) with non-profit agencies and community development organizations as project sponsors – entities that are active in day-to-day operations of housing (property management, services) and that have access to federal and state housing programs because of the income target. The CBJ is not involved in the day-to-day operation of housing and the income target provides no outside state or federal resource to ensure rents will be paid.



Memo

To: Rorie Watt
Assembly Lands and Finance Committees
From: Mark Lewis
Date: May 11, 2016
Cc:
Re: Renninger Subdivision

We appreciate the review and response to the PDG proposal by the City/Borough of Juneau staff and would like to clarify some of the issues in the staff memorandum dated May 8, 2016.

Since our Assembly of Lands Committee meeting and presentation of April 25, 2016, PDG has reached out to and had communications with Tamara Rocroft representing the University of Alaska Student Construction Program to discuss the different site opportunities discussed at the last lands Committee meeting. The University Student Construction program remained committed to their request to remain at lot 3. As a result, PDG has looked into the development of Lots 2, 4 and 5 a split site in order to make the project work and allow the student construction project to go forward as they have projected. We believe that lots 2, 4, and 5 can be developed as a split site. This lot configuration could not be as efficiently developed as lots 2, 3, and 4 as originally requested, but can be accomplished. The development proposal for these lots would follow PDG's prior proposal as follows:

1. CBJ would provide the land to the project.
2. CBJ retains ownership of the land.
3. PDG brings the lender/lessor to provide financing for the project.
4. PDG constructs between 60-90 housing units depending upon market study and CBJ desired outcome.
5. Development fee is based on the cost of the project and number of units developed and is consistent with or less than that approved by Alaska Housing Finance Corporation for affordable housing.
6. CBJ sponsors the project and makes the lease payments to the lender/lessor for 30 years revenues generated from the project.
7. PDG takes responsibility for leasing up the project and with CBJ approval contracts with a third party management firm to manage the project during the period of financing.
8. CBJ becomes the owner of the development lien free at the end of 30-year finance period with a significant increase in value from the original contribution of the undeveloped land.

PDG feels this development proposal includes significant benefits to the community and some areas of minimal risk to the city. One area of risk is the responsibility of making lease payments from the project revenues for 30 years. However, a market study recently done by PDG shows with certainty that there is an adequate amount of housing demand for this property going forward during the finance period. PDG is bringing 100% financing to be repaid as lease payments, from project revenues. We believe this is a much better way for the CBJ expand its available housing to the community at affordable rates. Development of affordable housing in communities normally requires significant cash investment from government sources including the community receiving the housing. In addition, the project will generate cash flow back to the CBJ from project revenues. The parties that will participate in this project over the next several years include:

1. CBJ
2. PDG
3. Investor/lessor
4. Third party management firm

Again, PDG feels that the risks are minimized due to the demand in the marketplace, which is compounded by the lack of existing affordable quality housing, as demonstrated by the recently completed market study. In addition, the project does generate cash flow on an annual basis for the CBJ. The lease payments for the project should not be confused with "Developer Investment Returns." The CBJ's recently completed housing action plan recommends that the CBJ take affirmative actions such as this to unstick the community's housing market.

The project size can be tailored to further mitigate the risk if desired by the CBJ. Rents planned in the project proforma are consistent with income brackets at 80% average CBJ community family incomes and pay no more than 30% of their income to rent. This approach will bring affordable work force housing to the community. Based upon an evaluation of the market study for demand the number of units in the project can be reduced from 90 to a lower number thereby reducing the project risk if desired by the CBJ.

The proposal with the four parties mentioned above allows CBJ to be the lessee of the property with a high reversion value to the city in 30 years. PDG being responsible for third party management resolves CBJ concern of not being responsible for property management. This eliminates CBJ getting into the business of development and management of property.

Public, private partnerships, like the one proposed, fulfill the need of housing in the community and helps achieve the mission of the community. PDG has several projects with non-profit organizations that develop affordable housing projects. This type of housing partnership, typically include the municipality and the private developer. Working together, we have the capacity, experience and resources to complete the project on time and on budget and provide that housing for the community. In this partnership, PDG and the lessor/lender are responsible for building and financing the property, while a local, experienced property management firm will manage this housing owned by the city. At the end of the 30 year period, the city could determine if they wanted to sell the property for a significant financial gain or continue to use the property for workforce, or low income housing.

We have chosen to work with Constellation Builders, an experienced, local general contractor who completed an identical project, sold as condominiums in the last year to minimize the risk of construction. Constellation has a firm grip on what those construction costs are. We believe this strategy reduces construction cost risks increases local employment, encourages economic development and serves to fill a commonly known inadequacy of the community- available, quality, affordable housing.

If history is any lesson, the long-term outlook and demand for workforce housing is significant in the City/Borough of Juneau. Additional available cushions in the proforma include the annual cash flow and the reserve deposits prior to the city funding any lease payments.

We believe the approach outlined in the PDG proposal is the best approach to unstick the Juneau Housing Market as outlined in the newly completed Juneau Housing Action Plan by the CBJ for the struggling middle-income families of the community. On a final note, this project could be developed through alternative financing sources such as bond financing or a conventional loan. Both of those carry quite a bit of costs and have negative consequences to the city and, we don't believe they will provide more affordability for the project over the years.

We appreciate the opportunity to make this proposal to the CBJ. We believe the approach we are presenting to the CBJ will help provide more affordable housing to the community and working together with the CBJ as a Private Public Partnership will help unstick the Juneau area housing market. Please do not hesitate to contact me for further clarification and/or comments. We look forward to a successful and beneficial partnership with the community. Thank you for your consideration, we will see you at the May 16th committee meetings.

Mark Lewis
Pacific Development Group