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

January 4, 2016, 6:00 PM.
Municipal Building - Assembly Chambers

Assembly Worksession - No public testimony

I. ROLL CALL

II. APPROVAL OF AGENDA

III. APPROVAL OF MINUTES

A. **November 23, 2015 Committee of the Whole Meeting Minutes**

IV. AGENDA TOPICS

A. **Childcare Update - H.E.A.R.T.S Program and Assoc. for the Education of Young Children (AEYC)**

B. **Additional Materials from H.E.A.R.T.S. Program and AEYC**

C. **Willoughby Arts Complex Update**

D. **Additional Materials Distributed after the meeting re: Willoughby Arts Complex**

E. **UAB Recommendation to Assembly on Biosolids**

F. **Additional Materials Distributed during the meeting from Chris Gerondale re: Biosolids**

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

November 23, 2015, 6:00 PM.
City Hall Assembly Chambers

Assembly Worksession - No Public Testimony

I. ROLL CALL

Deputy Mayor Mary Becker called the meeting to order at 6:00 p.m. in the Assembly Chambers.

Assemblymembers Present: Mary Becker, Karen Crane, Maria Gladziszewski, Loren Jones (teleconference), Jesse Kiehl, Jerry Nankervis and Debbie White.

Assemblymembers Absent: Kate Troll.

Staff present: Kim Kiefer, City Manager; Amy Mead, Municipal Attorney, Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk; Bryce Johnson, Chief, JPD; Kirk Duncan, Parks and Recreation Director; Julie Jackson, Aquatics Director; Rorie Watt, Engineering and Public Works Director.

II. APPROVAL OF AGENDA

Hearing no objection, the agenda was approved as presented.

III. APPROVAL OF MINUTES

A. September 28, 2015 Committee of the Whole Meeting Minutes

Hearing no objection, the minutes of the September 28, 2015 Committee of the Whole meeting were approved as corrected.

B. October 26, 2015 Committee of the Whole Meeting Minutes

Hearing no objection, the minutes of the October 26, 2015 Committee of the Whole meeting were approved as corrected.

IV. AGENDA TOPICS

A. Aquatics Board Update

Mr. Mertz, Chair of the Aquatics Board, referred to the information he provided in the meeting packet. Also present from the Aquatics Board were Tom Rutecki, vice chair, Richie Dorrier and Greg Williams, co-chairs of the marketing committee; Joe Parrish and Beth Weldon. Pat Watt, chair of the governance committee, was unable to attend. Mr. Mertz was also the finance chair of the group. He said Phil Loseby from the School District would join group as JSD Liaison at the December meeting. The board has been meeting since July and has developed a punch list of goals. The over arching goal was to make the pool a good value for the patrons and the community, to increase use, use the facilities at the best level and increase revenue. Their mission statement was to get everyone into fun, well-managed and accessible pools, now and into the future. The board was working well together and with Kirk Duncan and Julie Jackson who was hired as the aquatics manager in July. Progress would take a combined effort of the board and staff. We all work hard, show up to the meetings and have been involved. Informal feedback from pool patrons has been good. There is a new scholarship for lower income kids to use the pools and to learn to swim, from an annual committment from a local family in support. The Juneau Youth Swim Scholarship program is the name of the new program. We are revamping the pricing policy for the pools. It will have a single pricing system for both pools. The pricing model is intended to reward loyalty, thereby increasing use. We have moved to an all day pass. We have been heavy on the single use pricing and we intend to change that. Seniors over 64 and youth age 8-18 pay less as well as children under 8. We are working on a marketing plan to explain the pricing and provide reasons for people to come use the pool. He thanked the Assembly for his appointment to the board.

Ms. White asked if the annual or monthly pass will work in both pools. Mr. Mertz said yes, it would be one pass for both pools, and eventually one thumbprint with a new system - it would be a biometric pass.

Mr. Nankervis was supportive of that idea. He said he was surprised that only 5% of the pool usage was over 65. Mr. Duncan said he was also surprised and he thought with the new point of sale system (POS) would show differently and he was suspect of the current statistics, but he wanted to provide them.

Mr. Nankervis asked about the scholarship program. Mr. Mertz said several thousand dollars have been committed and they were still working out the details.

Mr. Fisk said he was also surprised by the numbers as his experience was that many seniors used the pool. Mr. Duncan acknowledged that and in response said the new rates would take effect on January 4.

Mr. Kiehl asked about the pricing structure. He thought dropping the annual and monthly passes would take a big growth in use to break even and if that would be new users that made sense, but what do you expect to see? Mr. Mertz said they did modeling and it did not take a lot of extra long term passes to make up for the daily use pass. We are incentivizing people to buy a more expensive pass and reduce their total daily use cost. This is a model that has been employed successfully locally at the private clubs. People get used to paying a monthly or annual amount and they get used to keeping that in their budget.

Mayor Fisk said the senior pass was already a good bargain and the proposed rate was exceptionally good. Most people were probably anticipating increases. Do we need to steel ourselves for incorrect numbers? What marketing activities do you intend to look at?

Mr. Duncan said word of mouth was the best that could be done in Juneau, they will be using social media, radio and said they need to be creators, rather than fillers, of demand rather so whey will be out in the community promoting use of the pools. Mr. Mertz said that they were trying to open the doors to people using the pools, as they had lost users since the opening of the new pool. It was possible that we will need to increase prices in the future but we need to get people in to become regular users again.

B. **Juneau Police Department - Update**

Chief Bryce Johnson said he was present to answer questions about "use of force." He provided statistics and said there were 39 uses of force in 2014 out of 1000 arrests, so less than 2.8% of the cases used force to effectuate an arrest. We have documented contacts with 49,000 people in those situations. JPD was a little below the national average. He said the statistics were in the JPD annual report, and he showed a specific slide of Use of Force statistics 2010 to 2014. So far this year there had been 29 incidents documenting use of force. There has been a switch between using hands and using a taser. The taser reduces injury to officers.

Regarding reporting requirements for when JPD uses force, JPD defines force as something more than soft hands in a control hold. When an officer uses force they are required to write it in a report with significant documentation. In addition there is a "use of force report," which details the reasons why it was used and all the other situation details. The supervisor will review to ensure it is within policy, another supervisor reviews, then the deputy chief reviews a third time. The police chief will perform a final review. He displayed a use of force chart and called it the early warning system that they can use to intervene if they see a pattern of use of force taking place. The officer's assignment has to be taken into consideration. The three officers that had the highest rate of use of force have all left for other positions in the past few years.

Ms. Gladziszewski thanked Chief Johnson for the report and said the information was comforting due to the national issues. She asked if JPD got complaints about use of force. He said one or two per year, they had a policy for how to investigate the complaints. He gave an example of one case and the investigation and resolution. All cases are investigated thoroughly. If there is a suspected problem, an officer will be put on administrative leave during the investigation.

Ms. Gladziszewski asked about the use of body cameras. Chief Johnson said they were the future, JPD would get them eventually, there were issues to work out and they were expensive. There were privacy issues to be worked out by the court system. We have tested them in the past, recently and as soon as we get one that works for us we will recommend implementation and purchase them through a grant program but it will not be cheap. Anchorage airport, Kenai and Ketchikan use them. The troopers do not have them now. The smaller departments can implement them sooner due to the cost.

Ms. Crane asked about the staff view of body cameras. Chief Johnson said that after the incident in Ferguson, MO., most officers opinions had changed and they see it as protection for them.

Mr. Kiehl asked what type of training JPD gave regarding use of force and de-escalation. Chief Johnson said JPD gives more training hours than most jurisdiction, at about 86 hours a year. Firearms training is given five times a year with shoot and no shoot scenarios and annual training on pepper spray, baton and taser. They train frequently on de-escalation, and are doing more work with issues of the mentally ill in crisis intervention.

Ms. Crane asked about diversity in the ranks. Chief Johnson said there was diversity training every year, and JPD would be implementing Arbinger training, which included diversity. We have done a good job recruiting female officers and are over the 11% national average, but in other demographics not as well. We tried a recruiting company without luck. He had struggled to get Alaska Natives to apply and those we have are ready for retirement. We are posting videos on our Facebook page and hope to recruit for our next testing period. We are not getting the applications.

Mr. Nankervis said JPD historically has been authorized to use force far more times than they ever used force. The other side of this is that we could lose officers from that, but this department is very cognizant of this and tries to keep hands off. What gets lost in the message nationally is how many times officers are hurt.

Chief Johnson said it was correct for police officers everywhere. He was an officer in another jurisdiction for 20 years and he was very surprised how long JPD officers talk before they resort to hands on. He said that the local officers told him that it is a product of living in close quarters and having to be a part of the community. There are three standards for use of force - the legal standard, JPD's standard which is higher, and the personal standard that was even higher yet. It does put officers at a higher risk. He felt that was true of most every officer he has met.

Ms. Gladziszewski thanked Chief Johnson for his explanation. Ms. Becker thanked his for his presentation.

C. **Valley Transit Site Evaluation**

Mr. Watt said in late September at the COW the Assembly discussed obtaining a parcel of land at the Mendenhall Mall for a valley transit center. He said the transit center could have many features, it would include a transfer location, a place for bus drivers to take a break (restrooms / eat). There is land at the skate park but he does not feel it is a good location and he listed a number of reasons in a memo, including comments from the public, the turn from Egan drive constrains entry and exit, and if we are trying to get riders to join the system through a park and ride, we have to think like those drivers. The zoning is not the best, it is D-5 and better suited to housing. He encouraged the Assembly to the Mendenhall Mall for a place to give drivers a break, and as a transfer point, not so much as a park and ride. Currently the Nugget Mall restrooms have been used but that is not ideal. The more northerly the transfer points, the better for the route times. Mendenhall Mall is ideal for the current route systems and offers flexibility. It works for current routes and potential future routes.

Ms. White said she spoke to several transit users and she said not one person was in favor of the skate park location.

Ms. Gladziszewski said she was really interested in park and ride and asked if there was any possibility of that with the mall. Mr. Watt said there was some room - about 15 spaces, and possibly more with a fill project and a corps permit. Mr. Watt spoke about enhanced commuter service vs. Park and Ride. He has his lead drivers were working on this issue and he said he was not sure about the efficacy of park and ride. Park and ride requires people to warm up the car, drive a short distance and find a parking spot at the park and ride locations. He spoke about the regularity of Route 3 and 4 in the valley. It is not great for a park and ride. The churches on loop road are good locations, but you have to think about driver/rider behavior. He did not think a lot of people could be attracted to park and ride to route 3 & 4, and then transfer to the express bus. By the University / Auke Bay harbor - those may be good locations to board the express bus. He said the feedback on the Riverside Express has been good, not negative, and it still needed to be broken in. There was not an early morning bus on this route. There is an early valley commuter bus and it was an express to downtown. If the goal is to reduce single occupancy cars, the goal is to make sure that cars never leave the driveway. He has asked the drivers to figure out a way to get 30-40 cars off the street downtown centered on this valley commuter route. He will proposed a small increment to the commuter service of $200,000 to be absorbed within current budget to try this as a way to work on the parking demand downtown.

Ms. Crane said that park and ride worked when there were no transfers involved. Mr. Watt said the valley commuter is an express to downtown. Ms. Crane said she would look at this idea, but she liked park and ride with a fifteen minute increment without an express service. Mr. Watt agreed, as a component at the Mendenhall Mall or Auke Bay, could be successful. In trying to find efficient routing, everyone wants to go one way, but we try not to send the bus empty the other way.

Mr. Kiehl said he was not clear about why a transfer was needed if a person parked at the church. It would be a new route - similar to the valley commuter route. Mr. Watt said he thought there would be more riders if the bus went closer to their door rather than to a short drive to their house. Mr. Kiehl said it was debatable. He appreciated the communication with the drivers. He asked if there was a safe place to walk to and from the mall to the valley transit site. Mr. Watt said it depended upon where the person started walking from - there was not a lot of appetite to take over Mall Road but the mall owners have expressed opposition to changing traffic patterns there. Mr. Kiehl said that Vintage Park had sidewalks and a grocery store and that might be a better place to base buses.

Mayor Fisk said he did not know the cost or opposition to taking over Mall Road and he would like to see that explored due to the continued problems. Why is the mall not recruiting CBJ to bring buses to their doors - why the lack of interest?

Mr. Watt said first and second hand information was that both owner groups did not think that buses brought shoppers and that the good did not outweigh the bad. Nugget Mall would be happy if CBJ left.

Mr. Watt said there is a route in the morning called the valley express which drives the loop, and we could pursue park and ride and tell people to get on that bus. If the goal is to get cars off the road, we will be more successful to get them to leave them in the driveway.

Mayor Fisk said the valley commuter was a worthwhile experiment. He asked about the churches interest. Mr. Watt said there would be churches that would work with CBJ on issues about park and ride. He wants to bring back a proposal without too many moving parts because Capital Transit was on a tight schedule.

Ms. Crane said she would like to see CBJ pursue negotiations with the Mendenhall Mall for the property for a valley transit center. Mayor Fisk if there were any other locations that might be better.

Ms. White said concerns were security at a transit center and storage for bicycles, and if there was a way to have arrivals of buses by 8 am at the UAS campus, that would make a difference.

Ms. Crane said she saw the mall lot as a transit center, not a park and ride center. This is one of the busiest stops on any of the routes, consistently, all day long. Yes there are negatives, but the positives outweigh the negatives.

Ms. Gladziszewski asked about the efficacy of having two separate functions in different locations - ie transit center separate from park and ride.

Mr. Watt said it was not a far shot from using the Dimond Park site as park and ride with the dual use of ball field parking and the same could happen at Auke Bay for commuters.

Mr. Watt asked for the Assembly to move away from the skate park location and to look into purchase of the mall property.

MOTION, by Crane, to not pursue the Pipeline Park as a Valley Transit Center Location. Hearing no objection, it was so ordered.

MOTION, by Crane, to direct staff to pursue negotiations with the mall owners for property to use as a transit center and to work on a funding proposal for purchase of the property. Mr. Kiehl and Ms. Gladziszewski objected.

Mr. Kiehl said his primary concern was the ability for people to get safely to and from the site. With this location, the only safe location to access was the gas station. He thought that it might feel unsafe in the evening due to the layout and it was not a property that CBJ should be purchase. Ms. Gladziszewski said she wanted some analysis of park and ride first, because this was a topic of discussion for many years in the community. The lot was not of the size needed.

Mayor Fisk said the general location was good, but he was not ready to buy that specific lot. He would like to pursue negotiations with the mall, but didn't want to waste time.

Mr. Watt disagreed with the concern about the issues noted. The current state of the property was not good, but there would be a new shelter with lighting vs. standing in mall road like this heavily used site is used now. He spoke about how drivers took breaks now. Lost in the discussion was that at the peak hour, the buses are mostly full, so if we promote park and ride, our existing customers will have trouble getting on the bus. We want the end product, and to get that we need to add service and make it easy for people. Regarding what we need to do first, we need an anchor to develop the route system. It took four difficult years to get the current change.

Mayor Fisk said he would be happy with this if the safety concerns could be addressed for foot traffic in the mall area and asked about design concepts. Mr. Watt said he would forward those to the Mayor and Assembly. The waiting area would be at the front of the property, the turn would be at the back.

Ms. White asked if there were any parking spaces in the current plan and Mr. Watt said yes. Filling the pond could provide more eventually. Ms. White said she thought this type of installation made sense to make more smaller park and ride areas, rather than one large one.

Roll call:
Aye: Becker, Crane, Jones, Gladziszewski, Nankervis, White, Fisk
Nay: Kiehl
Motion passed, 7 ayes, 1 nay.

V. COMMITTEE MEMBER / LIAISON COMMENTS AND QUESTIONS

None.

VI. ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 7:36 p.m.

Submitted by Laurie Sica, Municipal Clerk

Boosting Juneau's Economy:
Attract and Prepare the Next Generation Workforce

CBJ Assembly
January 4, 2016

thread connecting early care & education to alaska

AEYC Association for the Education of Young Children-SE Alaska

JEDC Juneau Economic Development Council

Babies: They may be little, but they are big economic drivers!

1. The high cost of waiting until age 5 to invest
2. New Alaska Cost of ACES study – next generation Juneau economy impacts
3. New McDowell report – current workforce impacts
4. HEARTS and zoning - Progress on Juneau's economic plan goals
5. Next steps

The Rate of Return is Highest Earliest

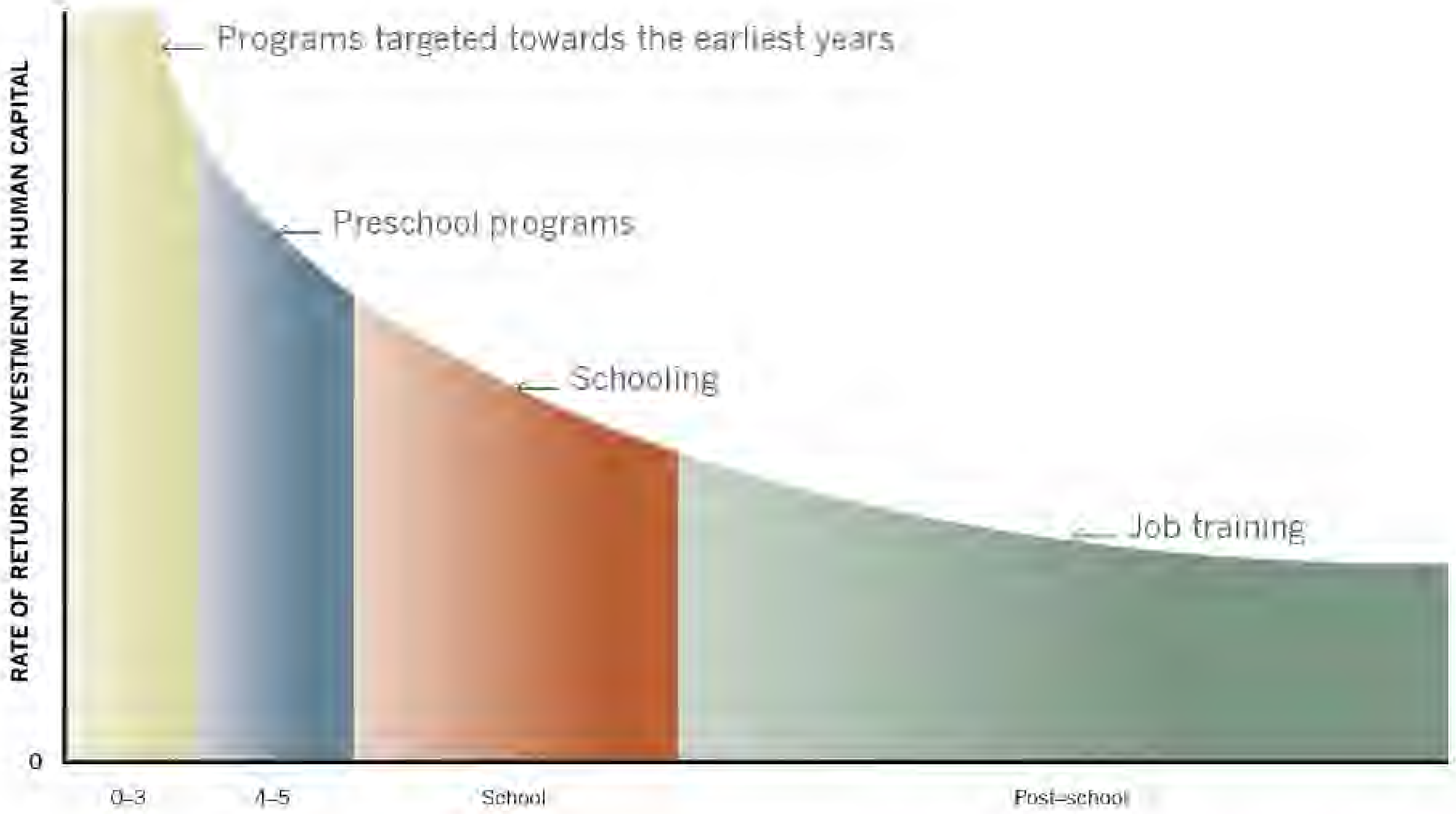

Figure 11. Returns to a Unit Dollar Invested by Stage of the Life Cycle.

High rate of return

The long-term economic impacts of quality early education & child care

29% higher high school graduation rates

20% higher college attendance

70% lower crime incidence

20% lower welfare dependence

$143,000 additional earned income per capita, resulting from better employment

Source: Economic Impact Report on Early Education and Child Care Services in Alaska

Alaska Costs of ACES Study

The price of not intervening before trauma occurs 11-2015
http://dhss.alaska.gov/abada/ace-ak/Documents/ACEsEconomicCosts-AK.pdf

10 Adverse Childhood Experiences ACEs

1. Physical abuse
2. Sexual abuse
3. Emotional abuse
4. Emotional neglect
5. Physical neglect

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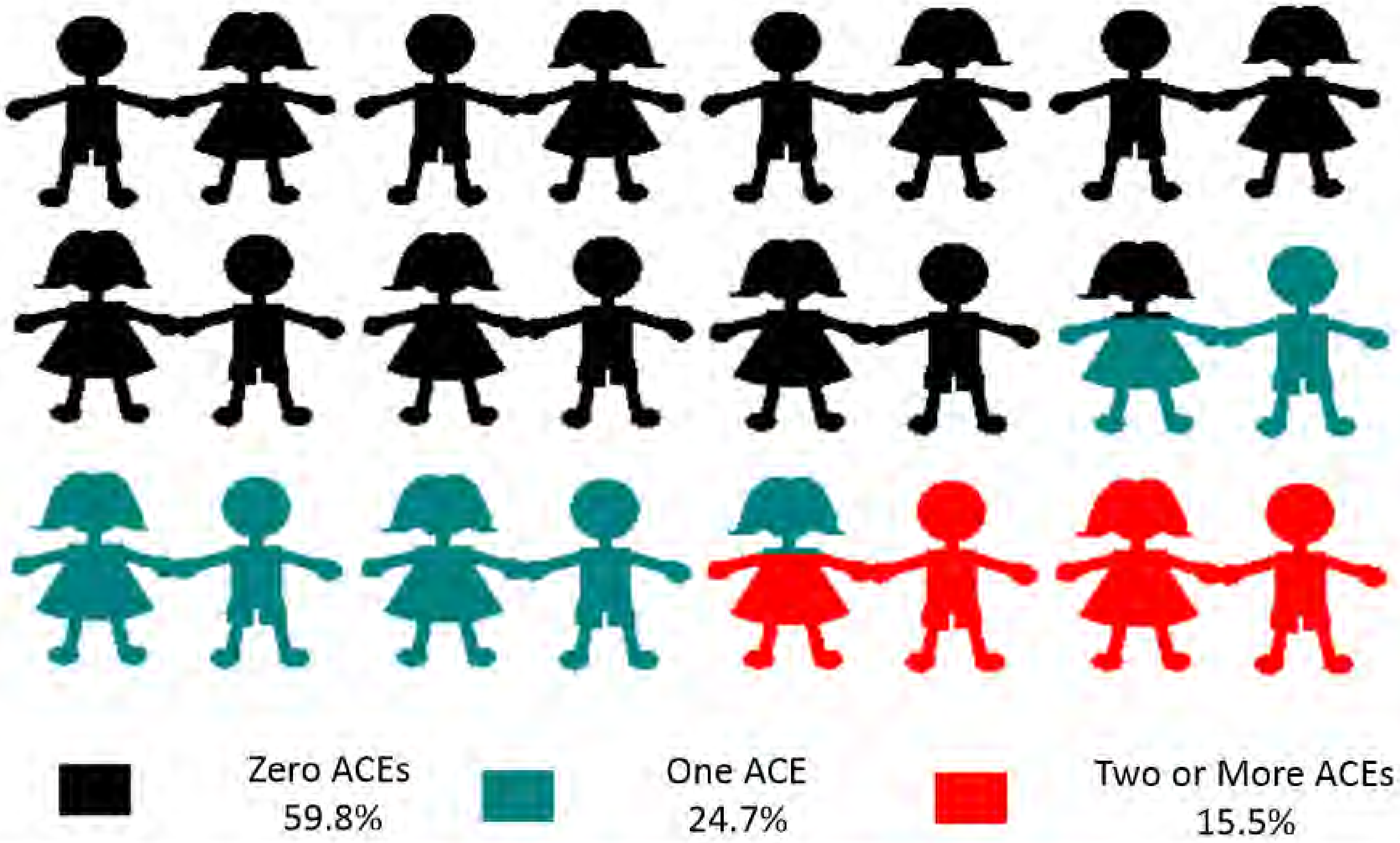
6. Witness domestic violence
7. Mental illness in home
8. Family member incarcerated
9. Alcohol/drug problems
10. Parental separation or divorce

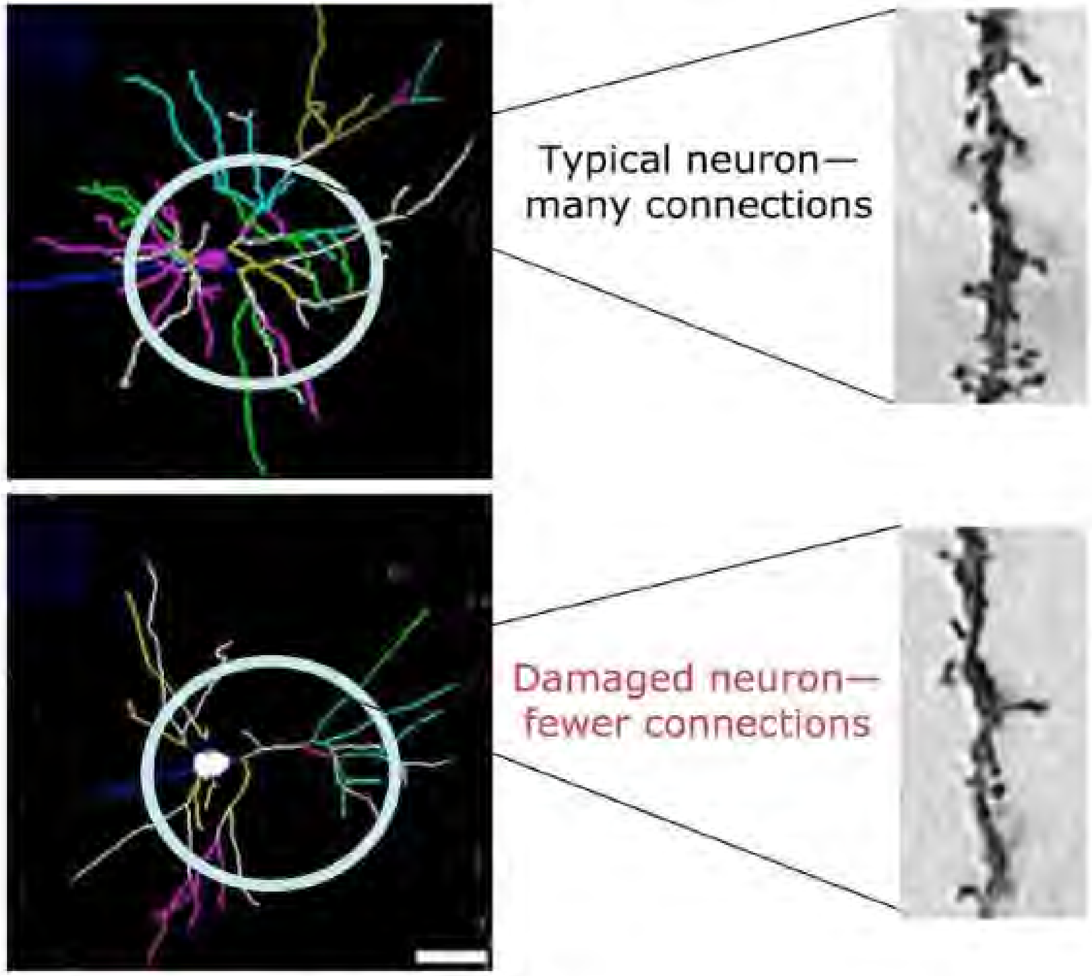
Age 0-5 by Number of ACES in Alaska



Source: National Survey of Children's Health 2011/2012, Graphic created by the Alaska Mental Health Board/Advisory Board on Alcoholism and Drug Abuse Staff.

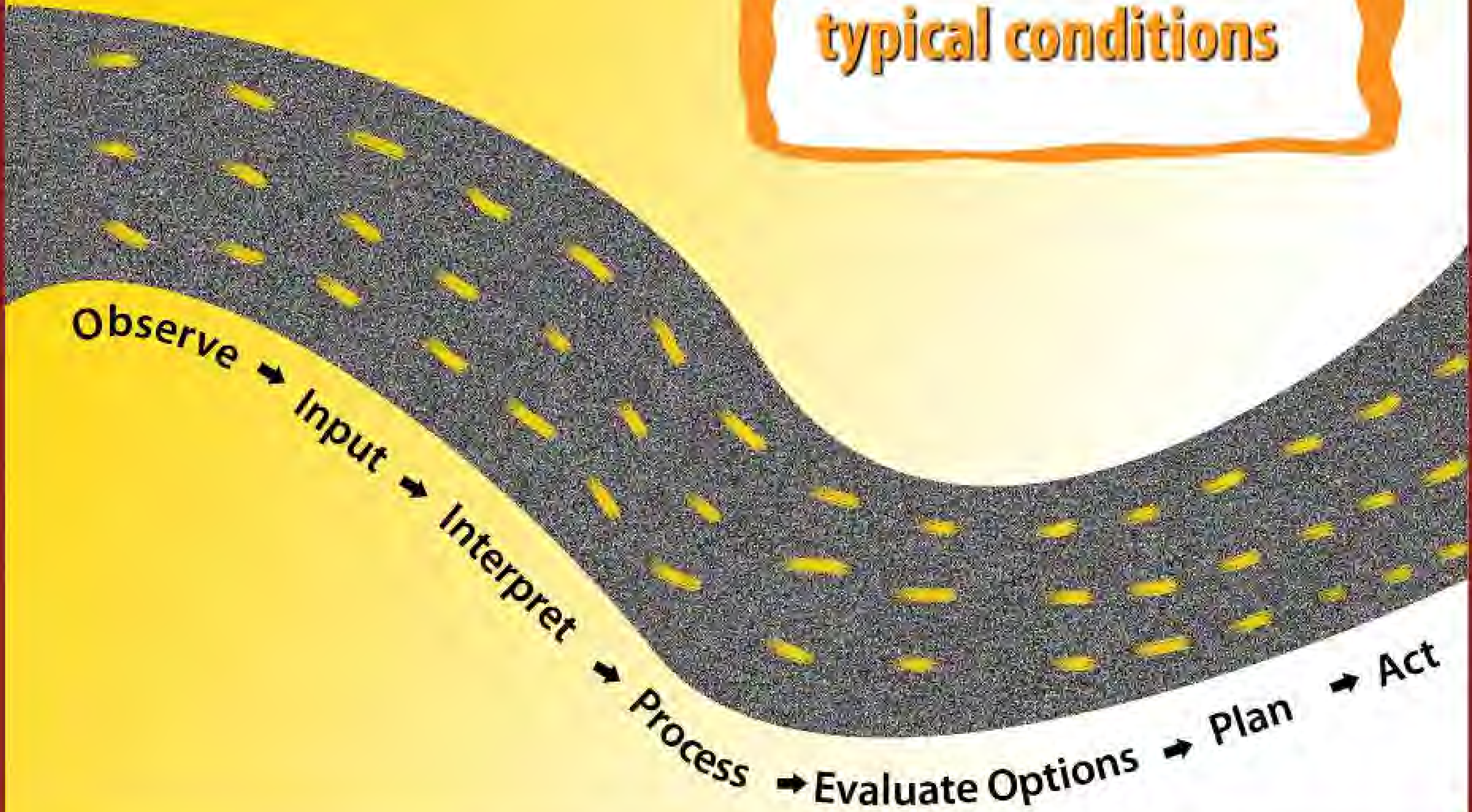
Center on the Developing Child
HARVARD UNIVERSITY

Persistent Stress Changes Brain Architecture

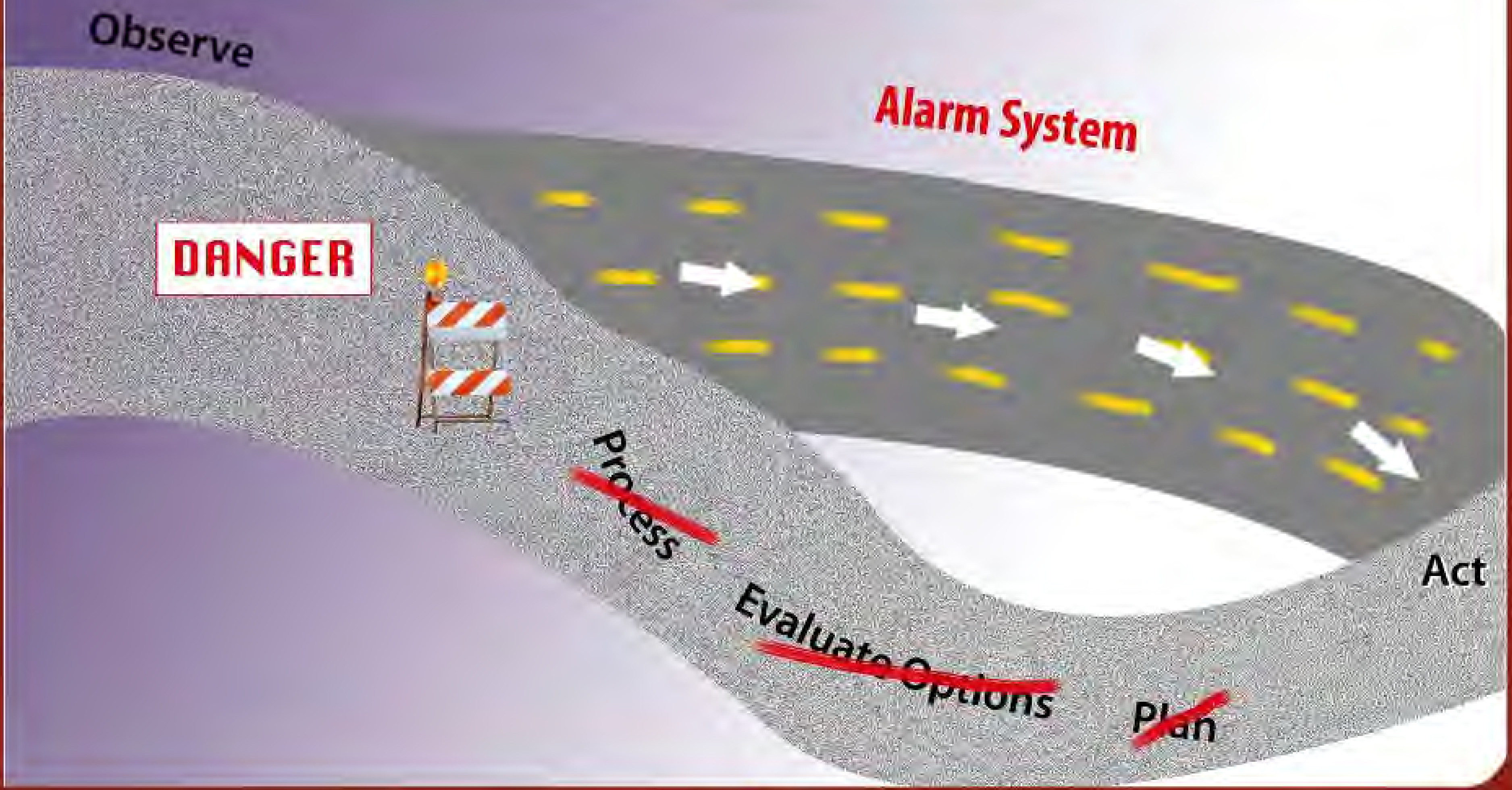


Sources: Radley et al. (2004)
Bock et al. (2005)

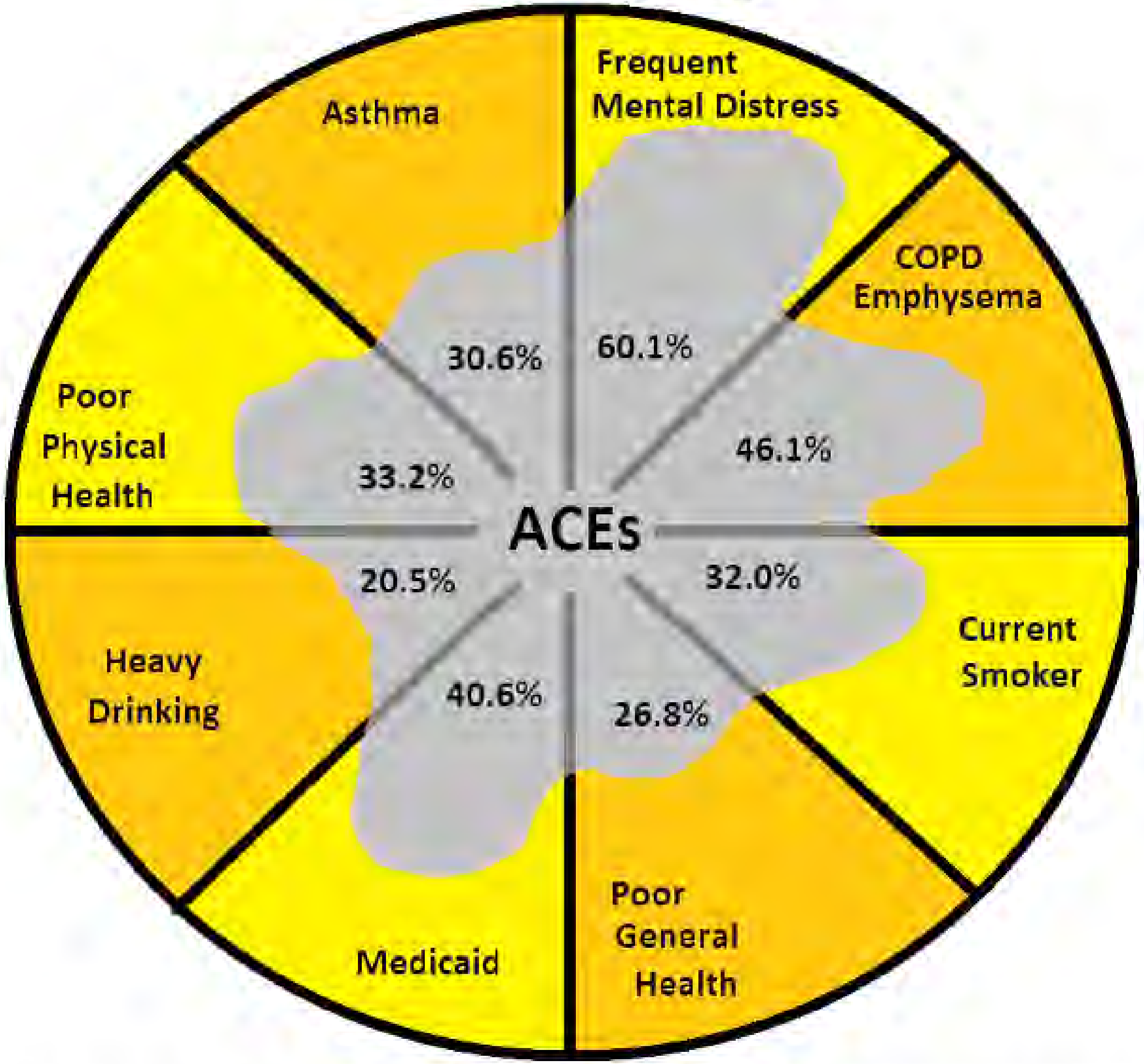
Brain process under typical conditions



With repeated stress, the Alarm System "Express Route" becomes the main road



Population Attributable Risks in Alaska



Source: Alaska data from the 2013 Alaska Behavioral Risk Factor Surveillance System, Alaska Department of Health and Social Services, Division of Public Health, Section of Chronic Disease Prevention and Health Promotion, Graphic: AMHB/ABADA

Costs

Alaskan adults who report four or more Adverse Childhood Experiences compared to Alaskan adults who report zero Adverse Childhood Experiences.

- 49% more likely to be unemployed
- 274% more likely to be unable to work
- 92% more likely to earn less than $20,000 annually

Source: 2013 Alaska Behavioral Risk Factor Surveillance System, Analysis by Alaska Mental Health Board/Advisory Board on Alcoholism and Drug Abuse Staff

Alaska's early care and learning sector accounts for over **half a billion dollars** of economic activity.

Early care and learning activity in Alaska creates jobs for thousands of Alaskans; allows thousands more to participate in the workforce because care is available; and generates millions of dollars in spending by households and the public sector. This spending generates even more economic activity through related expenditures in communities throughout the state.

Jobs

15%

15% of the Alaska resident workforce is able to work because of the early care and learning sector

7,700* Alaska early care and learning service workforce:

48,900 Adults able to participate in the labor force because of early care and learning services:

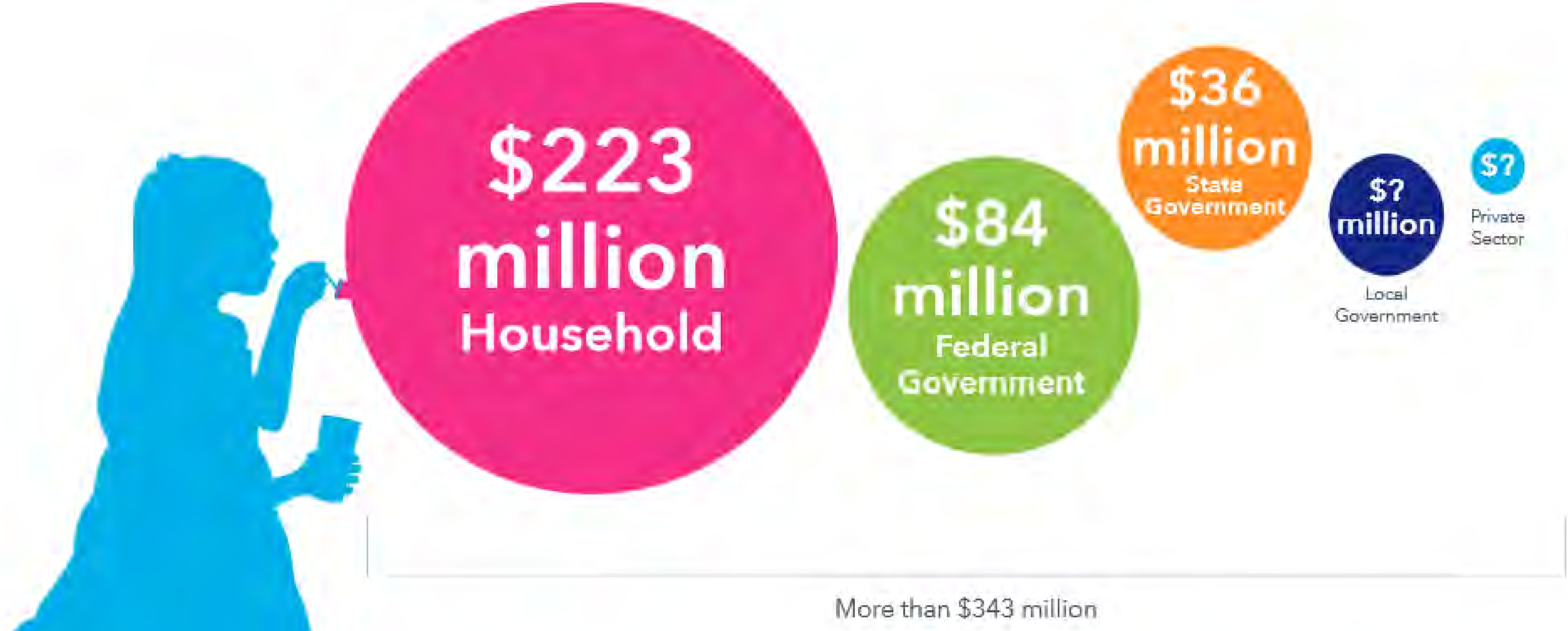
Juneau translation: 5%

25 million per year

15% workers rely on child care

385 ECE workforce

2,445 adult workers



Alaska's early care and learning sector accounts for **$343 million +** in annual spending.

Note: This estimate of spending is conservative as it does not account for investment by local government, including school districts, and the private sector.

Juneau’s Long Term Economic Plan Goals:

6. **Increase availability of childcare year round, with an emphasis on Kindergarten readiness.**

7. Actively support and maintain quality of life infrastructure that attracts and retains a desired workforce.

8. Prioritize an education system that prepares youth to participate successfully in the Juneau workforce, in vocational and professional jobs.

HEARTS Initiative:

To Improve the Quality & Availability of Child Care In Juneau

CBJ's Investment

Cost of HEARTS to CBJ **$90,200 per year**

Annual Cost Per Juneau Child → **$37 per Child**

Less than 1% of Per Child Primary School Investments

Cost of K-12 to CBJ

Annual Cost Per Juneau Child → **$5,000+ per child**

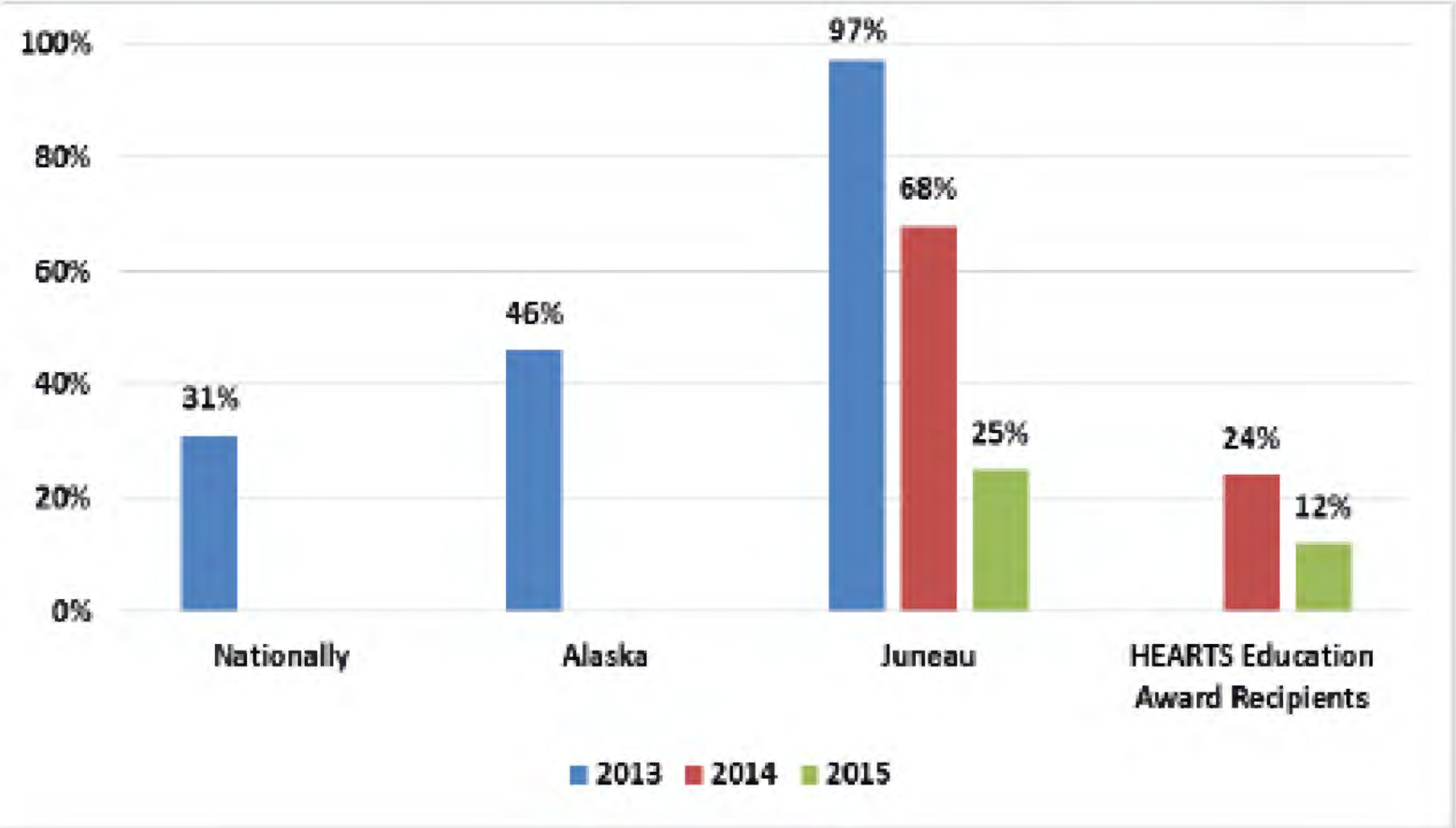
Addressing low wages (and High Costs)

Juneau parents pay an average of $9,184 per child per year for child care.

And yet, his teacher was paid 2.8 times more than hers.

Turnover Rates: A Dramatic Improvement

One of the most dramatic impacts of the CBJ HEARTS Initiative is the increased retention of child care teachers. Over the past two years, with the implementation of the HEARTS Initiative in Juneau, turnover rates have dropped from 97 percent



Improving Ratios of Child Care Worker

Credentials

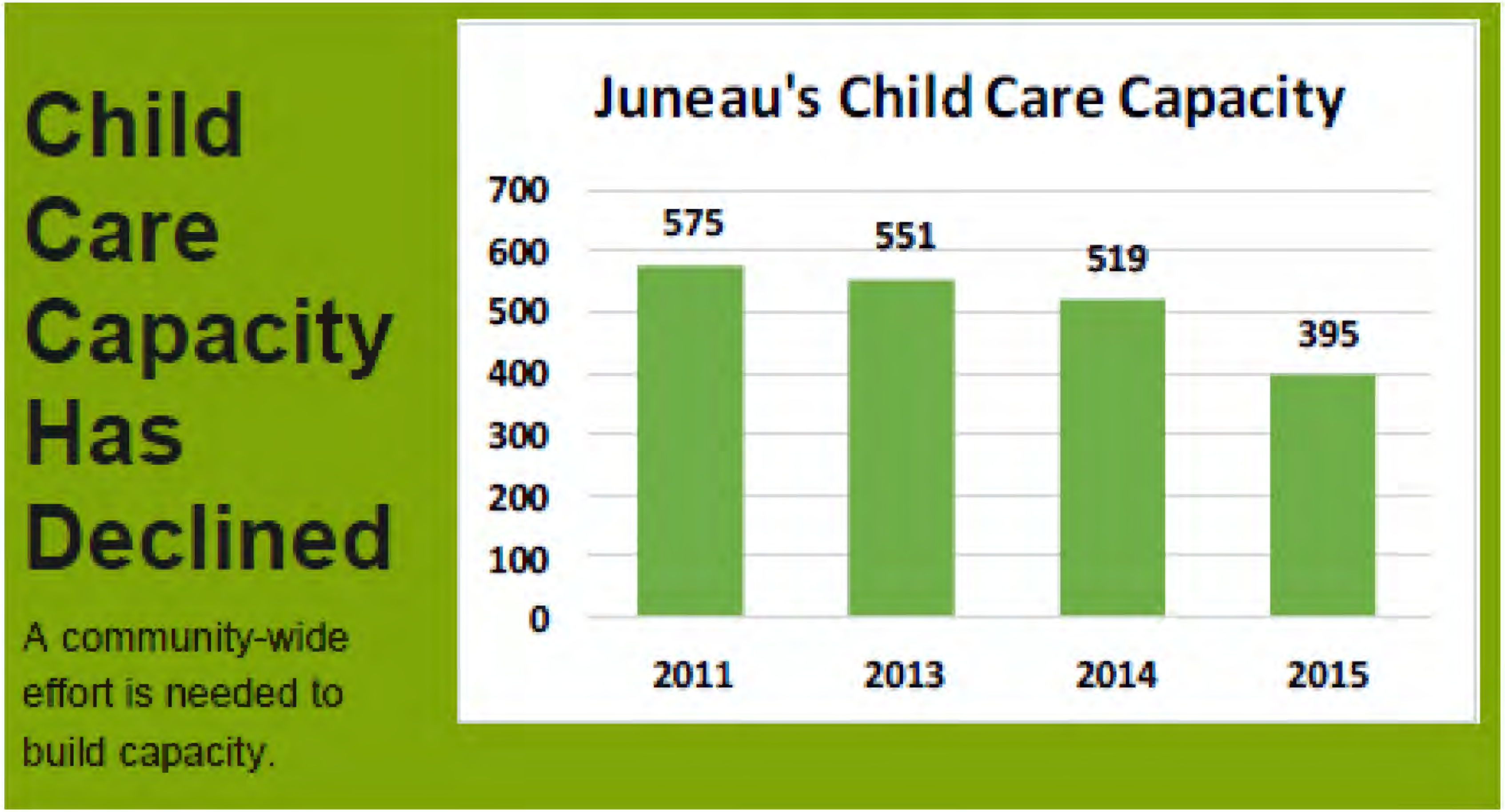
The HEARTS Initiative has raised the number of qualified staff per child care worker from 1 in 7 in 2012 to 1 in 4 in 2015.

Mission Accomplished!

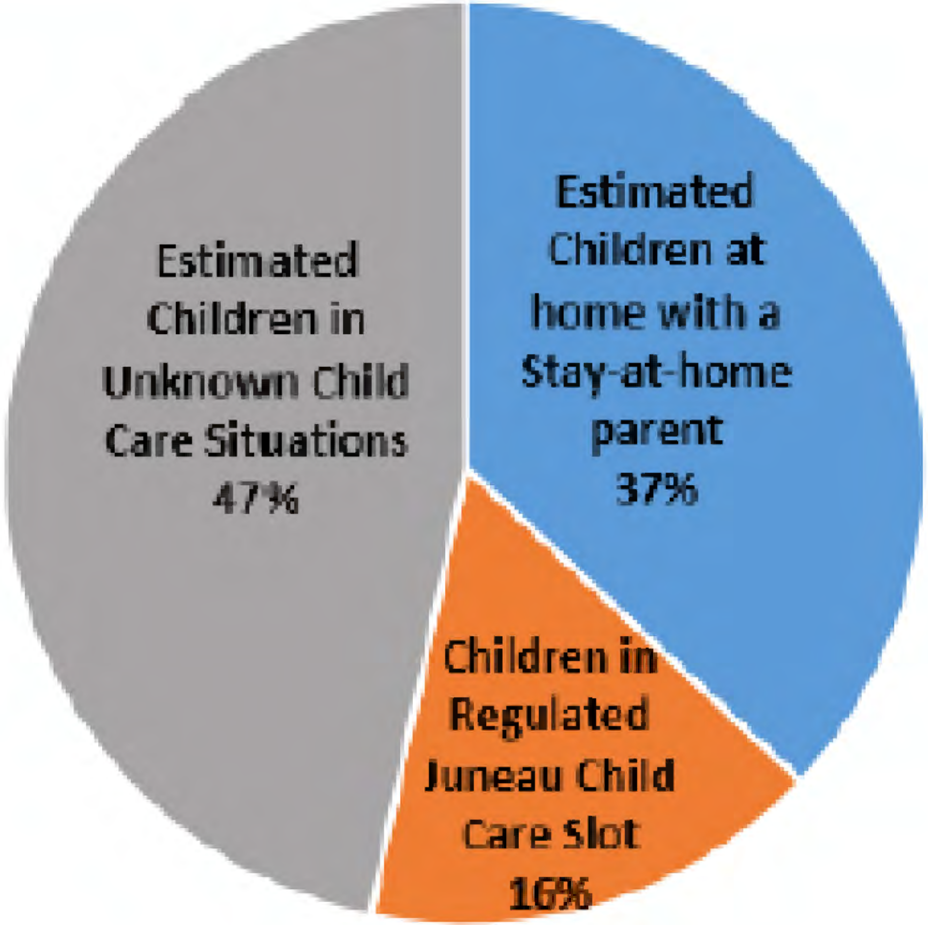
"By year-end 2015, complete an ordinance and zoning code review to ensure they allow for appropriate development of child care facilities."

A business friendly improvement with minimal CBJ fiscal impact.

The HEARTS Initiative has improved the quality and stability of programs….. But what about capacity????



Juneau Kids Under Kindergarten Age



Goals for the future:

- Collective Impact process
- CBJ employer sponsored child care
- Pre-K for 3&4 year olds, home visiting for 0-2
- Advocate for child care assistance and family leave policies
- Increase HEARTS funding

QUESTIONS?

Willoughby Arts Complex
January 2016 Status Report

Feasibility Study

11/24/15: The McDowell Group, contracted to conduct a feasibility study, and a market analysis, completed their work.

- The WAC has one 250 – 300 seat theater and one 120- 130 seat black box performance space.
- Current estimated total cost of the project = $18, 800,000.
- In the long term, in the conservative opinion of the McDowell staff who conducted the study, "*if managed properly, the WAC appears to be financially feasible.*"

Partnership

11/16/15: The Perseverance Theatre Board determined that at this time they are unable to commit time and resources to the project, although they remain supportive and hopeful for its success. They formally resigned from the pARTnership.

The Juneau Arts and Humanities Council is moving forward on the project on behalf of the community.

The McDowell Group was then able to revise the feasibility study with this change in place.

Cost of Feasibility Study: $76,800
Funded by: Allen Foundation (Business Plan $25,000)
Juneau Community Foundation ($50,000)
CBJ Sales Tax ($1,800)

Community Engagement Process

6/19/15: Kounkuey Design Initiative (previously recommended by Art Place and selected by JAHC Board) completed their Phase I report on community engagement. Phase II is planned for spring of 2016.
Select recommendations from the Phase I report:

- **Leadership Structure:** The pARTnership leadership, an all volunteer board, needs to grow, diversify, and solidify its leadership structure; hire staff members as needed and qualified for specific tasks related to the WAC; clearly define roles for each staff position; and increase its autonomy as the governing board for the WAC.
- **External Relations:** The pARTnership made great strides toward developing a robust external engagement strategy, and now needs to adopt an official WAC mission; develop key messaging; and define a team and a mechanism for disseminating information.
- **Programming:** To move the WAC's expressed vision of arts for all in Juneau from idea to reality, the pARTnership should explore a third, long-term, full-time

tenant; create physical spaces for Native and non-traditional arts; and create a program advisory board to ensure diverse programming.

Design: Now that the Feasibility Study is complete, the pARTnership will reopen the design competition for the hiring of a project architect. As the project development enters the design phase, the pARTnership should ensure that the selected architect is skilled in conducting a participatory design process; the final design reflects Juneau's rich cultural history; the design prioritizes public spaces to encourage everyday community use; and the project connects in thoughtful ways to the surrounding cultural institutions, circulation routes, and waterfront.

- Cost to date: $21,897.75
  Funded by: ArtPlace America (Balance of $228,102.25 of the initial $250,000 originally intended to be spent by 12/31/15; extension has been requested)

Administration

To date, the pARTnership has employed several Project Managers and fundraising consultants. Consultants recommended that until the Feasibility Study was completed, and costs were estimated based on a realistic projection for space usage, a major fundraising campaign should be postponed, and that overall project activity should be reduced until after the Feasibility Study. From July 1 through December 31, no administrative contracts were issued. Leadership of the project during these months fell to Art Rotch, Artistic Director of PT (until November) and Nancy DeCherney, ED of the JAHC.

Cost: $81,810
Funded by: CBJ Sales Tax funds

Next Steps:

Architectural Design Selection Process

Community Engagement, Phase Two

Fundraising Campaign

Administration

Willoughby Arts Complex Financial Feasibility Assessment

Prepared for:

The pARTnership

November 2015

McDowell Group

Willoughby Arts Complex
Financial Feasibility Assessment

Prepared for:

The pARTnership

Prepared by:

McDowell GROUP

Juneau • Anchorage

In association with:

MRV ARCHITECTS

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Juneau, Alaska 99801

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November 2015

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Executive Summary

The pARTnership contracted with McDowell Group to assess the financial feasibility of the proposed Willoughby Arts Complex (WAC). The complex will incorporate and upgrade the existing Juneau Arts and Culture Center (JACC) and will include a community theatre with a maximum of 300 seats and an array of spaces that support the theater, enhance the experience for clientele, and augment revenue generation potential.

McDowell Group completed a Market Demand Assessment in August 2015 based on review of prior planning efforts and extensive interviews with user groups, facilities managers, and others involved in performing and visual arts. This Financial Feasibility Assessment builds on that initial analysis and includes estimated capital costs, revenues, operating costs, and strategies to enhance financial performance. MRV Architects (MRV) and cost estimators HMS, Inc. (HMS) developed construction cost estimates and contributed to facility operating expense estimates. Key findings are summarized below.

Facility Construction Costs

The arts complex is estimated to be approximately 35,000 sq. ft., which includes 24,000 sq. ft. of new construction and 10,900 sq. ft. of renovated space. Construction costs total $18.8 million, including $14 million in construction and renovation costs and $4.8 million for indirect costs.

Estimated Facility Construction Costs

Area	Estimated Sq. Ft.	Estimated Construction Cost	Comments
Community theater components	9,595	$4,900,000	Theater, green room, and dressing rooms
Lobby and central support	3,940	$2,400,000	Lobby, reception, concessions, kitchen, café, small theater, dressing room, and scene shop
Meeting and program space	2,305	$1,700,000	JACC, gallery, retail, offices, meeting rooms, and sound studio
Building support	3,493	$3,000,000	Restrooms, janitorial, mechanical, electrical, and storage
Walls, shafts, misc. (6%)	1,160	$470,000	
General circulation (18%)	3,480	$1,500,000	
Subtotal New Construction Sq. Ft.	**23,973**	**$14,000,000**	**Cost Includes New Construction and Existing Space Renovation**
Indirect costs (34% of estimated construction costs)		$4,800,000	Design, permitting, furnishings, and contingency
Total Project Cost		**$18,800,000**	

Source: MRV Architects and HMS. Figures have been rounded.

Construction estimates are based on comparable Alaska construction. Estimated costs are inflated slightly to account for construction in fall 2016. Slightly less than five million dollars is anticipated for indirect costs (34 percent of the construction budget), including design, administrative costs, project management, furnishings, and contingency. The project is anticipated to be managed independent of the City and Borough of Juneau (CBJ). If this assumption changes, indirect costs will need to increase to reflect CBJ's cost structure.

Total Capital Costs

It is not practical for the WAC to provide surface or constructed parking on the site. MRV worked with CBJ staff to determine parking requirements associated with new construction and displaced parking, as well as reductions associated with the downtown district location and evening usage. Per CBJ ordinance 49.40.210 (d), exemption (5), the one-time Fee-in-Lieu payment will be approximately $725,000. As shown in the table below, total capital costs are estimated at slightly less than $20 million, including parking.

Estimated Total Capital Costs

Area	Estimated Cost	Comments
Estimated facility construction	$18,800,000	Includes JACC renovation
Fee-in-Lieu parking	$725,000	One-time fee, per CBJ exemption
Total Estimated Cost	**$19,525,000**	

Source: MRV Architects and HMS. Figures have been rounded.

Financial Projections

McDowell Group's approach to feasibility studies is conservative on revenue generation and reflects reasonable expenses. This approach provides the pARTnership a realistic assessment for potential financial performance. Each revenue and expense category is examined in detail in the body of the report. Additionally, the Business Plan Considerations section includes strategies for the pARTnership to optimize facility usage and revenue.

One expense category that is unsettled is payroll for the executive director's positon. Currently the JACC is managed by the JAHC director, and payroll is funded by JAHC. The cash flow analysis presented in this document does not include payroll for an executive director. JAHC will need to carefully consider how that position will be funded. If director payroll is allocated to the WAC, then the cash flow projections presented below will need to be adjusted accordingly.

Annual Cash Flow

The WAC is anticipated to have a net operating loss of approximately $120,000 in Year 1, a loss of $87,000 in Year 2, and a loss of $34,000 by Year 3.

As shown in the following table, estimated earned income by Year 3 is $424,000. The two largest revenue components are community theater rental and rental of the renovated space at the JACC.

Annual operating expenses total $458,000. The largest components are payroll and heat, at $160,000 and $105,000 respectively.

Cash Flow Estimate, Year 3 and Beyond

	Year 3
Earned Revenue	**Estimate**
Community theater rental	$100,000
Ticketing	$12,000
Facility rental	$115,000
Rental equipment and services	$28,000
Warming kitchen rental	$16,000
Office leases	$56,000
Retail space net	$27,000
Gallery space net	$5,000
Café lease	$15,000
Concessions/alcohol sales net	$15,000
Fundraising	$40,000
Total Earned Revenue	**$424,000**
Expenses	**Estimate**
Payroll/benefits	$160,000
Heat	105,000
Electric	25,000
Sewer/water	4,000
Trash	9,000
Telephone	7,000
Shipping/postage	1,000
Supplies	20,000
Repairs/maintenance	18,000
Insurance	20,000
Equipment	12,000
Technicians	10,000
Janitorial	10,000
Marketing/advertising	10,000
Capital replacement	20,000
Miscellaneous	27,000
Total Estimated Expenses	**$458,000**
Net Income/Loss	**($34,000)**

Five-Year Pro Forma Cash Flow Analysis

This analysis indicates that the WAC will transition from an initial deficit of approximately $120,000 to a deficit of $34,000 by the third year of operations. Assumptions factored into the cash flow analysis include:

- Year 1 revenues are projected to be 75 percent of fully normalized revenues; Year 2 at 85 percent, and fully normalized at 100 percent in Year 3.
- The only change in expenses is an increase in repairs and maintenance from $10,000 in Year 1 to $15,000 in Year 2 and to $20,000 in Year 3.
- Projections do not include any loan or interest payments.
- Revenues and expenses are not adjusted for inflation.

Pro Forma Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Net profit/loss	($120,000)	($85,000)	($34,000)	($34,000)	($34,000)

Note: Estimates are rounded.

Even with McDowell Group's conservative estimates, the financial outlook for the WAC is much stronger than the financial performance of community centers in other Alaska locations. Contributing factors include:

- Demonstrated experience by JAHC in running the JACC in an efficient manner.
- Anticipated operation of the facility by a private, non-profit entity, rather than a municipality (which typically has a higher cost structure for wages, benefits, and indirect expenses).
- Synergies between JAHC and other arts organizations are expected to result in frequent facility usage and revenue generation.
- The facility includes multiple revenue generating aspects and increased revenue is expected from the renovated JACC.
- New construction and efficient systems will help control utility costs.

Illustrating how these factors contribute to operating deficits in other Alaska community facilities, the table below shows annual operating deficits ranging from $694,000 in Valdez to $207,000 in Wrangell. These four facilities are the primary location for performing arts and community events in their respective communities; financial details are summarized in the appendices. For a local reference, Centennial Hall in Juneau had a $600,000 operating deficit in 2014.

Annual Operating Deficits, 2014

	Deficit
Valdez Convention and Civic Center	$694,000
Harrigan Hall, Sitka	$414,000
Ted Ferry Civic Center, Ketchikan	$314,000
Nolan Center, Wrangell	$207,000

Source: Various city budget documents.

It is important to recognize these facilities also generate significant economic activity from meetings and conventions. Juneau attracted 31 meetings and $2.7 million in economic impacts from meetings and conventions in 2014. Ketchikan averaged $1.5 million annually from meetings and conventions in the past decade.

Business Plan Considerations

There are a number of ways for the WAC to enhance operational efficiencies, facility use, financial performance, and the customer experience.

Facility Construction and Management

- Ensure that construction is managed by the pARTnership, rather than the CBJ engineering department, given the higher municipal overhead cost structure.
- Operate the WAC as a non-profit, rather than a municipal entity, for cost savings in employee salaries and benefits.
- Increase the facility operations team to include a facility manager, administrative assistant, janitor/maintenance, marketing/ticketing manager, and part-time events staff.

Facility Design

- The warming kitchen should be located with convenient access to both newly constructed and renovated aspects of the WAC.
- The black box theater space should be accessible by the public as well as back of the house functions.
- New gallery spaces should be dedicated for gallery use, have high ceilings, big off-white walls, and professional lighting.
- Considerable storage space will be needed for the theaters, as well as for tables, chairs, and other equipment needed for meetings and banquets.
- Rental office spaces can be located on an upper floor. They should be adjacent to the break room, meeting rooms, and other shared office functions. Offices should also be accessible from outside the building after hours.
- Café seating should be near windows and offer a waterfront view, if possible.

Financial Performance

There are a number of options available to the WAC to close the projected financial gap. Careful consideration is warranted as changes in the rate structure can affect the financial health of facility users, the JAHC, the pARTnership, and community patrons.

- The project team factored in a three-year period to achieve normalized revenues for the community theater. Achieving the high-case for community theater rental income immediately results in a $43,000 improvement to net income in Year 1, a $33,000 improvement in Year 2, and an $18,000 increase in subsequent years.
- Community theater rental rates used in the feasibility study mirror high school auditorium rates. A 10 percent increase could yield another $10,000 in rental income if demand remains strong.
- Rental income from the renovated JACC hall, black box theatre and other spaces is projected to be about $115,000. A 10 percent rate increase could yield another $11,500 in rental income.

- The JACC currently offers a 10 percent discount to non-profits and affiliated groups. Eliminating the discount would add $11,500 in net income. Alternatively, the WAC could offer the discount on weeknight rentals only, ensuring the facility generates full rental rates for weekends and other premium dates.
- Using the high-rate scenario for office space and other leases results in another $5,000 in earned income.
- The WAC could incorporate a surcharge on community theater tickets. A $1 fee per ticket could add approximately $11,000 to net income.
- Adjustments could also be made to retail and gallery consignment rates, or to rental rates for the warming kitchen, meeting rooms, and equipment.
- The WAC has several opportunities to reduce expenses, directly increasing net income. A 10 percent savings in heat and electric nets $13,000; and a 10 percent savings in other expenses increases net income by $33,000. Combined, these categories represent $46,000 in potential savings.

Food and Beverage Considerations

Food and beverage priorities are upgrading the service kitchen and ensuring that facility users retain the option of serving alcoholic beverages.

- Policies and rates will need to be developed concerning non-professional use of the kitchen.
- The WAC will also need to purchase, and establish rates for, additional service wear such as tablecloths, chafing dishes, plates, cups, silverware, serving utensils, buffet carts, and mobile beverage carts.
- Kitchen and catering equipment rental can generate additional revenue, but also requires inventory management and equipment storage.
- The kitchen also provides an opportunity for rental income by entrepreneurs not associated with a WAC event, but seeking a kitchen approved for commercial use.

An onsite café is included in the construction cost estimates. It represents an additional amenity for WAC patrons, tenants, and performers, as well as some operational risk for the facility.

- Lease rates will need to reflect traffic and potential sales to attract a tenant.
- Allowing the café operator to have exclusive access (or an initial option) on alcohol or concession sales increases the viability of the café. At the same time, it also limits choices for facility renters.
- There will be a number of issues to negotiate such as lease length, buildout expense, operating hours, utilities, and other policies. The WAC will need to have detailed policies for how the café and outside caterers interact to avoid conflict.
- The pARTnership needs to consider the implications of a café tenant failing and the space sitting unoccupied for long periods of time.

The project team incorporated three small concession areas into construction cost estimates to accommodate sales of light snacks and beverages.

- Several alternatives are discussed in the body of the report including having this service operated by the WAC, by the café, or by caterers.

- While projections for net income to the WAC are similar, each approach presents very different implications in terms of facility management.

In summary, there are many variables that will affect the financial performance of the facility. JAHC has demonstrated its ability to maximize facility operations, and if managed properly, the WAC appears to be financially feasible.

Phase 1: Final Report

Willoughby Arts Complex | Juneau, Alaska

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KDI PROFILE

Kounkuey Design Initiative (KDI) is a nonprofit design and community development firm that partners with low-income communities in Africa, Latin America, and the United States to transform underserved neighborhoods into thriving communities. In response to each community's unique priority needs, KDI works with residents to design and implement projects that improve the physical environment and simultaneously introduce new economic activity and social development opportunities. KDI is experienced in implementing projects ranging from micro-interventions, like a single clean-water well; to complex structures that combine housing, education, and community centers; to master plans for neighborhoods, cities or regions. All of KDI's projects employ an award-winning, iterative participatory process that enables meaningful collaboration between communities, institutional partners, and civic leaders.

EXECUTIVE SUMMARY

The Willoughby Arts Complex has the potential to transform downtown Juneau and greatly enhance Juneau's already vibrant arts and culture scene. However, to successfully finance, design, construct, and eventually manage the Willoughby Arts Complex, the pARTnership board must ensure greater internal alignment between Perseverance Theatre (PT) and the Juneau Arts and Humanities Council (JAHC) and improve its own internal governance. If the WAC project is to continue to make progress in implementation, the pARTnership needs to define and apply a collectively agreed upon internal vision. This vision should guide the pARTnership leadership, as they begin to interact with the broader community through fundraising and community engagement.

Over two site visits conducted in the first half of 2015, KDI hosted several workshops with the pARTnership to begin the process to develop a strong internal vision, a clear external vision, as well as a community engagement roadmap. Through iterative exercises designed to build upon one another, KDI led the pARTnership through a process that required asking hard questions and creating consensus around complicated, but critical organizational issues. The pARTnership made progress defining WAC's operating structure, mission, and physical space requirements.

There are clear next steps that must be taken to positively and effectively move the project development forward. KDI outlines recommendations across four key areas:

- **Leadership Structure**: The current pARTnership leadership is composed of a volunteer board. To effectively develop the WAC project, the pARTnership will need to grow, diversify, and solidify its leadership structure; hire additional staff members; clearly define the roles for each position; and increase its autonomy as the governing board.
- **External Relations**: The pARTnership has made great strides in developing a robust external engagement strategy. However, the pARTnership should not move towards implementing that strategy until it adopts an official WAC mission; develops key messaging; and defines a team and a mechanism for disseminating that information.
- **Programming**: To move the WAC's expressed vision of arts for all in Juneau from idea to reality, the pARTnership should explore a third, long-term, full-time tenant; create physical spaces for native and non-traditional arts; and create a program advisory board to ensure diverse programming.
- **Design**: Once the feasibility study is complete, the pARTnership will reopen the design competition for the hiring of a project architect. As the project development enters the design phase, the pARTnership should ensure that the selected architect is skilled in conducting a participatory design process; the final design reflects Juneau's rich cultural history; the design prioritizes public spaces to encourage every-

EXECUTIVE SUMMARY, cont'd.

day community use; and the project connects in thoughtful ways to the surrounding cultural institutions, circulation routes, and waterfront.

Juneau is ready for the exciting and inclusive space the Willoughby Arts Complex will provide. To ensure this space is created, the pARTnership must act now and begin implementing the above recommendations before moving forward with the project.

OFFICE OF THE MAYOR
CITY AND BOROUGH OF JUNEAU
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Phone: (907)586-5240 Fax: (907)586-5385
email: mayor@ci.juneau.ak.us
www.junueau.org

April 12, 2013

The pARTnership
350 Whittier St., Suite 101
Juneau, AK 99801

Subject: Resolution 2642 re: Expressing Assembly Support for Use of Municipal Property Between Centennial Hall and Juneau Arts and Culture Center for the Willoughby Arts Complex, to be Developed by the Juneau Arts and Humanities Council and Perseverance Theater

Greetings!

The Assembly of the City and Borough of Juneau adopted the attached Resolution 2642, *A Resolution Expressing Assembly Support for Use of Municipal Property Between Centennial Hall and Juneau Arts and Culture Center for the Willoughby Arts Complex, to be Developed by the Juneau Arts and Humanities Council and Perseverance Theater*, at its meeting of Monday, April 1, 2013.

As you are well aware, the Assembly approved placing one million dollars of the temporary 1% sales tax, approved at the October 2, 2012 regular municipal election, for the design, permitting, and construction of the Juneau Arts and Culture Center Expansion Project.

This resolution expresses support for this project and the intent to enter into a long-term lease of municipal property consistent with the resolution or five years from resolution adoption, whichever occurs sooner.

This will help the Juneau Arts and Humanities Council (JAHC) in partnership with Perseverance Theatre (PT) to build a state-of-the- art facility, referred to as the Willoughby Arts Complex (WAC), which will house both operations, and provide performance and gallery space for all of Juneau's arts and cultural community to share. This resolution is intended to provide site control that is needed for JAHC and PT to acquire the funding for this facility.

Sincerely,

Merrill Sanford
Mayor
City and Borough of Juneau, Alaska

Cc: Juneau Arts and Humanities Council
Perseverance Theater
City Manager Kim Kiefer
US Senator Lisa Murkowski
US Senator Mark Begich
US Representative Don Young
Senator Dennis Egan
Representative Beth Kerttula
Representative Cathy Munoz
Clark Gruening, CBJ Lobbyist
Katie Kachel, Senior Associate; Chambers, Conlon & Hartwell, LLC

Presented by:	Finance Committee
Introduced:	07/16/2012
Drafted by:	J.W. Hartle

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2012-32

An Ordinance Placing on the Next Regular Municipal Election Ballot the Question of Whether to Extend the Existing Levy and Collection of a Temporary 1% Areawide Sales Tax on the Sale Price of Retail Sales, Rentals, and Services Performed Within the City and Borough, Such Tax Extension to Be Effective on October 1, 2013, for a Period of Five Years, the Proceeds of Which Are Intended to Be Appropriated by the Assembly for Certain Purposes As Set Forth Herein; and Calling for an Election on Whether Such Sales Tax Shall Be So Levied.

WHEREAS, the present 5% areawide sales tax rate in the City and Borough comprises a permanent 1% tax, a temporary 1% tax, and a temporary 3% tax; and

WHEREAS, the temporary 1% component of the sales tax expires on September 30, 2013, unless the voters approve extending the duration of the tax; and

WHEREAS, the Assembly has determined that an extension of the temporary 1% sales tax, to become effective on October 1, 2013, for a period of five years, would provide a stable revenue base for the purposes set forth herein; and

WHEREAS, with the extension of the temporary 1% tax with the approval of the voters, the total sales tax rate in the City and Borough would remain at 5%.

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

Section 1. Classification. Section 2 of this ordinance is of a general and permanent nature and shall become a part of the City and Borough Code if approved by a majority of the qualified voters of the City and Borough voting on the question at the next regular municipal election. Sections 3 and 4 are noncode sections.

Section 2. Amendment of Section. CBJ 69.05.020(a), Imposition of rate, is amended by the addition of a new subsection (3) to read:

(3) Effective October 1, 2013, within the entire City and Borough... an additional 1%.

Subsection (a)(3) of this section shall be automatically repealed on September 30, 2018.

Section 3. Submission of Question to Voters.

(a) In accordance with Article IX, Section 9.17, of the Home Rule Charter of the City and Borough of Juneau, the question of whether or not the extension of the temporary 1% areawide sales tax herein provided shall be levied and collected effective October 1, 2013, for a period of five years, shall be submitted to the qualified voters of the City and Borough at the regular municipal election to be held on October 2, 2012.

(b) The City and Borough Clerk shall prepare the ballot proposition to be submitted to the qualified voters of the City and Borough for consideration of the temporary 1% areawide sales tax extension set forth in this ordinance. The City and Borough Clerk shall further perform all necessary steps in accordance with law to conduct the election and place the proposition before the qualified voters at the regular municipal election.

Section 4. Proposition. The proposition to be submitted to the qualified voters of the City and Borough as required by Section 3 above shall read substantially as follows:

PROPOSITION NO. ___

TEMPORARY 1% SALES TAX

Authorizing Extension of a Temporary 1% Areawide Sales Tax, Effective October 1, 2013, for a Period of Five Years.

Explanation

Juneau currently has a permanent 1% sales tax, a temporary 1% sales tax, and a temporary 3% sales tax. The present temporary 1% sales tax is now scheduled to be automatically repealed on September 30, 2013. The temporary 3% sales tax is now scheduled to be automatically repealed on July 1, 2017. The total of all CBJ sales taxes is currently 5%.

This ballot proposition, if approved by the voters, would continue the current 1% temporary sales tax for an additional five years, until September 30, 2018. Accordingly, if this proposition is approved, the 1% temporary sales tax would be extended, rather than repealed, and the total CBJ sales tax rate would remain at 5%.

It is the intent of the Assembly of the City and Borough of Juneau that taxes collected under this proposed extension of the temporary 1% sales tax shall be appropriated by the Assembly for the purposes set forth herein:

- General maintenance, improvements, and upgrades to existing harbor facilities;
- General maintenance, improvements, upgrades, essential and deferred maintenance to CBJ owned recreational facilities, parks, and trails;
- General maintenance, upgrades, and improvements to certain existing Capital Transit facilities;
- Design, permitting, and construction of the Juneau Arts and Culture Center facility expansion;
- Design, permitting, and construction of an airport snow removal equipment facility;
- Design, permitting, and construction of a new library facility at Dimond Park;
- Design, permitting, and construction of a water filtration system at Salmon Creek;
- Design, permitting, and construction of a new child and adolescent mental health facility at Bartlett Regional Hospital;
- Provision of assistance to Sealaska Heritage Institute for the construction of a facility that will provide enhanced cultural instruction and professional development for Juneau teachers and professors;
- Payment of G.O. Bond indebtedness, contingent upon voter approval of October, 2012, G.O. Bonds; otherwise to capital improvements, including Centennial Hall and Aurora Harbor; and
- Deposit into the Budget Reserve as recommended by the Fiscal Policy Task Force.

Shall the City and Borough of Juneau, Alaska, levy and collect according to the sales tax code a temporary 1% areawide sales tax on the sale price of retail sales, services, and rentals within the City and Borough, effective October 1, 2013, for a period of five years, until September 30, 2018, in addition to the 1% permanent areawide sales tax and the existing 3% temporary areawide sales tax.

Extend 1% sales tax ______ years YES [ ]

Extend 1% sales tax ______ years NO [ ]

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Section 5. Effective Dates. (a) The amendment of subsection (a)(3) of CBJ 69.05.020 set forth in Section 2 of this ordinance shall become effective on October 1, 2013, if the proposition required by Sections 3 and 4 of this ordinance is approved by a majority of the qualified voters of the City and Borough voting on the proposition at the regular election scheduled for October 2, 2012.

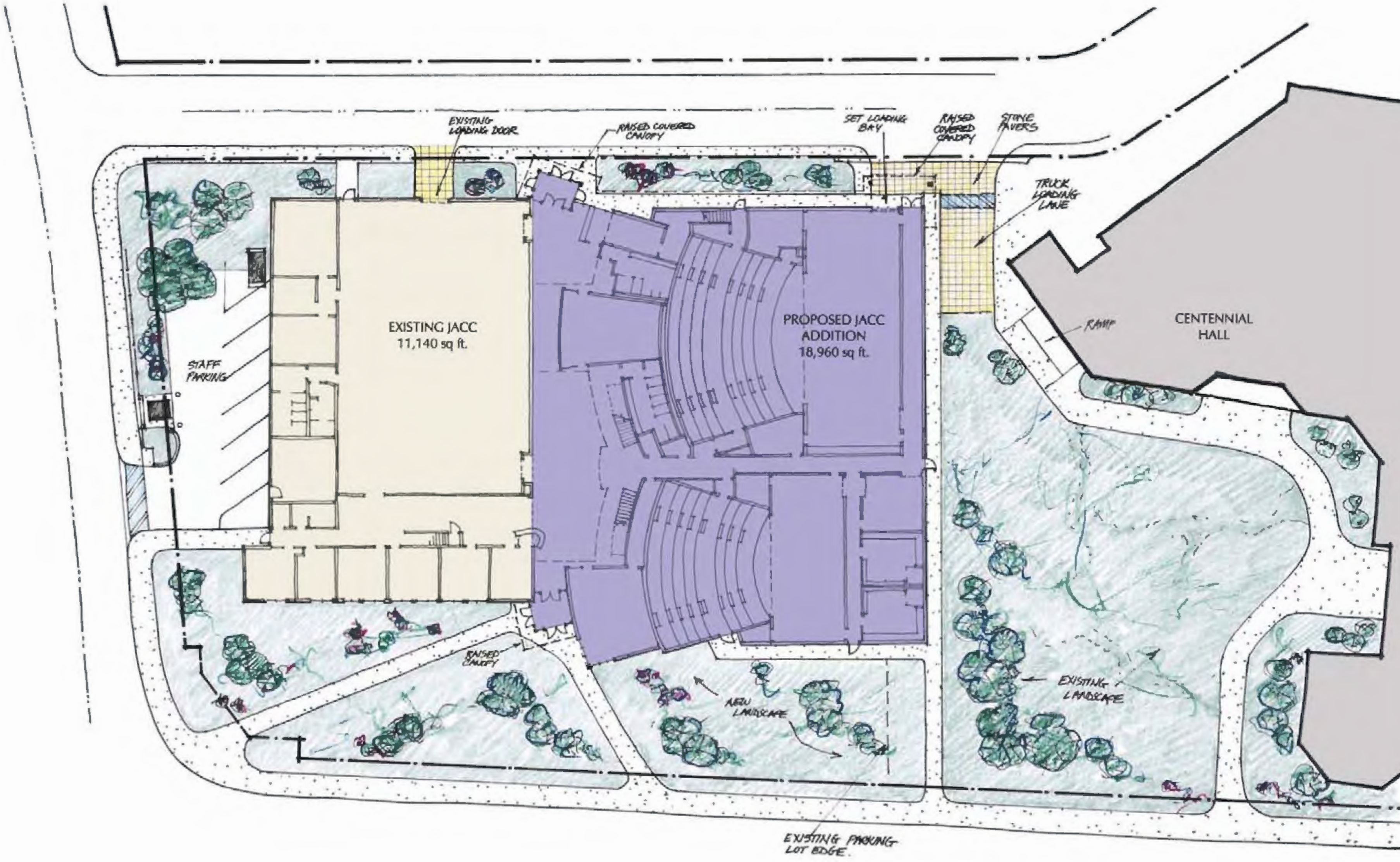
(b) Sections 3 and 4 of this ordinance authorizing the submission of the ballot proposition to the qualified voters of the City and Borough, shall be effective 30 days after adoption.

Adopted this 13th day of August, 2012.

Bruce Botelho, Mayor

Attest:

Laurie J. Sica, Clerk



JACC EXPANSION

JANUARY 18, 2012

OVERALL SITE PLAN

1" = 30'-0"

MRV ARCHITECTS

1420 GLACIER AVENUE #101
JUNEAU, ALASKA 99801
907-586-1371
mrv@mrvarchitects.com

Willoughby Arts Complex Financial Feasibility Assessment

Prepared for:

The pARTnership

November 2015

McDowell GROUP

Willoughby Arts Complex Financial Feasibility Assessment

Prepared for:

The pARTnership

Prepared by:

McDowell Group

Juneau • Anchorage

In association with:

MRV ARCHITECTS

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Gallery space net	$5,000
Café lease	$15,000
Concessions/alcohol sales net	$15,000
Fundraising	$40,000
Total Earned Revenue	**$424,000**
Expenses	**Estimate**
Payroll/benefits	$160,000
Heat	105,000
Electric	25,000
Sewer/water	4,000
Trash	9,000
Telephone	7,000
Shipping/postage	1,000
Supplies	20,000
Repairs/maintenance	18,000
Insurance	20,000
Equipment	12,000
Technicians	10,000
Janitorial	10,000
Marketing/advertising	10,000
Capital replacement	20,000
Miscellaneous	27,000
Total Estimated Expenses	**$458,000**
Net Income/Loss	**($34,000)**

Five-Year Pro Forma Cash Flow Analysis

This analysis indicates that the WAC will transition from an initial deficit of approximately $120,000 to a deficit of $34,000 by the third year of operations. Assumptions factored into the cash flow analysis include:

- Year 1 revenues are projected to be 75 percent of fully normalized revenues; Year 2 at 85 percent, and fully normalized at 100 percent in Year 3.
- The only change in expenses is an increase in repairs and maintenance from $10,000 in Year 1 to $15,000 in Year 2 and to $20,000 in Year 3.
- Projections do not include any loan or interest payments.
- Revenues and expenses are not adjusted for inflation.

Pro Forma Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Net profit/loss	($120,000)	($85,000)	($34,000)	($34,000)	($34,000)

Note: Estimates are rounded.

Even with McDowell Group's conservative estimates, the financial outlook for the WAC is much stronger than the financial performance of community centers in other Alaska locations. Contributing factors include:

- Demonstrated experience by JAHC in running the JACC in an efficient manner.
- Anticipated operation of the facility by a private, non-profit entity, rather than a municipality (which typically has a higher cost structure for wages, benefits, and indirect expenses).
- Synergies between JAHC and other arts organizations are expected to result in frequent facility usage and revenue generation.
- The facility includes multiple revenue generating aspects and increased revenue is expected from the renovated JACC.
- New construction and efficient systems will help control utility costs.

Illustrating how these factors contribute to operating deficits in other Alaska community facilities, the table below shows annual operating deficits ranging from $694,000 in Valdez to $207,000 in Wrangell. These four facilities are the primary location for performing arts and community events in their respective communities; financial details are summarized in the appendices. For a local reference, Centennial Hall in Juneau had a $600,000 operating deficit in 2014.

Annual Operating Deficits, 2014

	Deficit
Valdez Convention and Civic Center	$694,000
Harrigan Hall, Sitka	$414,000
Ted Ferry Civic Center, Ketchikan	$314,000
Nolan Center, Wrangell	$207,000

Source: Various city budget documents.

It is important to recognize these facilities also generate significant economic activity from meetings and conventions. Juneau attracted 31 meetings and $2.7 million in economic impacts from meetings and conventions in 2014. Ketchikan averaged $1.5 million annually from meetings and conventions in the past decade.

Business Plan Considerations

There are a number of ways for the WAC to enhance operational efficiencies, facility use, financial performance, and the customer experience.

Facility Construction and Management

- Ensure that construction is managed by the pARTnership, rather than the CBJ engineering department, given the higher municipal overhead cost structure.
- Operate the WAC as a non-profit, rather than a municipal entity, for cost savings in employee salaries and benefits.
- Increase the facility operations team to include a facility manager, administrative assistant, janitor/maintenance, marketing/ticketing manager, and part-time events staff.

Facility Design

- The warming kitchen should be located with convenient access to both newly constructed and renovated aspects of the WAC.
- The black box theater space should be accessible by the public as well as back of the house functions.
- New gallery spaces should be dedicated for gallery use, have high ceilings, big off-white walls, and professional lighting.
- Considerable storage space will be needed for the theaters, as well as for tables, chairs, and other equipment needed for meetings and banquets.
- Rental office spaces can be located on an upper floor. They should be adjacent to the break room, meeting rooms, and other shared office functions. Offices should also be accessible from outside the building after hours.
- Café seating should be near windows and offer a waterfront view, if possible.

Financial Performance

There are a number of options available to the WAC to close the projected financial gap. Careful consideration is warranted as changes in the rate structure can affect the financial health of facility users, the JAHC, the pARTnership, and community patrons.

- The project team factored in a three-year period to achieve normalized revenues for the community theater. Achieving the high-case for community theater rental income immediately results in a $43,000 improvement to net income in Year 1, a $33,000 improvement in Year 2, and an $18,000 increase in subsequent years.
- Community theater rental rates used in the feasibility study mirror high school auditorium rates. A 10 percent increase could yield another $10,000 in rental income if demand remains strong.
- Rental income from the renovated JACC hall, black box theatre and other spaces is projected to be about $115,000. A 10 percent rate increase could yield another $11,500 in rental income.

- The JACC currently offers a 10 percent discount to non-profits and affiliated groups. Eliminating the discount would add $11,500 in net income. Alternatively, the WAC could offer the discount on weeknight rentals only, ensuring the facility generates full rental rates for weekends and other premium dates.
- Using the high-rate scenario for office space and other leases results in another $5,000 in earned income.
- The WAC could incorporate a surcharge on community theater tickets. A $1 fee per ticket could add approximately $11,000 to net income.
- Adjustments could also be made to retail and gallery consignment rates, or to rental rates for the warming kitchen, meeting rooms, and equipment.
- The WAC has several opportunities to reduce expenses, directly increasing net income. A 10 percent savings in heat and electric nets $13,000; and a 10 percent savings in other expenses increases net income by $33,000. Combined, these categories represent $46,000 in potential savings.

Food and Beverage Considerations

Food and beverage priorities are upgrading the service kitchen and ensuring that facility users retain the option of serving alcoholic beverages.

- Policies and rates will need to be developed concerning non-professional use of the kitchen.
- The WAC will also need to purchase, and establish rates for, additional service wear such as tablecloths, chafing dishes, plates, cups, silverware, serving utensils, buffet carts, and mobile beverage carts.
- Kitchen and catering equipment rental can generate additional revenue, but also requires inventory management and equipment storage.
- The kitchen also provides an opportunity for rental income by entrepreneurs not associated with a WAC event, but seeking a kitchen approved for commercial use.

An onsite café is included in the construction cost estimates. It represents an additional amenity for WAC patrons, tenants, and performers, as well as some operational risk for the facility.

- Lease rates will need to reflect traffic and potential sales to attract a tenant.
- Allowing the café operator to have exclusive access (or an initial option) on alcohol or concession sales increases the viability of the café. At the same time, it also limits choices for facility renters.
- There will be a number of issues to negotiate such as lease length, buildout expense, operating hours, utilities, and other policies. The WAC will need to have detailed policies for how the café and outside caterers interact to avoid conflict.
- The pARTnership needs to consider the implications of a café tenant failing and the space sitting unoccupied for long periods of time.

The project team incorporated three small concession areas into construction cost estimates to accommodate sales of light snacks and beverages.

- Several alternatives are discussed in the body of the report including having this service operated by the WAC, by the café, or by caterers.

- While projections for net income to the WAC are similar, each approach presents very different implications in terms of facility management.

In summary, there are many variables that will affect the financial performance of the facility. JAHC has demonstrated its ability to maximize facility operations, and if managed properly, the WAC appears to be financially feasible.

Introduction and Methodology

The pARTnership contracted with McDowell Group to assess the financial feasibility of the proposed Willoughby Arts Complex (WAC). As envisioned, the facility will incorporate and upgrade the existing Juneau Arts and Culture Center (JACC). The expanded community arts facility will include a new community theatre with a maximum of 300 seats. Additional spaces include upgraded gallery, retail, meeting/classroom, rehearsal areas, a black box theater, and food/beverage service areas.

The WAC will be built, owned, and operated by the pARTnership on land leased from the City and Borough of Juneau (CBJ). Development of the WAC will augment the growing downtown arts district, which includes the State Library, Archive and Museum (SLAM) building currently under construction, the recently opened Walter Soboleff Building, and KTOO's upgraded studio and meeting spaces. The proximity between facilities presents new opportunities for synergies between arts organizations and increased visitation by arts patrons to the district.

In August 2015, McDowell Group completed a Market Demand Assessment for the WAC. The project team reviewed relevant documents and conducted extensive interviews with user groups, facilities managers, and others involved in performing and visual arts. The information was synthesized into low-case and high-case estimates for usage of the WAC community theater and other spaces. Findings from the initial report are summarized in this document.

The Financial Feasibility Assessment builds on the Market Demand Assessment and includes estimated capital costs, revenues, operating costs, and strategies to enhance financial performance. Data from Juneau Arts and Humanities Council (JAHC), Perseverance Theatre, Community Schools, and an array of similar facilities was reviewed. The project team drew on this information, prior research and consulting experience, as well as extensive experience in facility operations to develop reasonable estimates of potential WAC revenues and expenses. MRV Architects (working in conjunction with cost estimators HMS, Inc.) developed estimated capital costs and contributed to estimated facility operating expenses.

Multiple information sources were used to develop estimates of revenue and expenses for the WAC. The project team conducted interviews and reviewed information from a wide array of sources, including the entities listed below. Financial information for several facilities is summarized in the appendices (noted with an asterisk).

- Centennial Hall, Juneau
- Harrigan Hall, Sitka*
- Juneau Arts and Humanities Council
- Juneau Community Schools
- Morris Thompson Cultural and Visitors Center, Fairbanks*
- Nolan Center, Wrangell*
- Perseverance Theatre
- Seattle Repertory Theatre
- Several real estate and food and beverage professionals
- Ted Ferry Civic Center, Ketchikan*
- Valdez Convention and Civic Center*

Additionally, the project team reviewed a number of relevant documents and data sources including the sources listed below:

Alaska Fuel Price Reports, Department of Commerce, Community, and Economic Develoment.

A.R.T. Authentic, Responsive, Targeted, Community Engagement. Kounkuey Design Initiative. June 2015.

Assessment of a Kenai Conference Center. McDowell Group. May 2015.

Feasibility Study of a New Convention Center and Performing Arts Center. Conventions, Sports & Leisure. June 2012.

Harrigan Centennial Hall, A Renewed Cultural Hub for Sitka! McCool Carlson Green. April 2015.

Interviewee List and Notes. The pARTnership. 2014.

Interviews with Community Leaders Concerning the Willoughby Arts Complex. Walter (Bud) Carpeneti, Honorary Chair of WAC Capital Campaign Committee. August 2014.

Juneau Arts and Culture Center Performing Arts and Culture Center. Juneau Arts and Humanities Council. June 2012.

Juneau Arts Organization Work Session – Background Information for Juneau's Performing Arts Center. Sheinberg Associates/Amy Skilbred. February 2005.

Juneau Performing Arts Center Feasibility Study. AMS Planning and Research. August 2007.

Juneau Performing Arts Center Frequently Asked Questions. Posted on CBJ website.

Juneau Performing Arts Center Needs Assessment. McDowell Group. June 2002.

KTOO Studio 360 Planning Level Needs Assessment. Prepared for KTOO. Sheinberg Associates. November 2012.

Space Program, pARTnership Project. Theatre Projects Consultants. June 2014.

National Weather Service data.

WAC Project Update. The pARTnership. January 2015.

Willoughby Arts Center Conceptual Programming and Construction Estimates. MRV Architects. February 2013.

Estimated Capital Costs

McDowell Group worked with MRV Architects (MRV) and cost estimators HMS, Inc. to develop facility size and construction cost estimates. A copy of MRV's memo and spreadsheet showing details for each space are included in the appendices. Additionally, MRV developed an illustration showing how the building footprint fits into the existing space between Centennial Hall and the Juneau Arts & Culture Center (JACC). This document is also included in the appendices.

MRV worked with the City and Borough of Juneau (CBJ) to determine parking requirements, exemptions, and financial implications for the proposed facility. A copy of MRV's memo concerning parking is included in the appendices.

Estimated Facility Size and Construction Costs

The arts complex is estimated to be approximately 35,000 sq. ft., which includes 24,000 sq. ft. of new construction and 10,900 sq. ft. of renovated space. Construction costs total $18.8 million, including $14 million in construction and renovation costs and $4.8 million for indirect costs.

Estimated Facility Construction Costs

Area	Estimated Sq. Ft.	Estimated Construction Cost	Comments
Community theater components	9,595	$4,900,000	Theater, green room, and dressing rooms
Lobby and central support	3,940	$2,400,000	Lobby, reception, concessions, kitchen, café, small theater, dressing room, and scene shop
Meeting and program space	2,305	$1,700,000	JACC, gallery, retail, offices, meeting rooms, and sound studio
Building support	3,493	$3,000,000	Restrooms, janitorial, mechanical, electrical, and storage
Walls, shafts, misc. (6%)	1,160	$470,000	
General circulation (18%)	3,480	$1,500,000	
Subtotal New Construction Sq. Ft.	**23,973**	**$14,000,000**	**Cost Includes New Construction and Existing Space Renovation**
Indirect costs (34% of estimated construction costs)		$4,800,000	Design, permitting, furnishings, and contingency
Total Project Cost		**$18,800,000**	

Source: MRV Architects and HMS. Figures have been rounded.

Construction estimates are based on knowledge of the Alaska construction market and vary throughout the facility, depending on the type of space. Costs are inflated slightly to account for construction in fall 2016. The construction estimate also includes indirect project costs such as design, administrative costs, project management, furnishings, and contingency (estimated at 34 percent of construction costs).

Total Capital Costs

All parties recognize it is not practical for the WAC to provide surface or constructed parking on the site. MRV worked with CBJ to determine parking requirements associated with the new construction, reductions associated with the downtown district location and evening usage, displaced parking, and Fee-in-Lieu of parking, per CBJ ordinance 49.40.210 (d), exemption (5). The one-time Fee-in-Lieu payment will be approximately $725,000, based on a total of 84 spaces at $8,500 each[1]. As shown in the table below, total capital costs for the WAC are estimated at slightly less than $20 million, including parking.

Estimated Total Capital Costs

Area	Estimated Cost	Comments
Estimated facility construction	$18,800,000	Includes JACC renovation
Fee-in-Lieu parking	$725,000	One-time fee, per CBJ exemption
Total Estimated Cost	**$19,525,000**	

Source: MRV Architects and HMS. Figures have been rounded.

[1] For planning purposes, the figure has been rounded up from $714,000.

WAC Revenue Potential

Revenue estimates were based on analysis of current JACC revenue sources and project team estimates for revenue generated from new space. Estimates were compared with other facilities, including Centennial Hall, Ted Ferry Civic Center, Harrigan Hall, Valdez Convention and Civic Center, Seattle Repertory Theatre, and several privately owned businesses in Juneau. Additionally, the project team reviewed information in previously conducted feasibility studies for performing arts facilities in Juneau and other locations.

Facilities commonly require a ramp-up period before reaching full revenue potential. The table below represents potential revenue after the facility has normalized operations in Year 3. Revenues do not include JAHC program revenues.

Earned Revenue Summary

Revenues are estimated for 11 categories with high-case, mid-case, and low-case estimates. The mid-case estimate was used when projecting pro forma financial estimates. Following this summary table is a detailed analysis of each revenue category. Total annual earned revenues are estimated to be $424,000 in the mid-case scenario.

Potential Earned Revenue Summary

	Low-Case	Mid-Case	High-Case
Revenue			
Community theater rental	$88,000	$100,000	$118,000
Ticketing	$10,000	$12,000	$15,000
Facility rental	$97,500	$115,000	$131,000
Rental equipment and services	$21,000	$28,000	$35,000
Warming kitchen	$14,000	$16,000	$18,000
Office leases	$50,000	$56,000	$61,000
Retail space net	$21,000	$27,000	$35,000
Gallery space net	$4,000	$5,000	$6,000
Café lease	$13,000	$15,000	$17,000
Concessions/alcohol sales net	$5,000	$10,000	$15,000
Fundraising	$20,000	$40,000	$60,000
Total Revenues	**$343,500**	**$424,000**	**$511,000**

Note: Revenue summary represents normalized operations in Year 3.

Community Theater Revenue

Community Theater Demand

The Market Demand Assessment projected that WAC community theater usage would range from 135 days (low-case) to 175 days (high-case) per year. The high-case scenario assumes 110 percent of usage days predicted by user groups in interviews; the low-case scenario assumes 85 percent.

- In the low-case scenario, the 135 user days are composed of 75 performance days (50 weekend days and 25 week days) and 60 additional days (rehearsal and set-up). In this scenario, the theater would be used 37 percent of the days in a year.
- In the high-case scenario, the 175 user days are broken down into 100 performance days (65 weekend days and 35 week days) and 75 additional days. In this scenario, the theater would be used 48 percent of the days in a year.
- "Weekends" are considered to be Fridays and Saturdays, when demand is highest. "Week days" are Sundays through Thursdays. "Additional days" refer to rehearsal and set-up days.

Community Theater Demand Estimates, Annual Basis

	Low-Case	High-Case
Theater Demand		
Number of performance days	75	100
Weekends	50	65
Week days	25	35
Number of additional days	60	75
Total Number Of Usage Days	**135**	**175**
Percentage Usage	37%	48%

Source: Willoughby Arts Complex Market Demand Assessment, McDowell Group, 2015.

Rates

The rates used for financial projections are $150 per hour for performance days and $58 per hour for rehearsal days. These rates mirror the current rates for the Juneau Douglas High School (JDHS) auditorium. Although a smaller facility, the new theater will be high quality, dedicated to the performing arts, and have amenities not available at JDHS such as better evening event parking and the ability to provide alcohol at events. (Additional information on the rate structure for Centennial Hall and other Juneau facilities is available in the Market Demand Assessment.)

Community Theater Revenue Potential

The following table uses the estimated performance and rehearsal days from the Market Demand Assessment. An average of 6 rental hours was used in the model; actual use may be higher or lower based on the type of event. Performance day revenue potential ranges from $67,500 to $93,600 and rehearsal day revenue estimates range from $21,880 to $24,708. Total annual theater revenues are estimated to range from $88,380 to $118,308. For purposes of the pro forma cash flow analysis, the mid-point estimate was rounded to $100,000.

Community Theater Revenue

Low-Case		High-Case	
Performance Days	**75**	**Performance Days**	**104**
Hourly Rate	$150	Hourly Rate	$150
Avg. Hours	6	Avg. Hours	6
Revenue	$67,500	Revenue	$93,600
Rehearsal Days	**60**	**Rehearsal Days**	**71**
Hourly Rate	$58	Hourly Rate	$58
Avg. Hours	6	Avg. Hours	6
Revenue	$20,880	Revenue	$24,708
Total Revenue	**$88,380**	**Total Revenue**	**$118,308**
	135	**Total Days**	**175**
Average: High-Case And Low-Case Revenue			**$103,344**

Source: Willoughby Arts Complex Market Demand Assessment, McDowell Group, 2015 and McDowell Group estimates.

Factors that might influence theater revenue towards the low-case scenario include:

- Inability by some groups to pay rates comparable to, or higher than, the high school rental rates.
- Scheduling conflicts.
- Local economic conditions and population levels may constrain demand.

Factors that might influence theater revenue towards the high-case scenario include:

- Current groups increasing their number of performances as a result of the new, high-quality venue.
- New performance groups formed as a result of the new venue, a vibrant arts community, and other factors.
- Potential users that were not identified in our interview process.
- The potential for some small amount of additional revenue from "dark days."
- High-quality customer service.

Ticket Sales Revenue

There is potential for the WAC to generate revenue from ticket sales. Currently, JAHC manages ticket sales for community events and Perseverance Theatre through a licensed system called Vendini. This generates a small amount of revenue for JAHC. Tickets can be sold in person or online. Hearthside Books, Rainy Retreat, and organizations such as Juneau Jazz and Classics, and Juneau Symphony sell tickets through the JAHC Vendini license. The fee arrangement is nominal, but somewhat complex. A fee of $0.35 is paid to Vendini whether the ticket is sold online or in person. Groups that wish to sell their own tickets also pay JAHC a fee of $10 for setup and $0.03 per ticket. Online sales of tickets through Vendini incur fees based on ticket price and generally range from $1.50 to $3.50. Tickets sold through JAHC are also charged a fee to offset credit card charges of 4 to 5 percent. Transferring this function from the JAHC to the WAC could generate $12,000 in annual revenue.

Ticket Sales Revenue

	Net Income
Low-Case	$10,000
Mid-Case	$12,000
High-Case	$15,000

Source: McDowell Group estimate.

Facility Rental

Current Facility Rental Revenue

An analysis of 2013 and 2014 rentals by size, type, and revenue revealed that the majority of JACC facility rental revenue comes from the main hall and almost 25 percent from full-facility rentals (for purposes of this analysis, full-facility rental refers to the hall, kitchen, and gallery space). There were an average of 35 full-facility rentals annually for 2013 and 2014 generating approximately $23,000 each year.

As shown in the table below, the JACC averaged 210 hall rentals per year for 2013 and 2014. The table below shows the average number of rentals, duration, and revenue generated during that period.

JACC Hall Rental, 2013 and 2014 Averages

Type of Rental	# of Rentals	% of Rentals	Revenue	% of Rev.
Multiple days (avg. 5 days each)	6	2%	$12,500	16%
Long days (10-24 hrs.)	27	13%	$15,900	21%
Full days (5 -9 hrs.)	54	26%	$22,700	29%
Half days (4 hrs.)	41	20%	$11,800	15%
Less than 4 hrs.	82	39%	$14,200	18%
Total	**210**		**$77,100**	

Source: JACC. Due to rounding, some columns do not total 100 percent.

Facility Rental Revenue Potential

Following is a brief discussion of the types of WAC rentals and potential revenues once the JACC space is renovated. A summary of facility revenue is presented in the table on the following page.

Full-Facility and Hall Rental

Full-facility rental revenue has been fairly stable over the last few years, averaging $23,000. An increase in revenue is expected considering the facility upgrades and additional capacity. Potential revenue from full-facility rentals could range from $23,000 to $27,000, with a mid-case revenue scenario of $25,000.

As part of WAC development, the hall will be renovated, including the addition of a sprinkler system (increasing legal occupancy from 300 to 400 people), relocating and building new bathrooms, and a general makeover of the space. The current kitchen (at 110 sq. ft.) is inadequate. A new warming kitchen (450 sq. ft.) is planned. An increase in facility rentals is anticipated due to higher occupancy limits, a refurbished interior, and a professional warming kitchen.

Based on user group interviews conducted for the demand estimate portion of this study, the hall is expected to lose five to seven events annually to the community theater. The addition of a 1,600 sq. ft. black box theatre will capture about 10 percent of the revenue currently generated by the Hall as certain groups are likely to prefer a smaller, more intimate space. All things considered, Hall rental is anticipated to generate between $72,000 and $81,000 annually, with a mid-case revenue scenario of $77,000.

Black Box Theatre

The WAC includes a 1,600 sq. ft. black box theatre with an additional 120 sq. ft. control room. The space would provide flat seating for up to 120 people. In addition to theatrical performances, the space could be used for weddings, meetings, workshops, and other events. If the space was rented once per week at $200 per day, annual revenue would be about $10,000. Two rentals per week would generate about $20,000, and three weekly rentals would generate about $30,000. As mentioned above, some of this revenue will be captured from patrons currently using the Hall.

Meeting/Classroom Space Rental

The JACC occasionally rents meeting and other space. Revenues average $1,000 a year. Plans include a 200 sq. ft. meeting room and a 350 sq. ft. seminar/classroom capable of holding up to 24 people. The seminar/classroom would include a kitchenette and modern audio-visual equipment. Both rooms would be available for rent. Meeting space revenue is expected to range from $2,000 to $4,000, with a mid-case estimate of $3,000.

Foyer/Lobby Rental

Lobby rental, based on a rate of $150 per event and an estimated 10 to 20 events annually, is expected to generate $1,500 to $3,000 with a mid-case scenario of $2,200. Policies will need to be established to address lobby events and the potential interaction with café operations, especially if events are catered by other operations.

Discounts

JACC provides discounted rentals for non-profits and affiliated groups. Rental discounts have averaged 10 percent of rental revenue for the last five years. Estimated revenues below have been reduced by 10 percent to allow for discounts. After discounts, facility rental space revenue potential is estimated between $97,500 and $131,000, with a mid-case scenario of $115,000.

Potential Facility Revenue

	Low-Case	Mid-Case	High-Case
Full-facility rental revenue	$23,000	$25,000	$27,000
Hall rental revenue	$72,000	$77,000	$81,000
Black box/Improve theatre	$10,000	$20,000	$30,000
Meeting/classroom space rentals	$2,000	$3,000	$4,000
Lobby/foyer rental	$1,500	$2,200	$3,000
Total Potential Facility Revenue	**$108,500**	**$127,200**	**$145,000**
10% discount	($10,850)	($12,700)	($14,500)
WAC Potential Facility Revenue	**$97,500**	**$114,500**	**$130,500**

Source: JACC and McDowell Group estimates. Figures have been rounded.

Rental Equipment and Services Revenue

Current Revenue

Rental equipment includes tables, chairs, dividers, coat racks, tent, tablecloths, some glassware, lights, and easels. Service revenues have been minor, such as reimbursing the JACC for postage or extra garbage service. In recent years, revenue generated from equipment rental and services ranged from $20,000 to $30,000, with a mid-point of $25,000.

Revenue Potential

Modest increases are projected due to increased facility usage. Estimated revenue ranges from $21,000 to $35,000, with a mid-point of $28,000.

Potential Rental Equipment and Services Revenue

	Low-Case	Mid-Case	High-Case
Current facility rental revenue	$20,000	$25,000	$30,000
Potential increase	5%	10%	15%
WAC Potential Facility Revenue	**$21,000**	**$28,000**	**$35,000**

Source: JACC and McDowell Group estimates. Figures have been rounded.

Warming Kitchen Rental

The JACC's current kitchen is very small, not well appointed, and severely limiting to caterers and event hosts. The warming kitchen will be 450 sq. ft. and outfitted with professional equipment, including sinks, dishwasher, refrigeration, stove tops, warming ovens, and preparation areas. The kitchen should be adjacent to the hall, closest to the primary users of the kitchen. However, there will likely be other events elsewhere in the facility (lobby, meeting rooms, etc.) that will utilize the kitchen.

WAC management will need to make many decisions related to kitchen policies and fees, such as whether to allow non-professional use of the kitchen. Facilities around the state have a variety of policies. Some allow non-professional use (potlucks) and some do not. For example, Centennial Hall and Valdez Convention and Civic Center only allow professional use of their kitchen. They do allow, on a case-by-case basis, renters to bring food made at an approved commercial facility into the rental spaces, but do not allow for potluck events. The Ted Ferry Civic Center allows potluck use of its kitchens with a liability waiver and for a fee. For the revenue projections below, the project team assumed that the kitchen will be used by the general public as well as professional caterers, and available for potluck use.

Kitchen Rental Rates and Revenue Potential

Centennial Hall charges a fee of 8 percent for catered food and beverage sales. Non-professionals may be approved for bringing food into the facility (such as commercial prepared snack trays or sandwiches) but there is no use of the kitchen or serving equipment. There is a fee of $60 per day for bringing in food. The Ted Ferry Civic Center charges $150 per day for full kitchen use (included free with full facility rental) and $50 for potluck use of the kitchen, and $25 per day for food that is dropped off. Valdez charges a fee of 10 percent of the gross catering bill (food and alcohol).

WAC kitchen rental rates should be high enough to cover energy, supplies, and other expenses; replacement costs and maintenance for equipment; and generate some additional revenue for the facility. Rental kitchens tend to suffer from heavy use. Regular maintenance and occasional equipment replacement is the norm, especially if used by non-professionals. Based on comparable facility rates, and food and beverage experience, the project team utilized $150 per day, in the financial projections, for full facility rental. Full facility users would also pay 5 percent of gross food and beverage sales (based on a catering invoice) or a minimum of $150. Potluck users would pay a $75 fee.

Based on current facility rentals and kitchen demand, kitchen revenue is estimated between $14,000 and $18,000, with a mid-case of $16,000.

Warming Kitchen Rates and Potential Revenue Mid-Case

	Daily Rate	Est. Annual Rentals	Est. Annual Revenue
Full facility rental	5% of gross sales	10	$2,500
Other space rental, full kitchen use	$150	85	$13,000
Potluck kitchen use	$75	15	$1,125
Total Kitchen Rental Revenue			**$16,625**

Source: JACC and McDowell Group estimates.

Office Space and Other Lease Revenue

Current Space Rental Revenues

The JACC currently has two primary sources of office space rental revenue. Studio A is leased for $500 per month (800 sq. ft. located on the second floor). In addition to rent, the studio provides the facility with in-kind use of a professional sound system and set-up for events. Juneau Jazz and Classics rents a first floor office for $450 per month (approximately 250 sq. ft.).

The JACC also currently receives revenue from food truck space rental. Two trucks rent space for roughly five months of the year. The spaces rent for $150 per month, plus an additional fee for utilities and other services.

Revenue Potential

EXISTING OFFICE SPACE REVENUE

The low-case scenario includes existing tenant rents (Studio A and Juneau Jazz and Classics), which generate $11,400 annually. Food truck space rents are approximately $1,500. The mid-case scenario increases rents by 8 percent, generating $12,300 annually. The high-case scenario has increased rents 15 percent annually to $13,100.

NEW OFFICE SPACE RENTAL REVENUES

The WAC will include eight office rental spaces of 120 sq. ft. each. These offices are in addition to office space planned for JAHC staff. Priority for the rentals will likely be affiliated arts groups and organizations. Ideally, the offices will be located adjacent to a shared space for a copier and break room. The offices will need to be fully accessible from outside the building, with the remainder of the facility secure after hours.

Based on interviews conducted with Juneau realtors, a fixed rental rate is recommended rather than a per sq. ft. rate for these small premium offices. The offices should rent in the range of $395 to $495 per month. Based on these rates, the table below shows low-case annual revenue of $28,400 to a high-case of $35,600. Using the mid-case of $450 month would generate $32,400 annually. Rent should include heat, and electricity but not telephone, internet, or janitorial. One parking space per office should also be provided.

The estimated range of total potential revenue from WAC office rental is between $49,000 and $61,000, with a mid-case scenario of $56,000.

Potential Annual Office Rental Revenue

	Low-Case	Mid-Case	High-Case
Current JACC rentals	$11,400	$12,300	$13,100
New WAC offices	$37,920	$43,200	$47,520
Total Potential WAC Office Rent	**$49,320**	**$55,500**	**$60,630**

Source: JACC and McDowell Group estimates. Figures have been rounded.

Retail Sales

Current Revenue

Currently, the JACC utilizes the hallway near the main entrance for retail display and sales. The 820 sq. ft. space is appealing and captures virtually everyone entering the building. Merchandise is a combination of consignment and JACC inventory. Recent net revenue from retail sales have ranged from $20,000 to $30,000 annually.

Revenue Potential

There is potential to increase retail space in the expanded facility. Increased display spaces, coupled with an increase in building traffic, should result in higher sales. With a conservative increase of 5 to 15 percent, net retail revenue potential is expected to range from $21,000 to $35,000, with a mid-case of $27,000.

Potential Retail Net Revenue

	Low-Case	Mid-Case	High-Case
Current JACC retail revenue	$20,000	$25,000	$30,000
Potential increase	5%	8%	15%
WAC Potential Retail Net Revenue	**$21,000**	**$27,000**	**$34,500**

Source: JACC and McDowell Group estimates. Figures have been rounded.

Gallery Sales

Current Gallery Net Revenue

The current galley space is approximately 500 sq. ft. Gallery sales over the last five years have averaged between $14,000 and $15,000 with net profit ranging from $4,000 to $6,000 after the artists and other expenses are paid.

Revenue Potential

The current plan increases the gallery space to 575 sq. ft. with the space dividable into two 285 sq. ft. spaces located in the new portion of the facility. The opportunity to provide smaller gallery spaces may result in increased interest from artists with smaller volumes of work. This configuration would also allow two simultaneous shows offering greater variety to patrons, and perhaps increasing overall visitation to the facility. The table below shows an increase of 5 percent in the low-case to 15 percent in the high-case scenario, potentially generating revenues of $4,200 to $5,800 with a mid-case of $5,000.

Potential Gallery Sales Net Revenue

	Low-Case	Mid-Case	High-Case
Current JACC gallery net	$4,000	$4,500	$5,000
Potential increase	5%	10%	15%
New WAC Gallery Net	**$4,200**	**$5,000**	**$5,800**

Source: JACC and McDowell Group estimates. Figures have been rounded.

Café Lease

Currently, the facility plan includes a 450 sq. ft. space for a café kitchen and assumes use of 250 sq. ft. of the lobby for seating for a total of 700 sq. ft. Depending on table size and arrangement this will seat 25-40 people.

Revenue Potential

Restaurant lease rates in downtown Juneau range from $1.50 to $4.00 per sq. ft. Because of relatively limited foot traffic, the project team utilized a modest rate of $1.75 per sq. ft. in the projections. At this rate, the café space would generate $15,000 in annual revenue for the facility. The low-case is estimated at $13,000 and the high-case at $17,000.

Potential Café Lease Revenue

	Low-Case	Mid-Case	High-Case
Per sq. ft./month	$1.50	$1.75	$2.00
Monthly Revenue	$1,050	$1,200	$1,400
Annual Revenue	**$12,600**	**$14,700**	**$16,800**

Source: McDowell Group estimates. Figures have been rounded.

Concessions/Alcohol Sales

Discussion of Alternatives

Arts organizations and other potential WAC users expressed strong interest in enhancing food and beverage capabilities in the existing and new spaces, noting the importance of alcoholic beverages at events. The facility, as currently envisioned, includes three 100 sq. ft. concession stands in the community theater lobby. The stands are suitable for serving beer, wine, soft drinks, coffee, and light snacks. Further, incorporating them into facility design reduces some of the time and cost involved in event set-up and break down.

There are several options available to the pARTnership for servicing events including:

- Operating the concessions and alcohol sales directly.
- Allowing the entity leasing the café to have exclusive usage or a first option on providing the service.
- Allowing facility renters to contract with the caterer of their choice.

Each option brings a different set of implications concerning facility management, revenue, customer service, and choices available to WAC users. Under any scenario, there is some inherent operational risk for the vendor in ensuring that sales for small events are sufficient to recoup the cost of labor, products, supplies, and overhead. Importantly, alcohol can only be served by entities holding a liquor license. Additionally, servers and supervisors must meet State of Alaska training requirements, including Techniques of Alcohol Management certification (TAM).

Revenue, management, and service implications are briefly described below for each scenario.

WAC Operates Alcohol Sales and Small Concessions

The WAC may be able to acquire a license to sell beer and wine directly. This approach necessitates hiring and training service staff. The Seattle Repertory Theatre nets $100,000 annually from alcohol sales by owning its own license; it has 220,000 theater patrons annually. (In contrast, ticket sales for both theaters combined are estimated between 20,000 and 30,000 annually.)

The table below shows estimated annual net profit of WAC-managed alcohol and concession sales. Overall, the project team estimates a modest profit of about $8,500 in the mid-case scenario. Likely, events with higher attendance will be profitable and events with lower attendance will not.

The advantage of this approach is consistently available concessions for facility patrons and another source of revenue for the WAC. The downside is increased facility management effort in exchange for potentially modest revenues. Further, it limits choices available to facility renters and potentially alters the WAC's relationship with the business community.

Potential Alcohol and Concession Sales

	Low-Case	Mid-Case	High-Case
Estimated Patrons			
Community Theater	7,500	11,250	15,000
Alcohol Sales			
Average patrons that make a purchase	0.33	0.33	0.33
Total patron making a purchase	2,475	3,713	4,950
Average drinks per person	1	1.5	2
Total drinks sold	**2,475**	**5,569**	**9,900**
Average drink price $5.50	$5.50	$5.50	$5.50
Total sales	**$13,613**	**$30,628**	**$54,450**
Net proceeds to WAC	20%	20%	20%
Net income	$2,723	$6,126	$10,890
Snacks/non-alcoholic beverages			
Average patrons that make a purchase	0.33	0.33	0.33
Total Patrons that make a purchase	2,475	3,713	4,950
Average price $3.50	$3.00	$3.00	$3.00
Total sales	**$7,425**	**$11,138**	**$14,850**
Net proceeds to WAC	20%	20%	20%
Net income	$1,485	$2,228	$2,970
Total Net Income Alcohol/Snacks/Other	**$4,208**	**$8,353**	**$13,860**

Source: JACC, Perseverance Theatre, and McDowell Group estimates. Figures have been rounded.

Concessions Become Part of Café Lease

Concessions and alcohol sales could be operated by the entity leasing the café. Recognizing this provides an additional revenue center for the café operator, the WAC could generate a higher lease rate or charge a fee on a per event basis.

Advantages of this approach include consistency in service level and increased appeal of leasing the WAC café. The downside is reduced choice for facility renters and a potential revenue drain for the café for some smaller events. Increased revenue potential could be in the range of $10,000 to $15,000 annually.

Concessions Open to Caterers

The WAC could charge a nominal fee to caterers to operate the concessions. This approach preserves the greatest amount of choice for facility renters, although some events may be challenged to find a licensed vendor willing to commit to the staff time and expense for smaller events.

The community theater is expected to have an average of 150 performance days annually. Not all events will be suitable for alcohol sales or concessions. A modest rental fee of $100 for the concession areas and 100 rental days would yield $10,000 in WAC revenue.

Revenue Potential

While each scenario has different management and service implications for the WAC and facility patrons, the projected net income was not significantly different. The project team estimated $10,000 in net earned income in the mid-case scenario related to concessions and alcoholic beverage sales.

Fundraising

Current Fundraising Revenue

The JACC has averaged $35,000 in fundraising revenue over the last five years, but increased fundraising revenue in 2014 to $59,000. The most significant source of fundraising are the proceeds from one day of the Wearable Arts event. Prior to 2014 the JAHC had dedicated funds from the Saturday show. In 2014 they dedicated funds from the Sunday show, which has higher attendance. Wearable Arts accounts for about two-thirds of all fundraising revenue. Other sources include Motown Night, Clink, and benefit concerts and dances. The facility also receives some cash donations.

WAC Potential Fundraising Revenue

Assuming revenue from the Wearable Arts performance is contributed to the WAC and that a new facility would like spur additional donations through new or expanded fundraising events, a low-case estimate would be $20,000 in fundraising, $40,000 mid-case, and $60,000 high-case. With additional effort, the WAC/JAHC could increase fundraising well beyond the high case scenario.

WAC Potential Fundraising Revenue

	Low-case	Mid-case	High-case
Fundraising revenue	$20,000	$40,000	$60,000

Estimated WAC Expenses

The initial step in estimating WAC expenses included a thorough review of JACC financials, including development of a two-year average calculating cost per sq. ft. These figures were then adjusted to reflect the expanded WAC facility. Expenses for comparable facilities were reviewed as well as several privately owned buildings in Juneau. The project team's analysis, and a summary of expenses by major category, are provided below.

Payroll

Comparable Facility Staffing

Review of comparable public facilities revealed that they each employ 5 full and part-time staff for building operations. The non-profit MTC employs two staff members.

Comparable Facility Payroll and Staff Positions

	Valdez Convention and Civic Center	Ted Ferry Civic Center	Harrigan Hall	Morris Thompson Center
Square footage	23,000	7,393	7,385	38,720
Payroll/benefits	$536,000	$301,000	$357,000	$205,000
Number of staff positions				
Facility manager (FT)	1	1	1	1
Assistant facility manager (FT)			1	1
Assistant facility manager (PT)			1	
Technician/Lights	1		1	
Maintenance		1		
Admin (FT)		1		
Admin (PT)	1		1	
Events (FT)	2	2		
Total Staff	**5**	**5**	**5**	**2**

Note: JACC does not include a facility manager salary.

Staffing and Payroll Estimate

The JACC currently operates with assistance and payroll support from the JAHC. The following JACC/JAHC staff provide either full or part-time support to the JACC:

- Executive Director (FT)
- Education Program Manager (FT)
- Facility Manager (FT)
- Artist Program Manager (FT)
- Business Manager (FT)

JACC payroll is very lean at $85,000 in 2014 (not including the positons supported by JAHC). Currently the executive director is funded by JAHC. The following payroll budget does not include funding for an executive director. JAHC will want to consider how that positon will be supported. It will be necessary to increase the expense budget presented in this study if some or all of executive director payroll is shifted to the WAC.

The JACC has been successful in large part due to the flexibility of staff. Further planning will need to be completed in order to develop a WAC staffing plan that utilizes current staff. However, it is clear that a new facility will require additional staff. Working with JACC management, we estimate that additional staffing will increase payroll from $85,000 to $160,000. Currently, JACC staff do not receive benefits.

Non-Payroll Expense Estimates

The following table shows non-payroll operating expense per sq. ft. for comparable facilities. Some adjustments have been made, as each facility has some expenses related to specific programming needs that are unique to that facility. In general, expenses are higher for public facilities and larger facilities benefit from economies of scale. Rates for the Morris Thompson Cultural and Visitor Center and the Valdez Convention and Civic Center have been adjusted to reflect climate and heating oil consumption differences. Adjustments were made based on Southeast temperatures and the price of heating oil in Juneau versus Fairbanks and Valdez in 2014.

Comparable Facility Annual Non-Payroll Expenses

	Sq. Ft.	$ per Sq. Ft.
Public Facilities		
Ted Ferry Civic Center	7,300	$16.85
Nolan Center	20,300	$12.00
Valdez Convention and Civic Center	23,000	$11.75
Centennial Hall	40,000	$11.10
Harrigan Hall	18,000	$6.30
Private Facilities		
Morris Thompson Cultural and Visitor Center	38,720	$8.50
JACC	10,878	$8.25

Note: Figures have been rounded.

Utilities

The most significant non-payroll expenditure is typically utilities, primarily heat and electric. A review of comparable facilities shows combined heat and electric expense ranging from $5.50 per sq. ft. for the Valdez Convention and Civic Center to a low of $1.97 for the JACC. The JACC is a CBJ-owned property and benefits from CBJ bulk oil prices. Centennial Hall ($2.75) is all electric and benefits from Juneau's relatively low hydroelectric rates. The Morris Thompson Cultural and Visitor Center uses steam for heat.

Comparable Facility Electric and Heating Expenses per Sq. Ft.

	Valdez Convention and Civic Center	Ted Ferry Civic Center	Harrigan Hall	Morris Thompson Center	Centennial Hall	JACC
Heat	$2.55		$1.50	$1.88		**$1.47**
Electric	$2.94		$1.32	$1.03	**$2.75**	**$0.50**
Combined	$5.49	$3.62	$2.82	**$2.91**	**$2.75**	**$1.97**

Note: Nolan Center utilities information was unavailable.

Heat

Currently, the JACC spends approximately $1.47 per sq. ft. for heating oil at the CBJ bulk rate. Recognizing the significantly increased heating oil consumption for the new HVAC system, as well as uncertainty about the WAC's ability to access the CBJ bulk rate in the future, the cost per sq. ft. has been estimated at $3.00 per sq. ft. for both old and new spaces combined. The heating oil budget is estimated at $105,000.

Electric

The JACC currently spends approximately $0.50 per sq. ft. annually for electricity. This rate is anticipated to increase to $0.75 per sq. ft. based on new HVAC system requirements. The electric budget is estimated at $25,000 annually.

Water and Sewer

The WAC budget for water and sewer is estimated at $4,000. Centennial Hall currently spends $3,700 annually for water and sewer.

Trash

The annual budget for trash removal is estimated at $9,000; the current JACC budget is $2,900.

Telephone

WAC will need to add a number of new lines to accommodate Perseverance Theatre staff and the box office. The annual budget for telephone is estimated at $7,000 (an increase of $1,000 from the current JACC budget).

Other Expenses

Supplies

Supplies expense was increased from the current JACC budget of $6,800 to $20,000 to accommodate a larger facility and more activity.

Shipping/Postage

The shipping and postage budget is estimated at $1,000 annually.

Insurance

With the assistance of Shattuck and Grummett, facility and liability insurance was estimated at $18,000 annually.

Marketing

To attract users and meet revenue projections, the WAC will need to engage in a coordinated marketing effort which will include staff time as well as advertising, an online presence, and printed collateral materials. Based on expenditures for comparable facilities and project team experience, marketing expense is estimated at $10,000 annually.

Technicians

The WAC will need regular professional technical assistance to setup and maintain lighting, sound, and other equipment. The JACC currently receives in-kind services for lighting. The WAC will need to spend about $10,000 annually for additional technical services.

Janitorial

Janitorial services would be contracted and increase from the current level of two days a week to five days per week. A larger facility will increase the area to be cleaned and increase the per visit fee. This expenditure is estimated to increase from about $3,500 annually to about $10,000 annually.

Maintenance and Repairs

Currently, JACC maintenance is managed by CBJ. JACC is charged about $7,500 annually. It is unclear at this time what arrangements will be made to care for new and old areas of the facility. Maintenance issues are expected to be minor in the new section for the first few years. Maintenance and repairs would be contracted either with CBJ or another entity and are estimated at $10,000 in Year 1, increasing to $20,000 annually in Year 3.

Equipment

JACC equipment expenditures are approximately $4,800 annually. Estimated expenses for the WAC are increased to $12,000, given increased facility size and usage.

Capital Replacement Fund

It will be prudent for the WAC to maintain a capital replacement fund for repair or replacement of the roof or major systems such as lighting, sound system, or HVAC. Annual expense is estimated at $20,000; any unexpended funds would be expected to carry forward for use in the following year.

Miscellaneous

This category includes professional and technical services such as snow removal, landscaping, security, IT, and other facility expenses. Expenses are estimated at $35,000 annually.

Summary of Estimated Expenses

Total expenditures are estimated to be $458,000 annually after facility operations have normalized in Year 3. Non-payroll expenditures total $298,000. The average non-payroll cost per sq. ft. of $6.60 in in the range of Harrigan Hall ($6.30 per sq. ft.) and JACC ($8.25 per sq. ft.).

Estimated Expenses Summary

Expenses	Estimate
Payroll	$160,000
Heat	105,000
Electric	25,000
Sewer/water	4,000
Trash	9,000
Telephone	7,000
Shipping/postage	1,000
Supplies	20,000
Repairs/maintenance	20,000
Insurance	18,000
Equipment	12,000
Technicians	10,000
Janitorial	10,000
Marketing/advertising	10,000
Capital replacement	20,000
Miscellaneous	27,000
Total Estimated Expenses	**$458,000**

Pro Forma Potential Cash Flow Analysis

Estimated Annual Net Income/Loss

Based on the mid-case revenue and expense estimates described in the previous sections, and assuming operations normalize in Year 3, the WAC is anticipated to experience a net operating loss of approximately $34,000 annually. (The following section of this document, Business Plan Considerations, includes strategies to optimize facility usage and revenue and close the financial gap.)

Cash Flow Estimate, Year 3 and Beyond

	Year 3
Earned Revenue	**Estimate**
Community theater rental	$100,000
Ticketing	$12,000
Facility rental	$115,000
Rental equipment and services	$28,000
Warming kitchen rental	$16,000
Office leases	$56,000
Retail space net	$27,000
Gallery space net	$5,000
Café lease	$15,000
Concessions/alcohol sales net	$15,000
Fundraising	$40,000
Total Earned Revenue	**$424,000**
Expenses	**Estimate**
Payroll/benefits	$160,000
Heat	105,000
Electric	25,000
Sewer/water	4,000
Trash	9,000
Telephone	7,000
Shipping/postage	1,000
Supplies	20,000
Repairs/maintenance	18,000
Insurance	20,000
Equipment	12,000
Technicians	10,000
Janitorial	10,000
Marketing/advertising	10,000
Capital replacement	20,000
Miscellaneous	27,000
Total Estimated Expenses	**$458,000**
Net Income/Loss	**($34,000)**

Five-Year Pro Forma Cash Flow Analysis

This analysis indicates the WAC will have an operating deficit of approximately $120,000 in the initial year of operations, improving to a deficit of $34,000 by the third year of operations. Assumptions factored into the cash flow analysis for the initial five years include:

- Year 1 revenues are projected to be 75 percent of fully normalized revenues; Year 2 at 85 percent, and fully normalized in Year 3.
- The only change in expenses is an increase in repairs and maintenance from $10,000 in Year 1 to $15,000 in Year 2 and to $20,000 in Year 3.
- Projections do not include any potential loan or interest payments.
- Revenues and expenses are not adjusted for inflation.

Pro Forma Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5
Net profit/loss	**($120,000)**	**($85,000)**	**($34,000)**	**($34,000)**	**($34,000)**

Note: Estimates are rounded.

Business Plan Considerations

The following section includes a number of recommendations and considerations to optimize operational efficiencies, facility use, financial performance, and service level for facility renters and patrons.

Facility Construction and Management

- Construction management cost will be much lower if managed by the pARTnership rather than the CBJ engineering department, given the higher municipal overhead cost structure.
- Similarly, operation of the WAC as a non-profit entity (rather than a municipal entity) provides cost savings in employee salaries and benefits. However, the relationship with CBJ currently offers some cost advantages (such as discounted fuel) which should be preserved where possible.
- The facility operations team is expected to include the equivalent of four full-time staff and part-time event staff as needed. These positons will be a combination of existing staff and new hires.

Facility Design

- The warming kitchen should be located with convenient access to both newly constructed and renovated aspects of the WAC. The flat floor area in the current JACC will likely have greater use of the warming kitchen for conferences, banquets, receptions, and other events.
- The black box theater space provides flexibility for rehearsal, performance, and event space rentals. Given the variety of potential uses, the space should be accessible by the public and available for back of the house functions.
- Visual artists hope the new gallery spaces will be dedicated for gallery use and have high ceilings, big white walls (capable of hanging flat art), and professional lighting. An option of having natural light in the gallery may be appealing for some users. Artists will likely look to the WAC for display cases, monitors, projectors, and other commonly used equipment.
- Considerable storage space will be needed to support the two theaters as well as meeting and banquet equipment.
- Rental office spaces can be located on a second floor. They should be adjacent to the break room, meeting rooms, and other shared office functions. Offices should also be accessible from outside the building after hours.
- Café seating should be near windows and offer a waterfront view if possible.

Financial Performance

The pARTnership will want to carefully consider each of the revenue options below, as changes in the rate structure can affect the financial health of facility users and ultimately the feasibility of the facility.

Larger Sources of Earned Income

The larger sources of earned income are the new community theater and facility rental. The project team factored in a three-year period to achieve normalized revenues for the community theater. It is possible for the WAC to accelerate this ramp-up period.

- The mid-case of $100,000 was used in the pro forma rather than the high-case estimate of $118,000. Achieving the high-case for community theater rental income immediately results in a $43,000 improvement to the net income in the initial year, a $33,000 improvement in the second year, and an $18,000 increase in subsequent years.
- Community theater rental rates used in the feasibility study mirror the JDHS auditorium rates. Although several potential facility users expressed price sensitivity, the investment warrants consideration of increased rates. A 10 percent increase could yield another $10,000 in rental income if demand remains strong.
- Rental income from the JACC hall, black box theatre and other spaces was projected to be $115,000 assuming a modest increase in usage of current space and the addition of new revenue generating spaces. Given the investment in facility upgrades, the market may respond favorably to an increase in rental rates. A 10 percent increase could yield another $11,500 in rental income.
- The JACC currently offers a 10 percent discount to non-profits and affiliated groups; this discount was carried into the revenue projections. Eliminating the discount would restore $11,500 in net income. A variation on this approach would be to offer the discount on weeknight rentals only, ensuring the facility generates full rental rates for weekends and other premium dates.

Smaller Sources of Earned Income

All other sources of income are estimated to generate approximately $209,000, with office leases as the largest single component.

- Using the high-rate scenario for office space and other leases reflects another $5,000 in earned income. The pARTnership is cautioned that the current office rental market is flat. State and municipal budget constraints, coupled with ongoing efforts to reduce the state's need for leased space, add downward pressure. In this market, the WAC should seek longer-term leases with top-quality organizations that complement the anchor tenants and facility purpose.
- The WAC could incorporate a surcharge on community theater tickets. A $1 fee per ticket could add $15,000 to the net income.
- Adjustments could also be made to retail and gallery consignment rates, or to rental rates for the warming kitchen, meeting rooms, and equipment.
- A small amount of revenue was projected for meeting/classroom rentals and lobby/foyer rentals. Additional rentals could be generated from the scene shop and other spaces.

Potential for Expense Reduction

The two largest expense categories are payroll and utilities. Savings on WAC expenses falls directly to net income.

- Expense for heating and electric total $130,000. A 10 percent savings results in an increase to net income of $13,000.
- The remaining expenses are estimated at $328,000. Saving an average of 10 percent in these smaller categories increases net income by $32,800.

Food and Beverage Considerations

Warming Kitchen

Upgrading the inadequate kitchen facilities is essential. The 450 sq. ft. warming kitchen will significantly improve the food service options for WAC patrons and is expected to generate approximately $16,000 annually. Policies and rates will need to be developed concerning non-professional use of the kitchen.

The WAC will need to purchase and establish rates for service wear such as tablecloths, chafing dishes, plates, cups, silverware, serving utensils, buffet carts, and mobile beverage carts. The JACC currently offers some items. Kitchen and catering equipment rental can generate additional revenue, but requires inventory management and equipment storage.

The kitchen also provides an opportunity for rental income by entrepreneurs not associated with a WAC event, but seeking a kitchen approved for commercial use. Priority for rentals should be for WAC events.

Café

The café concept represents an additional amenity for WAC patrons, tenants and performers, as well as some operational risk for the facility. The pARTnership will need to consider the implications of a café tenant failing and the space sitting unoccupied for long periods of time.

Lease rates will need to reflect traffic and potential sales to attract a tenant. The project team estimated $15,000 in annual lease income from the café. Capital costs for the 450 sq. ft. space are estimated at $340,000 plus $115,000 in indirect costs. Allowing the café operator to have exclusive access (or an initial option) on alcohol or concession sales increases the viability of the café. At the same time, it also limits choices for facility renters.

Several professional restaurateurs were interviewed for the project to gather feedback on catering needs and food-related lease rates. The pARTnership is cautioned that there is a high degree of skepticism that current and anticipated traffic is sufficient to support the café. Comments from Juneau restaurant owners, managers, and caterers included the following:

That area is not well trafficked, my gut says I am skeptical about a café being successful.
Unless there is an event I don't think there are enough people down there.
Restaurants in the interior of a building have a hard time making it more than one with street exposure.
I don't get why people would come to the café except for events.
I would not lease that space.

If you have a strong product, you might be able to get people in there outside of events.
Maybe a Heritage coffee style place. Sandwiches, desserts, and coffee might work.
You would have to have a beer and wine license.
I would want a short lease so we could get out if it did not work out.
I would be interested in being considered for the lease.
Lease rates would have to be low for me to even consider that location.

There will be many negotiated aspects of the café lease, such as lease length, buildout expense, operating hours, utilities, and other policies. The WAC will need to develop detailed policies for how the café and outside caterers interact related to food and alcohol sales to avoid conflict.

CONCESSIONS AND ALCOHOLIC BEVERAGES

The protect team incorporated two small concession areas into the facility cost estimates to accommodate sales of light snacks and beverages. Theatre patrons are accustomed to this amenity and it provides a source of earned income. Potential facility renters emphasized the importance of offering alcoholic beverages for certain events. Several alternatives are discussed throughout the report including having this service operated by the WAC, by the café, or by caterers. While projections for net income to the WAC are similar, each approach presents very different implications in terms of facility management.

Appendix A: Comparable Facilities

Interviews were conducted with several comparable facility managers to gather information on facility revenues and expenses. While none of the facilities are exactly like the WAC, they are reflective of the current operating environment in Alaska. The Ted Ferry Civic Center is the only standalone facility. The other facilities include a range of functions including meeting space, museum, visitor center, performance space, and a movie theater.

Nolan Center (Wrangell)

Facility Size and Layout

The Nolan Center totals 20,300 sq. ft., with 8,500 sq. ft. designated for the museum, 8,856 sq. ft. to the civic center, and 1,000 sq. ft. to the visitor center. The civic center includes a conference hall (4,000 sq. ft.) that seats up to 368 people; a smaller meeting room (860 sq. ft.) that seats up to 38 and can be separated into two smaller rooms; and a small theater that seats 24 people.

Nolan Center Facility Space Estimates

	Square Feet
Civic Center	8,856
Large conference hall	4,000
Small conference room (convertible into 2 rooms)	860
Kitchen	285
Storage building	2,200
Museum	8,505
Museum gift shop	1,074
Conservation lab	594
Total Facility	**20,323**

Note: Facility details are not inclusive of all spaces.

Rental Rates

Rental rates for the large conference room (4,000 sq. ft.) vary according to the amount of space used in the center, group size, the amount of time the center is in use, and what amenities are required. Depending on these factors, the room rents for $250 to $550. The kitchen rents for an additional $125 to $225. A full day in the meeting room costs $200, as does the small theater, or the lobby on its own. Other rates for partial days and various room combinations are also available. As additional amenities and services are used (such as the sound system, table linens, or chair set up) rental costs increase. Other areas available for rent include the lobby, museum, kitchen, and visitor center.

Onsite Amenities

The Nolan Center has a warming kitchen that can be used for serving food prepared off-site. The visitor center has fixed exhibits and promotional displays. It is jointly staffed by employees of the civic center and employees of the U.S. Forest Service, under a cooperative agreement. The museum space includes a gallery, a conservation lab, offices for museum staff, and storage for museum supplies and artifacts. The museum has permanent exhibits and installs a new changing exhibit about once a year. An additional storage building was constructed after the Nolan Center was completed, as staff determined storage space in the civic center was inadequate. The single-story storage building is 2,200 sq. ft., and is used for portable seating, tables and chairs, risers, and other equipment and furniture.

In addition to hosting conferences and other commercial events, the civic center is also used for community activities and serves as the local movie theater.

Revenue and Expenses

Revenue

Total annual revenue for the multi-use facility was approximately $400,000 for FY13 and $420,000 for FY14. The most significant sources of operational revenues for the Nolan Center come from the City of Wrangell and the Nolan Endowment ($162,000 in FY13 and FY14). The endowment derives from a $5 million donation by Jim and Elsie Nolan. Three million of the donation was dedicated to building the center. The remaining portion of the donation (over $2 million) was retained in a trust to pay operating expenses. Wells Fargo Bank manages the trust. Nolan Endowment funding was reduced to $100,000 in FY15 in order to sustain the fund.

Museum revenue from admissions and retail sales totaled $84,000 in FY13 and $95,000 in FY14. Other funding sources include the Friends of the Museum and another small memorial fund. The civic center generated $20,000 in 2013 and $25,000 in 2014 from events and conference rental fees and equipment rentals. Rental fees generated between 60 and 63 percent of revenues in each year.

Nolan Center Revenues and Transfers

	FY13 Actual	FY14 Estimated	FY15 Approved
Museum Revenue	$84,078	$95,000	$97,500
Civic Center	19,684	25,000	21,000
Nolan Endowment	162,000	162,000	100,000
Revenue from State	16,203	15,600	16,110
Friends of the Museum	3,000	3,000	3,000
Other	8,075	8,000	8,000
Total	**$240,270**	**$258,100**	**$245,000**

Source: City of Wrangell.

Expenses

The Nolan Center budget for all departments was $471,000 in FY13 and $465,000 in FY14. Civic center specific expenditures were $166,000 in FY13 and $173,000 in FY14. Personnel-related expenses (salaries, wages, and employer expenses) in FY13 and FY14 accounted for just over half of civic center expenditures. Advertising and publishing expenditures for the Center totaled $11,000 in FY13 and $16,000 in FY14.

Nolan Center Expenditures

Expense Category	FY13 Actual	FY14 Estimated	FY15 Approved
Museum	**$222,310**	**$218,359**	**$231,036**
Wages and salaries	$58,291	$61,100	$60,000
Casual labor	19,878	18,180	24,000
Employer expenses	38,077	40,050	42,930
Gift store inventory	35,614	30,000	30,000
Materials and supplies	1,520	3,000	3,000
Allocated building expense	57,337	59,079	61,706
Other	11,592	6,950	9,400
Civic Center	**$165,790**	**$172,819**	**$185,356**
Wages and salaries	$46,644	$48,300	$50,900
Casual labor	4,227	4,790	8,000
Employer expenses	36,787	34,970	32,200
Travel and training	2,785	1,500	6,350
Materials and supplies	5,828	6,400	6,400
Advertising and publishing expense	10,587	16,000	18,000
Allocated building expense	57,231	59,079	61,706
Other	1,699	1,780	1,800
Theater Department	**$83,263**	**$73,842**	**$83,927**
Wages and salaries	$20,129	$18,400	$20,000
Film expense	30,142	24,000	25,000
Concessions expense	19,777	15,000	20,000
Allocated building expense	4,828	7,542	7,877
Other	8,387	8,900	11,050
Total Expenditures	**$471,363**	**$465,020**	**$500,319**

Note: Numbers may not sum due to rounding.

Deficit

Even with significant funding from a dedicated endowment ($162,000), the facility deficit in FY13 for all operations was $230,000 and $207,000 for FY14. The City decided in FY15 in order to preserve the Nolan Endowment the annual transfer was reduced from $162,000 to $100,000. This will likely push the total facility deficit close to $300,000 for FY15. The deficit is funded by the City.

Departmental expenses for the civic center were $166,000 in FY13 offset by $20,000 in revenue resulting in a deficit of approximately $146,000. The FY14 deficit was $148,000. However, if the civic center portion of the facility was standalone, expenses would likely be higher.

Valdez Convention and Civic Center

Facility Size and Layout

The Valdez Convention and Civic Center encompasses 23,000 sq. ft. of available meeting space. It is comprised of a sizeable theater that seats 487 with sloped theater-style seating, green room, lobby and concession, modern lighting and sound equipment, dressing rooms, and a Steinway piano. The theater is used as a community movie theater as well as for performances.

A 6,464 sq. ft. ballroom can be segmented into three separate rooms for flexible meeting arrangements; a main hallway that can house exhibits or trade show booths, a professional kitchen for catering; and separate conference rooms for smaller groups. Approximately 500 people can be seated theater-style in the ballroom or 400 people in banquet seating using a combination of oval and rectangular tables.

Valdez Convention and Civic Center Facility Space Estimates

	Square Feet
3 ballrooms	6,464
2 ballrooms	4,352
1 ballroom	2,176
Conference room	1,166
Theater/mezzanine	3,600
Lobby	924
Museum	8,505
Main hall	1,209
Parking spaces	198
Total Facility	**23,000**

Rental Rates

The entire facility rents for a daily commercial group rate of $1,200. Local residents receive a 10 percent discount off the standard fee schedule and nonprofits receive 25 percent off.

Onsite Amenities

Both the theater and the ballrooms are equipped with full theatrical lighting and quality sound systems. The theater is also equipped with digital cinema, including Dolby 3D. The ballroom can be divided into three separate soundproof rooms, each with their own independent sound capabilities. The facility can provide chairs, tables, portable staging and dance floor, lecterns, and other decorative equipment. The facility also has a kitchen for catering.

Revenues and Expenses

Revenues

Valdez Convention and Civic Center revenues average approximately $220,000 in the past four years. These revenues rely heavily on a movie program and related concession sales which accounted for two-thirds of 2014 revenue. In 2014, facility rentals fees were estimated to be 30 percent of revenues ($59,000).

Valdez Convention and Civic Center Revenue

	Revenue
2011	$223,247
2012	241,425
2013	227,306
2014	197,500
2015 (Council Approved)	225,000

Source: City of Valdez.

Expenses

The annual operating budget for the center was $893,000 in 2014. Payroll and related expenses comprise the greatest portion of the budget at $530,000 (59 percent). Electricity and heat combined were 21 percent of the budget. Advertising and promotions expenditures were $3,500 in 2014.

Valdez Convention and Civic Center Operating Budgets

Budget Items	2014 Amended	2015 Approved
Salaries & Benefits		
Salaries & Wages	$263,338	$244,344
Overtime	16,898	12,936
Temporary Salaries	49,753	49,753
Benefits	199,884	229,293
Total Salaries & Benefits	**$529,873**	**$536,326**
Capital/Equipment Outlays	$21,699	$3,600
Non-personnel Operation Outlays		
Reproduction & Copying	$1,625	$3,080
Movie Rental/Freight	53,890	54,000
Clothing	500	500
Dues & Subscriptions	565	560
Contractual Services	28,750	20,750
Professional Fees & Services	1,129	1,137
Communications & Postage	8,225	8,525
Advertising & Promotion	3,500	2,000
Electricity	108,000	108,000
Heating	82,000	83,000
Travel & Transportation	2,350	2,700
Office Supplies	950	1,155

Building & Ground Maintenance	1,200	-
Operating Supplies	15,095	14,400
Parts & Supplies-Equipment	1,450	950
Concession Supplies	31,500	31,500
Training	500	1,000
Total Non-personnel Outlays	**$362,928**	**$336,857**
Total Capital & Operating Outlays	**$892,801**	**$873,183**

Source: City of Valdez.

DEFICIT

The facility operated at a deficit of $694,000 in 2014. It unclear how much of this significant deficit is related to meeting and conference operations. However, it is likely without the movie theater operation the meeting and convention operation would operate at a significant loss. The deficit is funded by the City of Valdez.

Ted Ferry Civic Center (Ketchikan)

Facility Size and Layout

The main ballroom of Ted Ferry Civic Center offers 4,263 sq. ft. of event space. The room may be partitioned into three separate meeting spaces as well by using sound-insulating partitions. Other space within the center includes a 1,584 sq. ft. stage, 773 sq. ft. kitchen, a lobby, storage room, restrooms, and additional 673 sq. ft. conference room. These spaces provide capacity for up to 550 people theater-style, while each bay provides space for 84 to 120 people depending on seating arrangements.

Ted Ferry Civic Center Facility Space Estimates

	Square Feet
Ballroom (convertible into 3 rooms)	4,263
Stage	1,584
Kitchen	773
Conference room	673
Total Facility Space	**7,293**

Note: Facility details are not inclusive of all spaces.

Rental Rates

The entire facility rents for $520 for a partial (1-4 hour day), $650 for 4 to 8 hours, $812 for 8 to 12 hours, and $975 for 12 to 16 hours. Rates for the full ballroom range from $384 to $720 per day depending on the amount of time in use. Rates are also available for individual bays of the ballroom or for the conference room. These individual room rates range from $95 to $270 per day depending on length of time and specific space used.

Onsite Amenities

Amenities include internet DSL connection, AV equipment, teleconference capabilities, a commercial kitchen, trade show and vendor booth pipes and drapes, a stage and platforms, and an oak dance floor.

Revenue and Expenses

Revenue

The most significant sources of operational revenues come from room rentals, with additional revenue generated from equipment rentals and a coffee service.

Ted Ferry Civic Center Revenue

	2013	2014
Room Rental	$66,216	$54,051
Personnel Services	9,565	7,604
Catering Equipment	17,842	11,899
Coffee Service	10,705	5,705
Office Equipment Rental	11,326	11,183
Payroll related transfers	19,511	20,000
Other	20,628	20,623
Total	**$136,280**	**$111,064**

Source: Ted Ferry Civic Center.

Expenses

The Ted Ferry Civic Center has an operations budget of approximately $425,000 for FY2015. Salaries/wages and benefits account for approximately 70 percent of total expenditures. Utilities and energy costs are the next largest expense, accounting for approximately 16 percent of operational costs combined.

Ted Ferry Civic Center Expenses

	2013	2014
Wages and salaries	$171,805	$162,270
Benefits	122,148	138,832
General supplies	10,206	11,410
Energy Costs	30,798	26,446
Contractual Services	32,157	12,799
Utilities	44,819	42,881
Machinery and Equipment	270	12,713
Insurance premiums and claims	4,105	6,492
Advertising and publishing	1,205	2,711
Travel and education	1,197	1,350
Other	5,581	7,209
Total Expenditures	**$424,291**	**$425,116**

Note: Numbers may not sum due to rounding.
Source: Ted Ferry Civic Center.

Deficit

The facility operated at a deficit of $288,000 in 2013 and $314,000 in 2014. The deficit is funded by the City of Ketchikan.

Harrigan Centennial Hall (Sitka)

Facility Size and Layout

The Harrigan Centennial Hall is an 18,000 sq. ft. civic, convention, and visitor center on the waterfront in downtown Sitka. The nonprofit Sitka Historical Society (SHS) operates the Isabel Miller Museum within the building. In the summer, the Baranof Arts and Crafts Association operates an art gallery in the building. Maximum capacity in the auditorium is 700 (for receptions).

Other facilities in the Centennial Hall include an auditorium, meeting rooms and a kitchen. A visitor information desk is also located in the facility. Conference and meeting spaces include meeting rooms and additional workspace. After the 2015-2016 renovation is complete, the facility will have an increase of 3,000 sq. ft. of meeting space and the kitchen size will almost double. The facility will increase from approximately 20,000 sq. ft. to 30,000.

Harrigan Centennial Hall Meeting Space

	Square Feet
Auditorium	4,340
Meeting room (convertible into 2 rooms)	1,718
Small meeting rooms (3 rooms total)	560/234/248
Kitchen	285
Total Meeting/Conference Space	**7,385**

Note: Facility details are not inclusive of all building spaces.

Rental Rates

Rental rates vary according to the amount of time the convention center is in use and the contracted amenities. The building rents for $1,200 to commercial groups, $875 for conventions (includes audio/video equipment), and $700 for general use. Individual room rates range from $50 to $375.

Onsite Amenities

The facility offers wireless internet, teleconference capabilities, and multimedia projectors. Catering is supported by a full kitchen onsite.

Operational Finances and Revenue Sources

REVENUES

Actual revenues from room and equipment rental were $48,000 in 2013 and $56,000 in 2014.

Harrigan Centennial Hall Revenue

	Room Rental
2013 Actual	$48,240
2014 Budget	$56,000

Source: City of Sitka.

Expenses

Approximately 76 percent of Harrigan Hall's 2014 budget expenditures were for salaries, wages, and benefits; another 11 percent of expenditures were for electric and heating expenses. Renovations are estimated to reduce heat and electric expenses by 40 percent.

Harrigan Centennial Hall Expenses

	2013 Actual	2014 Actual
Wages and salaries	$185,000	$180,000
Benefits	153,750	177,000
Electric	20,300	23,700
Heating Fuel	25,600	27,000
Telephone	6,600	6,600
Insurance	16,700	7,000
Supplies	3,900	3,900
Repairs and maintenance	3,800	1,400
Building repair and maintenance	14,150	32,400
Data processing	7,700	7,300
Contractual services	9,000	--
Tools and small equipment	3,100	--
Other	900	3,800
Total Expenditures	**$450,450**	**$470,100**

Source: City of Sitka. Figures have been rounded.

Deficit

The facility operated at a deficit of $402,000 in 2013 and $414,000 in 2014.

Morris Thompson Cultural and Visitor Center

The Morris Thompson Cultural and Visitor Center is a unique facility that houses six organizations. The facility is owned and operated by a separate 501(c)3 organization governed by a 10-member board of directors made up of representatives of its partner/occupant organizations. Each partner pays for a share of building operating costs based on its share of the building. The facility houses the following entities:

- **Alaska Public Lands Information Center (APLIC)**, a division of the National Park Service, a governmental agency (occupying 38 percent of the total building with approximately four full-time and three part-time employees).
- **Alaska Geographic Store** located in the APLIC's space with one full-time employee.
- **Tanana Chiefs Conference (Cultural Programs Department)**, a regional tribal non-profit organization representing 42 tribes in Interior Alaska (occupying 34 percent of the total building with two full-time employees).
- **Denakkanaaga**, a non-profit organization occupying TCC's space with approximately four full-time employees.

- **Fairbanks Convention and Visitors Bureau (FCVB)** is a non-profit community organization occupying 29 percent of the total building with approximately 15 full-time employees.
- **Morris Thompson Cultural and Visitors Center** administrative office with two full-time employees.

Planning for the facility began in 2000 with ground-breaking in May 2007. The Phase I exhibits opened to the public in October 2009. The MTCVC occupies a two-story building adjacent to Griffin Park along the Tanana River. There is adequate parking and room for tour buses to access the facility. The 38,720 sq. ft. facility features 10,000 sq. ft. of administrative space, 9,000 sq. ft. of exhibit space and a 2,400 sq. ft. theater that seats 100 people.

The center rents a number of different spaces in the facility including the lobby (capacity of 125 for a sit-down dinner and 359 for casual events), the exhibit gallery (capacity of 40 people, seated), classroom (seats 25 to 40 depending on set-up), conference room (professional space for 18), and the Elders Hall (capacity of 20 people). Rental revenue was approximately $13,000 in 2010.

Operational Finances and Revenue Sources

The Morris Thompson Center operates at or near breakeven.

Revenues

Revenue comes primarily from tenant lease payments with a small amount of additional space rental income. Revenues are estimated to be around $765,000 for 2014.

Morris Thompson Cultural and Visitor Center Revenue

	Revenue
2014 Estimate	$765,000

Source: Morris Thompson Cultural and Visitor Center.

Expenses

Approximately 27 percent of the Morris Thompson Center FY 2014 budget expenditures were for salaries, wages, and benefits. Another 23 percent of expenditures were for electric and heating combined.

Morris Thompson Cultural and Visitor Center Expenses, FY14

Expenses	Amount
Wages/Benefits	$205,000
Swan Admin Fee	4,000
Property Taxes	88,000
Electricity	92,000
Heat	83,000
Water & Sewer	7,000
Insurance	24,000
Bank Fees	1,000
Bookkeeping	12,000
Dues/Subscriptions	4,000
Education	300
Equipment Rental	2,000
Equipment/Furnishings	1,000
Facility Supplies	9,000
Garbage removal	4,000
Holiday lights	1,000
IT Support	4,000
Janitorial	89,000
Landscaping	6,000
Maintenance	15,000
Exhibit Maintenance	8,000
Marketing	8,000
Meetings	4,000
Misc.	1,000
Office Supplies	400
Phones	11,000
Postage/Freight	300
Printing	100
Security	45,000
Snow removal	6,000
Periodic Maintenance	30,000
Total Expenses	$765,000

Source: Morris Thompson Cultural and Visitor Center.

Appendix B: Facility Parking, Size, and Construction Cost Estimates

This section includes the following documents from MRV Architects:

- Parking Analysis
- Cost Estimates
- WAC Footprint

MRV ARCHITECTS

1420 GLACIER AVENUE, JUNEAU, AK 99801 (907) 586-1371

Date: November 23, 2015

Re: **Willoughby Arts Center**
Parking Analysis

Attn: Susan Bell, McDowell Group
Cc: Rorie Watt, CBJ; Nancy DeCherney, JAHC
By: Paul Voelckers

MRV Architects is assisting McDowell Group in a refinement of program sizes and costs for the proposed Willoughby Arts Center serving the JAHC and greater Juneau arts community. A major design and cost variable concerns parking, both the new parking requirement generate by the expanded complex, and the displaced current parking in the identified building footprint.

A. Calculated New Parking, Facility Expansion:

A program of likely WAC spaces is attached. Based on that, the following parking numbers are derived for new spaces. Existing JACC portions which are retained (excepting the large hall) are assumed to be satisfied with current parking, with accommodations for displaced spaces due to new construction.

The following parking requirements per use type are calculated per CBJ 49.40.210:

Theatre components, 1 stall per 4 seats:	JAHC Community Theatre:	71.3
	Large Hall (increased capacity):	25
	Improv/Black box:	30
Museum-type spaces: Gallery, gift/sales.	1,395 sf at 1/600:	2.3
Offices: JAHC and Lease offices, seminar rooms:	1,510 at 1/300:	5.0
Restaurant: 450 sf + 200 sf assumed seating;	650 sf at 1/200:	3.3
Storage and misc (excluding theatre):	1,900 sf at 1/1,000:	1.9
	Raw Calculated Total:	**139**

Per Exceptions footnotes, this calculated total can be reduced by 60%, reflecting that the WAC site is within the CBJ Downtown PD-1 district.

PD-1 Revised Total: 56

B. Displaced Current Parking, New Building Footprint:

Per initial site plans for the proposed WAC expansion, all of the surface parking to the East of the existing JACC (toward Centennial Hall) will be displaced. The totals for this displacement are 52 parking spots which are controlled by the CBJ and leased to the State, and 4 spots dedicated to the JACC. Of these, two spots for WAC HC use will be provided in the new WAC site plan.

Other existing surface parking, including ten parking stalls to the West of the building used by the JACC, and nine State-use stalls to the North of the JACC will be retained.

Total Displaced Parking: 54

C. Parking Reduction, Evening Use Diversity:

CBJ 49.40.200, (5): The CBJ parking ordinance reflects a potential relaxation of calculated parking demand for theatre functions, given their historical evening and weekend use pattern. With concurrence by the Owner of alternate parking, up to 50% of the calculated theatre load may be met in other parking facilities, upon review and approval of the diversity request details.

In this case, the Owner of alternate parking is likely to be the City and Borough of Juneau (or in combination with the State of Alaska) in the construction of new parking. A study of feasible garage options is now underway. If such a facility is located within 500' of the WAC facility, such diversity reductions are seen as reasonable and should be formally requested.

If such a diversity request is granted, a 50% reduction would reduce the theatre's new stall requirement to 25, and the PD-1 total, above, would reduce from 56 to 30, rounding up.

Reduced New Parking: 30

D. Calculated Fee-in-Lieu Parking Cost:

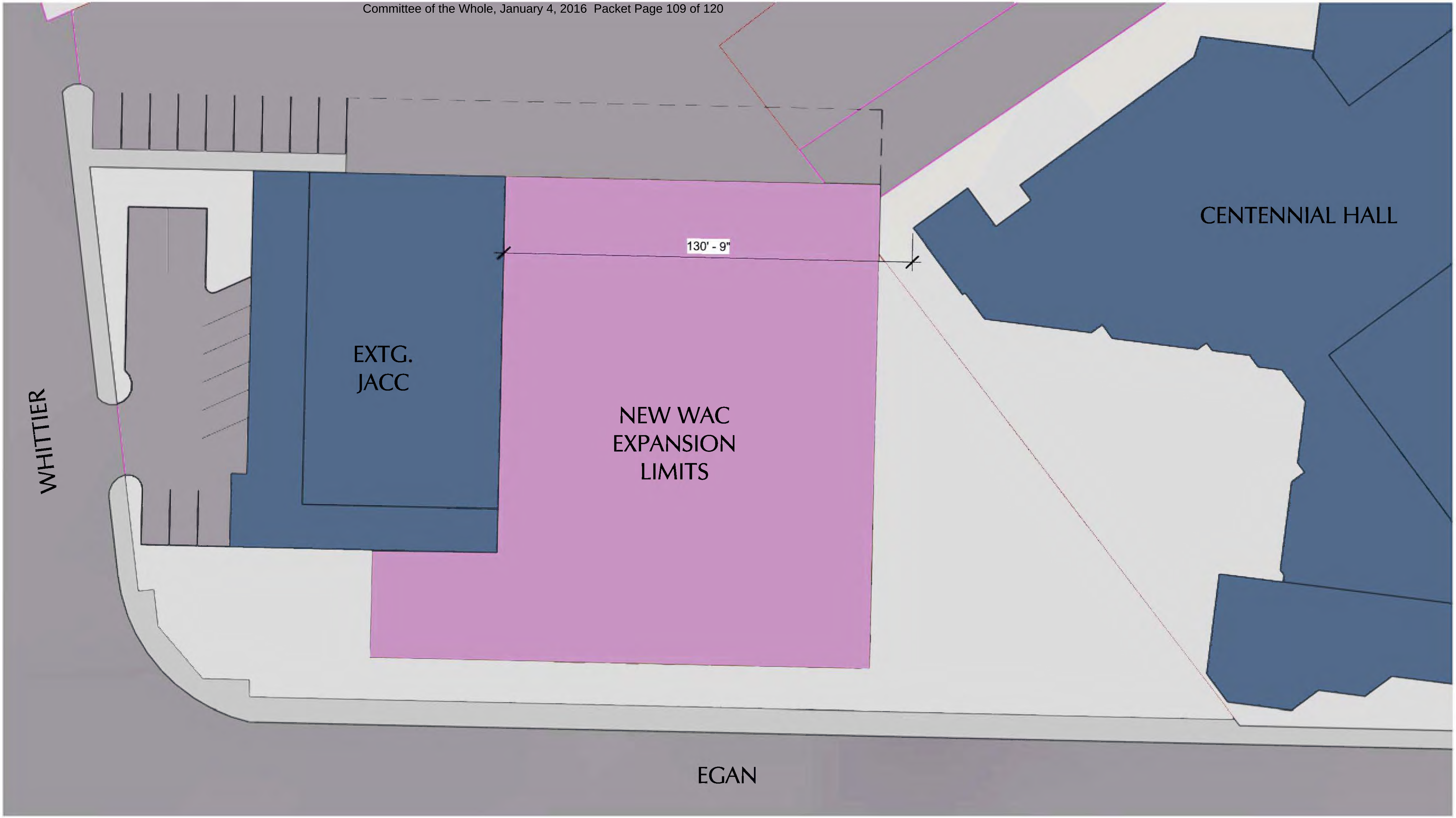
It is not practical for the expanded WAC to provide surface or constructed parking, beyond the two accessible stalls intended near the entry. Per 49,40.210 (d), exemption (5), the CBJ has established an in-lieu fee payment option for projects located with the designated in-lieu district.

The CBJ has identified a cost of $8,500 per required parking space. For the WAC expansion, the total parking required would include items B and C above, totaling 84 spaces. At $8,500 per space, the total fee-in-lieu which would be paid to the CBJ calculates at $714,000.

For the purposes of general planning and construction budget development, a number of approximately $725,000 will be included for parking requirements, while discussions with the CBJ and other parties continues.

Willoughby Arts Complex
Space, Use and Cost Summary
Rev 1, 11-14-15, PT Reduction

PROGRAM AREAS	New Space Size	Existing Space Size	New Area Cost Factor $/SF	Exist. Area Cost Factor $/SF	Estimated Construction Cost	NOTES AND DETAILS
Community Theatre						
Primary Theatre Seating	2,500		541		1,352,500	Seating for 285. Raked floor.
Theatre Stage and Wings	2,150		489		1,051,350	32' proscenium opening. 48' flyloft., 28d x 66w + 100 sf apron
Orchestra Pit	500		725		362,500	Includes ADA access requirements with elevator, two exits.
Entry Vestibules, 4 @ 50 sf	200		438		87,600	Assumes two lower and two upper level entries
Control room	150		425		63,750	Two positions, sound and light
Green Room	225		412		92,700	Theatre staging space, break.
Black Box & Improv Theatre	1,600		541		865,600	Lighting, dance, A/V , flex theatre seating for 120
Black Box/Improv lighting, control room	120		541		64,920	Sound and lighting control, operable window to primary space
Dressing A	300		540		162,000	Restroom, sinks, counter space, lockers
Dressing B	300		540		162,000	Restroom, sinks, counter space, lockers
Flex Dressing Space	350		541		189,350	located adjacent to other dressing, 'chorus' configuration
Scene Shop	750		412		309,000	Light-duty set fabrication and assembly
Scene Loading and Staging	300		235		70,500	In conjunction with 200 sq.ft. covered loading area
Shower Rooms	150		625		93,750	2 @ 75, ADA, flexible access
Community Theatre Subtotal	**9,595**				**4,927,520**	
Lobby and Central Support Spaces						
Event Lobby/Foyer	2,600		592		1,539,200	Central double-height space with capacity for 285 @ 9 sf/occupant
Reception desk/ box offices	240		250		60,000	Two staffed stations at 120 sf, shared ticketing and control functions.
Concession stations	200		721		144,200	2 independent stations in lobby area, includes serving counters
Warming kitchen	450		750		337,500	Lobby location with serving and scullery areas, limited storage
Lease Café	450		750		337,500	Lobby location, serving and commercial cooking capability, w storage
Lobby and Central Support Subtotal	**3,940**				**2,418,400**	
Meeting and Program Space						
Large Meeting Hall		5,400		120	648,000	Extg space renovated, acoustic upgrades, 400+ occupants
Meeting Hall Storage		400		120	48,000	Extg bathrooms replaced with support storage rooms
Hall Lobby/ Gift Sales		820		120	98,400	Retained extg space, minimal renovation
Exhibit Gallery	575		550		316,250	Quality lighting, A/V capability, 18' x 32', center divisible partition
Small Meeting Room/break	200		250		50,000	Flexibile space, shared, 12' x 16', 12 occ., A/V teleconference
Seminar Room	350		300		105,000	Flexible space, shared, 16' x 22', 24 occ., kitchenette, A/V teleconf
JAHC Administrative Offices		620		120	74,400	4 individual offices @ 120, Director at 140
Work Room and Printers	220		250		55,000	Shared support work room and copier, affiliated artist support
Sound Studio		800		100	80,000	Retained second story JACC space, minimal renovation.
Lease Offices, affiliated agencies	960		250		240,000	8 individual offices @ 120, probable new second story space.
Meeting and Program Space Subtotal	**2,305**	**8,040**			**1,715,050**	
Building Support						
Vestibules, Entries	240		438		105,120	2 primary public entries, 120 sf
Janitorial and Building Maint	350		325		113,750	3-4 distributed support spaces, maint office of 100 sf
Men's Restrooms	330		618		203,940	11 fixtures; distributed 7/4 first floor, second floor; 30 sf fixture
Women's Restroom	540		618		333,720	18 fixtures; distributed 11/7 first floor, second floor; 30 sf fixture
Recycling and Waste Handling	100	100	235	55	29,000	
Mechanical, Electrical spaces	1,433	660	1,030	650	1,904,784	ventilation/sprinkler upgrades to extg portions, 6% of net spaces
General storage	500	1,000	386	75	268,000	
Support Subtotal	**3,493**	**1,760**			**2,958,314**	
Walls, shafts, misc. @ 6%	1,160	588	361	85	468,728	
General Circulation, 18% of net spaces	3,480	490	412	136	1,500,360	(5% utilized for renovation areas, extg JACC)
TOTAL AREA	**23,973**	**10,878**			**13,988,373**	
Project Soft Costs to include design, owner admin costs, owner contingency, permitting, bidding expense etc.	**34%**				**4,756,047**	
Total Project Cost					**18,744,420**	



WILLOUGHBY ARTS CENTER FOOTPRINT MAXIMUM EXTENT

Presented by: The Manager
Introduced: 04/01/2013
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2642

A Resolution Expressing Assembly Support for the Use of Municipal Property Between Centennial Hall and the Juneau Arts and Culture Center for the Willoughby Arts Complex, to be Developed by the Juneau Arts and Humanities Council and Perseverance Theatre.

WHEREAS, Juneau is considered by many to be the cultural capital of Alaska, and the Willoughby Arts Complex (WAC) in downtown Juneau is intended to anchor and serve as the focus for the creative spirit alive throughout the community; and

WHEREAS, the boards of directors of the Juneau Arts and Humanities Council (JAHC) and Perseverance Theatre (PT) have agreed to work together to design, fund, construct, and operate the WAC, a jointly-owned, state-of-the-art facility which will house both PT and JAHC operations, and provide performance and gallery space for all of Juneau's arts and cultural community to share; and

WHEREAS, the proposed WAC building would be an addition and alteration to the existing Juneau Arts and Culture Center (JACC) in the Willoughby District; and

WHEREAS, the Juneau community has long been working toward the goal of a downtown arts facility, and the City and Borough envisioned such a facility in its 'Willoughby District Land Plan'; and

WHEREAS, Ordinance Serial No. 2012-32, adopted by the Assembly on August 13, 2012, and approved at the October 2, 2012 regular municipal election, allocated a portion of the 1% temporary sales tax for the design, permitting, and construction of the Juneau Arts and Culture Center facility expansion; and

WHEREAS, construction, design, furnishings, and equipment costs for the WAC project, based on preliminary conceptual drawings, are estimated to be $15 - 22 million; and

WHEREAS, the JAHC and PT are requesting that the City and Borough commit to a lease of the site of municipal land that will allow both the JAHC and PT to seek funding for the design, permitting, and construction of the Willoughby Arts Complex project; and

WHEREAS, the Perseverance Theatre facility located in Douglas was designed in the early 1980s with a 20-year anticipated life span, it has far outlived its original anticipated life span; and with PT's evolving operations it is no longer adequate for present and future needs; and

WHEREAS, as both the JAHC and the PT explored options to achieve their respective arts facility goals, the idea of joining together to build a single building, owned by JAHC and PT and built on leased City and Borough land, became the preferred alternative; and

WHEREAS, a critical early step is for the City and Borough to commit the site for the project so that fund-raising may begin for design work and subsequent construction funding; and

WHEREAS, both PT and JAHC have built strong relationships with private foundations, individuals, and the State of Alaska, who are all likely investors in this project.

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

Section 1. The Assembly of the City and Borough of Juneau hereby expresses its support for the Willoughby Arts Complex project, and expresses its intent to enter into a long-term lease of municipal property for the site of the Willoughby Arts Complex and parking area, as generally depicted in Exhibit A.

Section 2. It is further the intent of the Assembly that JAHC and PT may rely on this resolution until either a long-term lease is entered into consistent with this resolution, or five years from the resolution's adoption has elapsed, whichever occurs sooner.

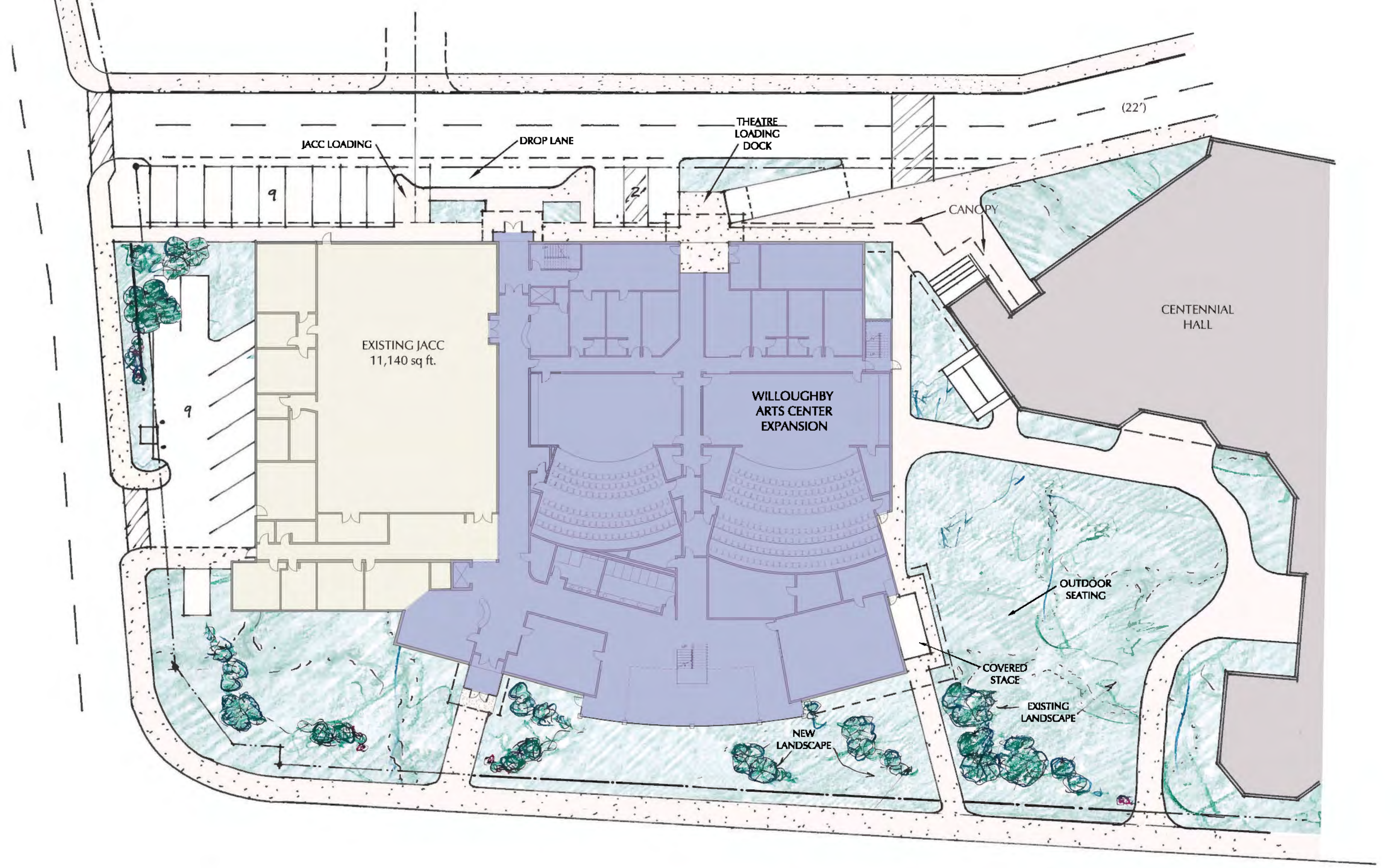
Section 3. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 1st day of April, 2013.

Merrill Sanford, Mayor

Attest:

Elizabeth J. McEwen, Acting Clerk



Willoughby Arts Center

January 4, 2013

OVERALL SITE PLAN

1" = 30'-0"

Resolution No. 2642, Exhibit A

MRV ARCHITECTS
1420 GLACIER AVENUE #101
JUNEAU, ALASKA 99801
907-586-1371
mrv@mrvarchitects.com

City & Borough of Juneau
Alaska's Capital City

City and Borough of Juneau
Engineering & Public Works Department
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-0800 Facsimile: 463-2606

TO: Assembly Committee of the Whole DATE: December 10, 2015

FROM: Utility Advisory Board

RE: Biosolids Treatment and Disposal Recommendation

Over the course of the last year, the Utility Advisory Board has met more than 15 times solely on the biosolids project. In November, the Board asked staff to help draft the recommended course of action for the UAB to forward to the Assembly for its consideration.

The Board unanimously agrees that the current method of shipping biosolids south is expensive, exposes the CBJ to unacceptable risk and causes scarce economic resources to leave the community.

Dryer Option:

Of all of the options considered, and in light of the best information available, the installation of a biosolids dryer at the Mendenhall WW Plant, complete with an odor control system, is the best available municipally operated option. This dryer option offers the following benefits:

- CBJ Control
- Very Low Risk
- Lowest Operating Cost
- Least Capital Cost (as compared to other CBJ operated options)

Negative attributes of the dryer are the upfront capital cost ($16.2M) and a proportional relationship between operating cost and the price of fuel.

Monofill:

A private contractor has come forward with a private monofill proposal. The proposal would outsource the disposal of the biosolids to a private company (working title Juneau Monofill Company). For a fixed contract price, JMC can secure a large tract of property on South Douglas which is off of the road system. JMC would develop a barge landing and construction grade road and using the existing shipping containers would regularly truck, barge and bury the biosolids on the property. The monofill proposal offers the following benefits:

- Very Little Capital or Up Front Costs
- Support of a Nascent Local Business
- May allow time for other waste management technologies to develop
- Lower carbon footprint

Negative attributes could include a general or specific opposition to landfilling, high operating cost ($1.75M/year) and a lack of CBJ control of the waste stream.

Summary:

In conclusion, both of these options present radically different Capital and O&M cost approaches, with different policy implications. We acknowledge the staff preference for the dryer given that it is a permanent solution, the estimated cost analyses and the ability for CBJ to control the disposal of the waste stream. The monofill option is another means to end the current precarious predicament and avoid a high capital cost expenditure at this time.

Biosolids Options Summary

Biosolids Net Present Value Comparison Chart (Numbers in Millions)

		Dryer	Status Quo Shipping	Monofill + Dryer
Capital/Upfront Cost		$15.7	$2.4	$1.1
Initial O&M Cost	Labor materials, Equip etc.	$0.23	$1.9	$1.75
Initial Fuel & Electricity Cost		$0.45	?	?
20 Year NPV (Monofill or Status Quo Only)		**$25.3**	**$30.8**	**$27.1**
25 Year NPV (Monofill 5, Dryer 20)		**$28.8**	**$35.7**	**$35.6**
30 Year NPV (Monofill 10, Dryer 20)		**$30.4**	**$40.1**	**$43.2**
Time to Permit/Construct		18 Months	0 Months	18 Months
Operator Licensing Requirement		Same	Same	Same
System Maintenance Complexity		Low	Medium	Low
Risk / Failure rate		Low	High	Medium

Assumptions:		
Fuel Price (Dryer):	$1.75	gallon
Value/CY of Dried Organics (Dryer):	$10	CY
Dryer O&M Factor	150%	
Likelihood Bags Needed (Monofill):	100%	
Discount Rate (All Options):	5.0%	
Inflation Rate (All Options):	2.5%	

City & Borough of Juneau
Alaska's Capital City

City and Borough of Juneau
Engineering & Public Works Department
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-0800 Facsimile: 463-2606

DATE: 18 November 2015

TO: CBJ Assembly

FROM: Rorie Watt, Engineering and Public Works Director
Samantha Stoughtenger, Utilities Superintendent

RE: Biosolids Treatment and Disposal Alternatives Elimination

The Utility Advisory Board (UAB) has been evaluating proposed alternatives for the treatment and disposal of the wastewater biosolids for over a year. This process entailed a thorough vetting of alternatives with respect to applicability, reliability, availability, and expense for use in Juneau.

The following full-scale alternatives recommended for elimination are:

A. **Incineration** – USEPA determined that the existing JDTP may not be refurbished under current air quality regulations. Therefore installation costs ($23M) for a new compliant incinerator eliminated this option from further consideration.

B. **Composting** – Due to the SE Alaska rains, indoor or in-vessel composting would be required. Costs to build and land required for such composting facility are high. Additionally, the amount of product generated from a full-scale facility would be significant and more product than could be easily disposed of. Therefore, it was determined that composting all of the CBJ wastewater biosolids would not be a feasible solution for the community.

C. **Gasification** – In addition to evaluating technical and industrial data, UAB members directly contacted various gasification vendors and users. The Board concluded that no one is able to provide this technology for full-scale application yet.

The following full-scale alternatives recommended for consideration are:

A. **Drying** – The staff recommended alternative of drying is a reliable technology used throughout the United States. This alternative is more cost effective to install than other technologies (incineration) and produces a high quality, but small quantity byproduct.

B. **Landfilling** – Numerous (unsuitable) sites for landfilling have been proposed to the UAB. There remain two pieces of property (one in Douglas and one on Chichagof Island) proposed by one contractor for landfilling. The use of few available lands for landfilling may preclude the Assembly from selecting this alternative.

Chris Gerondale

From: Chris Gerondale
Sent: Monday, January 4, 2016 3:49 PM
To: 'Maria Gladziszewski'
Subject: RE: Web Form Mail:
Attachments: 15-12-28 Biosolids Comparison Done by CLG.xlsx; 151797 Subidivision Concept 10-28-2015 (002).pdf; 15-11-4 CBJ Biosolids.pptx

The monofill would:

- Get CBJ off AML in a shorter time frame
- Save CBJ money over a 5 year & 10 year period when compared to Status Quo or Dryer
- Save CBJ money over a 20 year period when compared to the dryer (Rorie disagrees with me on this point)
- Allow CBJ to evaluate what is going to happen with the state budget over the next 5 years while still saving CBJ money over the current methods
- Allow CBJ to have a consistent and predicable budget for disposing of the biosolids that would be backed by a bond
- Create 15 remote lots in the $50,000.00 range that walking distance to the road system (This will allow people who don't have money for a lot & a boat to get a cabin)
- Give CBJ a right of way through the property for any potential road to South Douglas in the future

Added a 5 & 10 year net present value comparison because I feel it is important to consider those cost comparisons if CBJ did go with the monofill.
Adjusted the current price per gallon for diesel fuel from today's current prices to a 10 year inflation adjusted average. I feel this is important because I don't believe current fuel prices are sustainable, especially with what started to happen between Iran and Saudi Arabia this weekend.
Removed the plastic bags from the operation because we won't need them due to the locations where they will be stored.
Removed the cost of installing a permanent filter press at the MWWTP because I believe the current one will be adequate for our operation.

The monofill is located over 3,000' from any residence on South Douglas. Juneau had a monofill for 16 years from 1984-2000 next to the JDWTP on Thane Road. I have yet to talk to anyone that remembers the smell being an issue.

While the monofill does get CBJ biosolids off AML & save CBJ money it also allows CBJ to consider any new technologies; including the possibility of dealing with the CBJ municipal solid waste problem and biosolids in the same solution.

I have included the spread sheet I adjusted, our subdivision concept & a power point I gave to the Utility Board in November. Some things have changed on the power point but the location remains the same.

Please let me know what questions you might have and thanks for taking the time to serve. Serving can be quite thankless at times,

Chris Gerondale
(907) 321-4403
Backfill, Inc.

From: Maria Gladziszewski [mailto:Maria.Gladziszewski@juneau.org]
Sent: Monday, January 4, 2016 3:13 PM

To: Chris Gerondale <chrisg@backfill-inc.com>
Subject: Re: Web Form Mail:

Please send whatever info you have. Thanks.

Sent from a mobile device. Please pardon the typos.

On Jan 4, 2016, at 3:02 PM, "chrisg@backfill-inc.com" <chrisg@backfill-inc.com> wrote:

Recipient: mglad **Sender:** Chris Gerondale	**Email:** chrisg@backfill-inc.com **Telephone:** 907-321-4403
Subject: Monofill for Biosolids	
Message: I spoke to you last week in regards to the monofill option for landfilling. At that time I was not aware the packet from public works had not been sent out. I didn't want to send my information out prior to Rorie. Please confirm with me when you have received your packet and I will send you my information. Thank you, Chris	

Biosolids Options Summary

Biosolids Net Present Value Comparison Chart (Numbers in Millions)				10 Year Contract with CBJ Option to cancel @ Year 5
		Dryer	Status Quo Shipping	Monofill + Dryer
Capital/Upfront Cost		$15.7	$10.0	$0.1
Initial O&M Cost	Labor materials, Equip etc.	$0.23	$1.9	$1.75
Initial Fuel & Electricity Cost		$0.61	0	0
5 Year NPV (Monofill or Status Quo Only)		$19.1	$8.8	$8.4
10 Year NPV (Monofill or Status Quo Only)		$22.4	$25.8	$14.2
20 Year NPV (Monofill or Status Quo Only)		$27.7	$38.1	$22.9
25 Year NPV (Monofill 5, Dryer 20)		$31.7		$36.8
30 Year NPV (Monofill 10, Dryer 20)		$33.6		$42.4
Time to Permit/Construct		18 Months	0 Months	12 Months
Operator Licensing Requirement		Same	Same	Same
System Maintenance Complexity		Low	Medium	Low
Risk / Failure rate		Low	High	Medium

Assumptions:		
Fuel Price (Dryer):	$2.49	gallon
Value/CY of Dried Organics (Dryer):	$10	CY
Dryer O&M Factor	150%	
Likelihood Bags Needed (Monofill):	0%	
Discount Rate (All Options):	5.0%	
Inflation Rate (All Options):	2.5%	

20 Year NPV Biosolids Options, Stream of Payments

		Biosolids Dryer	Top Soil	Loan Interest	Status Quo Shipping	Monofill All Costs 10 Years w/ CBJ Opt @ 5 yrs JMC Costs	CBJ	Per Ton
initial investment		-$15,700,000			-$10,000,000	-$500,000	-$100,000	
O&M Year	1	-$844,852	$20,000	-$159,866	-$1,939,116	-$1,750,000	-$67,200	$250
	2	-$865,973	$20,500	-$144,993	-$1,987,594	-$1,793,750	-$68,880	$257
	3	-$887,623	$21,013	-$129,883	-$2,037,284	-$1,838,594	-$70,602	$263
	4	-$909,813	$21,538	-$114,532	-$2,088,216	-$1,884,559	-$72,367	$270
	5	-$932,559	$22,076	-$98,937	-$2,140,421	-$1,931,673	-$74,176	$276
	6	-$955,873	$22,628	-$83,093	-$2,193,932	-$1,621,214	-$76,031	$232
	7	-$979,769	$23,194	-$66,996	-$3,193,932	-$1,661,744	-$77,931	$238
	8	-$1,004,264	$23,774	-$50,642	-$2,193,932	-$1,703,288	-$79,880	$244
	9	-$1,029,370	$24,368	-$34,028	-$2,248,780	-$1,745,870	-$81,877	$250
	10	-$1,055,105	$24,977	-$17,149	-$2,305,000	-$1,789,517	-$83,924	$256
	11	-$1,081,482	$25,602		-$2,362,625	-$1,654,880	-$86,022	$237
	12	-$1,108,519	$26,242		-$2,421,690	-$1,696,252	-$88,172	$243
	13	-$1,136,232	$26,898		-$2,482,232	-$1,738,658	-$90,377	$249
	14	-$1,164,638	$27,570		-$3,482,232	-$1,782,125	-$92,636	$255
	15	-$1,193,754	$28,259		-$2,607,895	-$1,826,678	-$94,952	$261
	16	-$1,223,598	$28,966		-$2,673,093	-$1,872,345	-$97,326	$268
	17	-$1,254,188	$29,690		-$2,739,920	-$1,919,153	-$99,759	$275
	18	-$1,285,542	$30,432		-$2,808,418	-$1,967,132	-$102,253	$282
	19	-$1,317,681	$31,193		-$2,878,629	-$2,016,311	-$104,809	$289
	20	-$1,350,623	$31,973		-$2,950,594	-$2,066,718	-$107,429	$296
3 Year		-$17,196,997	$55,793	-$395,964	-$5,409,466	-$5,125,616	-$273,776	
5 Year		-$18,605,749	$90,810	-$567,710	-$8,804,522	-$8,043,661	-$385,829	
10 Year		-$21,844,415	$171,311	-$744,067	-$25,772,503	-$13,536,623	-$643,434	
20 Year		-$27,260,596	$305,938	-$744,067	-$38,055,951	-$21,824,441	-$1,074,240	

	Biosolids Dryer	Top Soil	Loan Interest	Total:	Status Quo Shipping	JMC Costs	CBJ	Total:
3 year NPV	$ 17,200,000	$ (60,000)	$ 400,000	$ 17,540,000	$ 5,410,000	$ 5,130,000	$ 280,000	$ 5,410,000
5 year NPV	$ 18,610,000	$ (100,000)	$ 570,000	$ 19,080,000	$ 8,810,000	$ 8,050,000	$ 390,000	$ 8,440,000
10 year NPV	$ 21,850,000	$ (180,000)	$ 750,000	$ 22,420,000	$ 25,780,000	$ 13,540,000	$ 650,000	$ 14,190,000
20 year NPV	$ 27,270,000	$ (310,000)	$ 750,000	$ 27,710,000	$ 38,060,000	$ 21,830,000	$ 1,080,000	$ 22,910,000

Purchase ~ $1M Containers Every Seven Years
Purchase ~ $500K Containers Every Seven Years (50% Replacement)
Purchase 2 x Hauling Trucks at $400K Each (One each plant to move containers around yards)
and $1M Permanent Filter Press Installation at MWWTP (include initial container capital cost $1M to put NPV Ca
Purchase ~ $1M Containers Every Seven Years (100% Replacement)
Comparative NPV 20 Values

Simple Payoff Calculation:

Annual Cost Delta	YTD Total	Year
-$15,100,000		
$992,348	-$14,107,652	1
$1,017,157	-$13,090,496	2
$1,042,585	-$12,047,910	3
$1,068,650	-$10,979,260	4
$1,095,366	-$9,883,894	5
$764,000	-$9,119,893	6
$783,100	-$8,336,793	7
$802,678	-$7,534,116	8
$822,745	-$6,711,371	9
$843,313	-$5,868,058	10
$685,021	-$5,183,037	11
$702,147	-$4,480,890	12
$719,700	-$3,761,189	13
$737,693	-$3,023,497	14
$756,135	-$2,267,361	15
$775,039	-$1,492,323	16
$794,415	-$697,908	17
$814,275	$116,367	18
$834,632	$950,999	19
$855,498	$1,806,496	20